UBA

2015
ANNUAL REPORTS AND ACCOUNTS

Nigeria | Ghana | Cameroon | Côte d'Ivoire | Burkina Faso | Uganda | Liberia | Sierra Leone | Benin | Senegal | Chad | Kenya | Tanzania | Gabon | Zambia | Guinea | Mozambique | Congo DR | Congo Brazzaville | USA | Uk | France

Africa's global bank

www.ubagroup.com

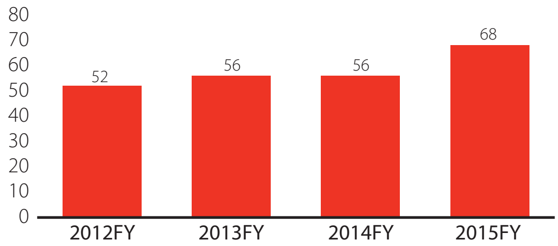
CONTENTS

HIGHLIGHTS

Profit Before Tax grew 22% to N68.5 billion,

driven by the appreciable 10% growth in gross earnings and a tight hold on operating expenses

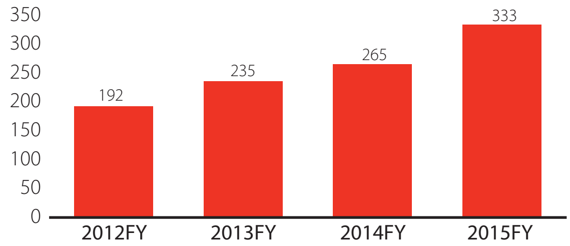
Profit before tax (N' Billion)



The Bank's equity base grew 25% to N333 billion,

reflecting the prudent dividend policy and capital raising in the financial year (1 for 10 Rights Issue)

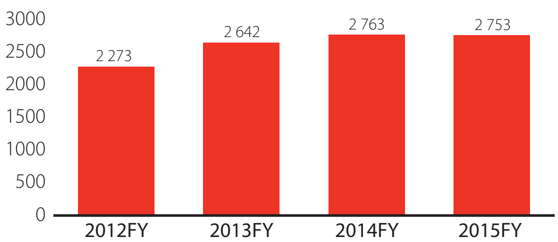
Total equity (N' Billion)



Total Asset remained relatively stable,

despite cautious stance on risk asset growth in the year and implementation of treasury single account in Nigeria.

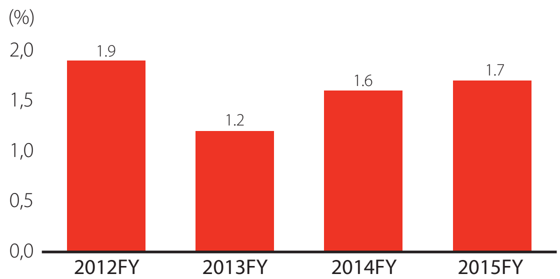
Total assets (N' Billion)



Non-Performing Loan ratio stabilised at 1.7%,

reflecting the Bank's prudence in risk asset creation and proactive risk management culture

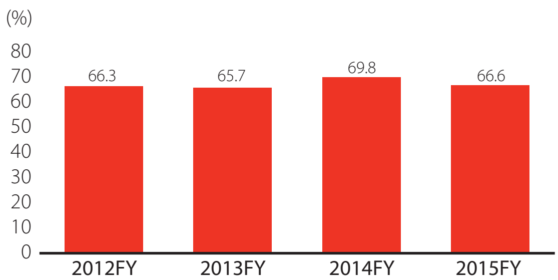
NPL RAtio (%)



Steady moderation in cost-to-income ratio,

driven by a hold on cost growth (OPEX rose barely 5% YoY in 2015 despite average headline inflation rate of 9% in Nigeria

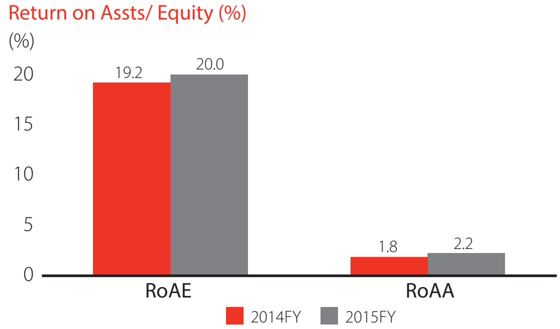
Cost-to-income Ratio (%)



Consistent positive return on equity in excess the Bank's cost of equity,

an evidence of UBA's long term prospect of delivering superior and sustainable return to shareholders

Return on Assts/ Equity (%)



ABOUT UBA

CORPORATE PROFILE

United Bank for Africa (UBA) Plc is a leading financial service institution in sub-Saharan Africa. With its headquarters in Nigeria, West Africa, UBA has presence in 18 other African countries, the United Kingdom (London), the United States of America (New York) and France (Paris).

United Bank for Africa (UBA) Plc started up in 1949 as the British and French Bank Limited (BFB). It was incorporated as a limited liability company on 23 February 1961 under the Companies Ordinance (CAP 37) 1922. UBA was listed on the Nigerian Stock Exchange in 1970, hence becoming the first Nigerian Bank to make an Initial Public Offer as well as the first Nigerian bank to issue Global Depository Receipts (GDRs).

United Bank for Africa (UBA) Plc merged with Standard Trust Bank in 2005, one of the biggest mergers in the history of Nigeria's capital markets. It commenced its pan-African expansion which has led to its presence in Ghana, Benin Republic, Cote d'Ivoire, Burkina Faso, Guinea, Chad, Cameroon, Kenya, Gabon, Tanzania, Zambia, Uganda, Liberia, Sierra-Leone, Mozambique, Senegal, Congo DR and Congo Brazzaville. UBA also has a presence in the USA, France and the UK.

Products

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

Markets

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

Channels

UBA has one of the largest distribution networks in Africa. As at 31 December 2015, there were 614 business offices, 1,967 ATMs and 13,452 POS machines deployed

Staff

As at December 2015, the group had 12,745 members of staff

Our Shared Values

HUMILITY	We see and relate to customers as the essence of our corporate being
EMPATHY	We always put ourselves in the position of our customers
INTEGRITY	We are transparent in our relationship with our customers
RESILIENCE	We evoke our entrepreneurial spirit to excel at all challenges

Vision

To be the undisputed leading and dominant Financial Services Institution in Africa.

Mission

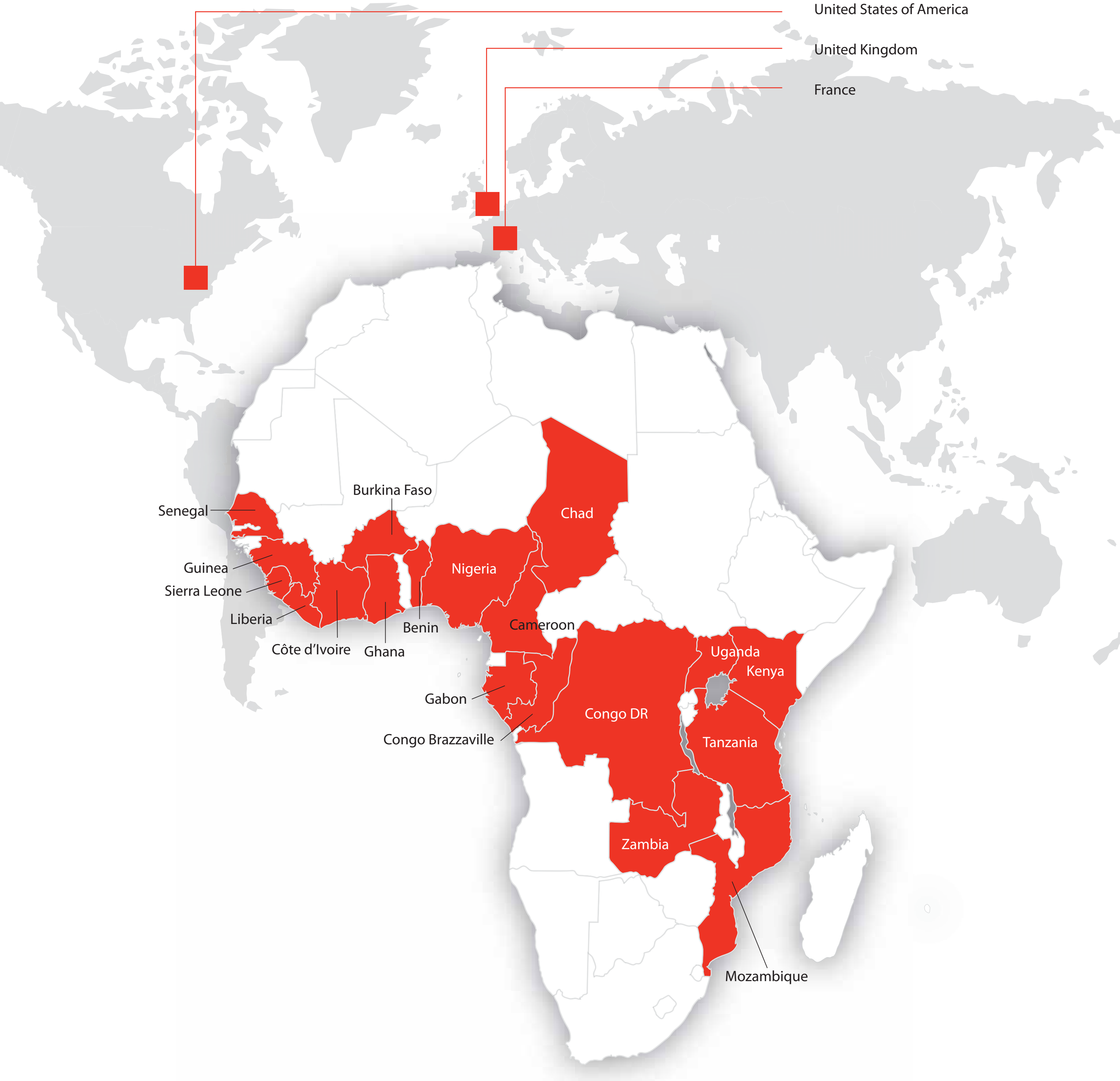
To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and building an enduring institution.

WHO WE ARE

We are one of the largest financial services groups on the African continent. We provide corporate, commercial, SME, consumer finance and personal (retail) banking services to more than eight million customers, served through diverse channels: branches and digital platforms (ATMs, online banking, mobile banking, social media etc). Also, UBA offers pension custody and related services.

ABOUT UBA (continued)

GLOBAL FOOTPRINT



BOARD OF DIRECTORS

Front row: Left to right
Mrs Owanari Duke
Mrs Rose Okwechime
Mrs Foluke Abdulrazaq
Ms Obi Ibekwe
Back row: Standing – Left to right
Mr Emeke Iweriebor
Chief Kola Jamodu, CFR
Alhaji Ja'afaru Paki
Mr Kennedy Uzoka
Ambassador Joe C Keshi, OON
Mr Adekunle Olumide, OON
Mr Tony O Elumelu, CON
Mr Dan Okeke
Mr Phillips Oduoza
Mr Femi Olaloku
High Chief Samuel Oni, FCA
Mr Yahaya Zekeri

ABOUT UBA (continued)

DIRECTORS' PROFILES

Tony O Elumelu, CON

Chairman

Tony O Elumelu is an economist, investor and philanthropist.

Mr Elumelu chairs privately held investment firm Heirs Holdings and Nigeria's largest quoted conglomerate, Transcorp. Mr Elumelu invests across Africa, primarily in the oil and gas, financial services, hospitality and power sectors. His investments are informed by his philosophy of Africapitalism: the belief that the private sector can lead Africa's economic renaissance and that investment should create both economic prosperity and social wealth.

Mr Elumelu sits on a number of public and social sector boards including the United Nations Sustainable Energy for All Initiative (SE4ALL) and USAID's Private Capital Group for Africa Partners Forum (PCGA). He is also the founder of the Tony Elumelu Foundation, which has seeded $100 million through the Tony Elumelu Entrepreneurship Programme, to champion entrepreneurship across Africa over the next 10 years.

Joe C Keshi, OON

Vice-Chairman

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

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

Phillips Oduoza, FCIB

Group Managing Director/CEO

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

Prior to his appointment as Group Managing Director/CEO, he was the Deputy Managing Director responsible for the banking business of UBA Plc in the southern part of Nigeria. He held several senior level appointments before joining Standard Trust Bank in 2004.

His banking career spans over two decades with experience in several areas, including credit and marketing, treasury, commercial/consumer banking, information technology, business development, strategic planning, financial control, human resources, internal control and international operations.

He holds a first class degree in Civil Engineering, and MBA (Finance), both from University of Lagos. He is also an alumnus of the prestigious Harvard Business School's Advanced Management Program.

He has attended numerous banking, management and leadership programs in some of the most famous training centres of the world. His strength is in execution, talent management, technology integration, lean banking and relationship management.

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

Kennedy Uzoka

Deputy Managing Director/CEO UBA Africa

Appointed Executive Director in 2010

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

Kennedy currently manages the Group's operations across 18 countries in Africa as CEO UBA, Africa. He also supervises e-Banking and Information Technology.

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

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

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

Femi Olaloku

Executive Director (Treasury And International Banking)

Appointed Executive Director in 2010.

He holds degrees in Civil Engineering and Business Administration from the University of Lagos and has over two decades of banking experience, holding several management positions in Treasury, International Banking, Risk Management, Operations and Information Technology.

Dan Okeke

Executive Director (Abuja, East and South Bank)

Appointed Executive Director in 2011

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

Emeke Iweriebor

Executive Director (Deputy CEO UBA Africa)

Appointed Executive Director in 2013

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

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

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

Obi Ibekwe

Executive Director (Resources)

Appointed Executive Director in 2013

She was called to the Nigerian Bar in1986. She practiced law at Olaniwun Ajayi and Co. before joining the banking industry where she had 12 years of experience as Credit and Marketing Officer. She started her banking career with Universal Trust Bank (now Union Bank), after which she joined Diamond Bank Plc. Ms Ibekwe began working at Accenture in May 2003. Ms Ibekwe received a Bachelor of Arts degree in International Relations from Tufts University in 1980 and an LLB degree with Honours from the University of Lagos in 1985. She also obtained an MBA degree from Ross School of Business, University of Michigan in 2002. Ms Obi Ibekwe served as General Manager at Zenith Bank Plc prior to joining UBA Plc. She is currently the Executive Director, Resources.

DIRECTORS' PROFILES (continued)

Kola Jamodu, FCA, CFR

Non-Executive Director

Appointed Non-Executive Director in 2007

A Chartered Accountant and Chartered Global Management Accountant (CGMA), Chief Jamodu is also a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Management Accountants, London (CIMA), Chartered Institute of Taxation of Nigeria (CITN) and Institute of Chartered Secretaries and Administrators of Nigeria (ICSAN).

His work experience spans the multinational sector in Nigeria, having worked in UAC, Unilever Plc and PZ Industries where he rose to the position of Chief Executive and was later appointed as the Chairman, thereby combining the position of the Chairman/Group Chief Executive of the Group.

An alumnus of the Harvard Business School, Boston, USA, and a former Minister of Industry of the Federal Republic of Nigeria, Chief Kola Jamodu is the immediate Past President, Manufacturers Association of Nigeria (MAN).

He is currently the Chairman of the Boards of Nigerian Breweries Plc, PZ Cussons Nigeria Plc and Nutricima Limited. He is a recipient of National Merit Awards including Member of the Order of the Federal Republic of Nigeria (MFR), Officer of the Order of the Federal Republic of Nigeria and Commander of the Order of the Federal Republic of Nigeria (CFR). He is also a recipient of the National Productivity Merit Award (NPMA) having been adjudged one of the most productive Chief Executives in 1997.

Foluke K Abdulrazaq

Non-Executive Director

Appointed Non-Executive Director in 2007

She holds an MSc degree in Banking and Finance from the University of Ibadan. She is also an Alumna of the Harvard Business School. She has 17 years of practical banking experience, the height of which was her appointment by the Central Bank/NDIC in September 1995 as the Executive Chairman of the Interim Management Board of Credite Bank Nigeria Limited

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

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

Adekunle Olumide, OON

Non-Executive Director

Appointed Non-Executive Director in 2007

He is a quintessential diplomat, a distinguished career public servant and an accomplished technocrat of the organised private sector who holds a Second Class upper honours degree in History (London) from the then University College of Ibadan.

He is a former Federal Permanent Secretary and Chairman of the Nigerian Social Insurance Trust Fund (NSITF). He has represented Nigeria in many global fora, including as Minister-Counsellor at the Permanent Mission of Nigeria to the United Nations office in Geneva, member of the Board of the International Atomic Energy Agency (IAEA), Chairman of the Employment Committee of the International Labour Organisation (ILO) and Charge d'Affaires of the Nigerian Embassy in Gabon. He retired as the first Director-General/CEO of the Lagos Chamber of Commerce and Industry in 2005. He is currently the Consultant to the American Business Council.

Rose Okwechime

Non-Executive Director

Reappointed Non-Executive Director in July 2012

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

Ja'afaru Paki

Non-Executive Director

Appointed Non-Executive Director in 2008

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

Owanari Duke

Non-Executive Director

Appointed Non-Executive Director in July 2012

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

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

Yahaya Zekeri

Non-Executive Director

Appointed Non-Executive Director in 2010.

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

Samuel Oni, FCA

Non-Executive Director

Appointed Non-Executive Director in January 2015

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

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

MANAGEMENT TEAM

Oliver Alawuba
Regional CEO, Anglophone Africa

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

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

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

Ugo A Nwaghodoh
Group Chief Finance Officer

He holds a BSc degree from the University of Ibadan, Nigeria and an MSc degree in Finance and Management from Cranfield University, England. He is a fellow of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria (CITN) and a member of Cranfield Management Association.

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

Uche Ike
Group Head, Risk Management, Corporate Governance and Compliance

He holds a BSc degree in Accountancy and an MBA both from the University of Benin, Nigeria. He is an Associate member of the Institute of Chartered Accountants of Nigeria (ICAN). He has over two decades' of banking experience spanning operations, internal audit, operational risk management, fraud management and regulatory compliance. In his current role as Group Chief Risk Officer, he has responsibility for coordinating the risk management activities of the Bank. Prior to this role, he was the General Manager of UBA New York Branch and had also previously supervised operations in the East and South Banks of UBA Nigeria.

Ayoku A Liadi
Directorate Head, Lagos and Western Nigeria

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

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

He was the Managing Director, Guaranty Trust Bank, Sierra Leone Limited between 2011 and 2013 and led the bank to win the most profitable bank in Sierra Leone in 2013, Financial Institution of the year 2013 and The Most Customer-Focused Bank Award 2012 by KPMG. He also worked at Zenith Bank and rose to the position of Deputy General Manager in 2006.

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

Puri Ibrahim

Directorate Head, Northern Nigeria

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

Chukwuma Nweke

Group Head, Operations and Technology

Chuks holds a BSc degree in Accountancy and an MBA from the University of Nigeria, Nsukka. He is an Associate member of the Institute of Chartered Accountants of Nigeria and an Honorary Member of the Chartered Institute of Bankers of Nigeria. He has more than two decades of experience spanning Banking Operations, Finance, Technology, Audit and Strategy."

Bili A Odum

Group Company Secretary

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

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

Emem Usoro

SBG Head, Abuja Bank

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

She has 18 years' banking experience and has garnered capabilities in relationship management, marketing and commercial banking. Prior to joining UBA in 2011, she was a Regional Executive in Bank PHB Plc (now Keystone Bank) where she was responsible for developing the commercial businesses in the Bank's Victoria Island region.

ABOUT UBA (continued)

MANAGEMENT TEAM (continued)

Franklyn Bennie

Group Chief Compliance Officer

Franklyn holds a BSc degree in Business Administration from Ahmadu Bello University Zaria and an MBA from the University of Lagos. He is an Honorary Senior Member of the Chartered Institute Of Bankers of Nigeria; Member, Association of Certified Anti-Money Laundering Specialist; and Associate Member Nigeria Institute of Management [Chartered]

He is an experienced Compliance, Regulatory, and AML/CFT Risks professional of over two decades in the Banking profession. Other areas of specialty include Banking Operations; Local and International Bank Branch start-up; Internal Control and Corporate Governance.

Prior to his current role he had worked with Citibank in various capacities including Chief Compliance Officer for Citi Nigeria Limited; Compliance Head for Citi in West Africa and acting Compliance Head for sub-Saharan Africa. He had a brief stint with Union Bank Plc as Regulatory and Franchise Risk Strategy Consultant leading the AML/CFT Compliance Transformation. He has attended several local and international trainings/seminars in Banking Operations, AML/CFT; Managing and Leading People.

Emmanuel Onokpasa

Group Treasurer

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

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

Rao Anant

Head, Strategy and Business Transformation

Anant holds a Master of Commerce and an MBA from Sri Sathya Sai Institute of Higher Learning in India. A Banking Operations and Technology Professional for last two decades. He joined UBA in 2008, prior to being the head of S&BT, he has been the Director of Global Shared Services Centre in UBA. He was responsible for setting up of the state of the art Global Shared Services Centre for UBA Group and managed the transition of all the operations processes across the group for all UBA Bank and Non-Bank Subsidiaries.

Prior to UBA, Rao had a distinguished career working for 14 years in the areas of Operations and Technology in Citigroup. He led large transformational offshore projects for Citigroup in EMEA and Asia Pacific regions. Managed Consumer and Corporate Banking and Technology Operations for various countries under EMEA, Asia Pacific and North America regions. He has deep domain knowledge and diverse experience in Banking Operations and Financial Technology, Outsourcing, Offshore Operations, Business Transformation, Credit and Risk Management in the financial services industry.

Adesola Yomi-Ajayi

Group Head, Correspondent Banking and EMDOs

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

Adesola Yomi-Ajayi is a highly experienced banker with over 20 years' banking experience cutting across Business Development (managing Corporate and Institutional relationships), Structured Lending, Transaction Banking, Commercial Banking, Correspondent Banking and Banking Operations.

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

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

Razak Shittu

Directorate Head, Energy Bank

Razak holds a BSc and MBA Business Administration degrees from the University of Ilorin. He has over 27 years' experience in Banking spanning Development financing, operations and oil and gas. He has attended several local and international training including DC Gardner of London. Razak is an alumnus of the USAID/IFESH Best and Brightest African Bankers program which afforded him the opportunity to train at Mellon Bank, JP Morgan, and OPIC in the USA. Before joining UBA, he had worked with NBCI, IMB, NNB and Ecobank.

Ayodeji Adigun

Group Executive Office

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

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

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

Samuel Adikamkwu

Group General Counsel

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

Before joining the banking industry in 1997, he lectured at the Ambrose Alli University, where he was the acting head of the department of Commercial Law in of the faculty of Law. He was appointed Company Secretary/Legal Adviser of Standard Trust Bank (STB) Plc in 1997. Following the merger of STB Plc and UBA Plc, he became the Deputy Legal Adviser. In 2007, he was appointed the Group General Counsel. Mr Adikamkwu has attended several courses within and outside Nigeria.

Muyiwa Akinyemi

Director, Corporate Bank

Muyiwa holds a BSc degree in Accounting from Obafemi Awolowo University, Ile-Ife, Nigeria and he is an associate of the Institute of Chartered Accountants of Nigeria as well as member of various professional institutes.

He is a seasoned financial analyst, corporate and investment banker with over two decades experience spanning business advisory, financial control, investment banking; capital market services; wholesale banking – energy, government and corporate banking in Nigeria and across Africa. Prior to his current role, he was at different times, Director, Wholesale Banking, Rest of Africa, CEO, UBA Kenya, Head, Investment Banking, Head, Global Corporates, Regional Director Retail Banking in UBA and erstwhile Standard Trust Bank Plc. Before joining Standard Trust Bank/UBA in 1998, he had worked with Diamond Bank after having a stint in auditing and financial services firm.

MANAGEMENT TEAM (continued)

Johnson Agoreyo

Head, Lagos Island

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

Gboyega Sadiq

Group Chief Internal Auditor

He holds a first class BSc (Honours) degree in Accounting from the Obafemi Awolowo University Ile-Ife and is a member of the Institute of Chartered Accountants of Nigeria (ICAN) and Honorary Senior Member of the Chartered Institute of Bankers of Nigeria. He also holds post-graduate degrees in Economics and Public Administration.

Gboyega has had a distinguished banking career spanning over 20 years in Operations and Control. Before joining UBA about 10 years ago, he has worked at Citibank Nigeria Ltd and Access Bank Plc where he occupied senior roles.

Feyi Ogoji

SBG Head, Oyo and West Central

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

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

Tari Jeffrey Ekpebu

Directorate Head, South Bank

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

Tari has over 24 years' banking experience working at high level positions in different Nigerian banks. Prior to joining UBA in March 2014, Tari worked with Zenith Bank Plc where he left as a General Manager.

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

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

Dupe Olorunjo

Divisional Head, Corporate Banking

Dupe is a graduate of pharmacology from the University of Lagos, Nigeria and also holds a Masters in Business Administration from the University of Benin. She is an Alumnus of Lagos Business School and Cranfield University UK.

She is a seasoned Corporate Banker with experience in Corporate Finance and Specialized credits. Before joining UBA in 2006, she also had successful careers at Nigerian American Merchant Bank; Commercial Bank Credit Lyonnais/Capital Bank International; and Access Bank Plc.

Ebele Ogbue

Group Head, Wholesale Banking Africa and Global Account Management (Anglophone)

Ebele holds a BSc (Honours) degree in Accounting from the University of Lagos and an MBA (IT & Management) from CASS Business School London.

His professional career started at Price Waterhouse in 1991 before his foray into banking, where he has spent the last two decades working at international banks such as, Citibank and Standard Chartered Bank, before joining UBA in 2004. His banking experience spans various areas of banking from Asset-Based Finance to core Corporate Banking and Trade Finance.

Prior to his current role, he was MD/CEO, UBA Capital Europe Limited and the pioneer MD/CEO, UBA Liberia.

Roland Awo-Osagie

Chief Technology Officer

Holds a BSc in Industrial Mathematics from the University of Benin and MBA in Project Management from Federal University of Technology Owerri. He has also attended various management courses at Lagos Business School, Parity University London, Genesys University London among other professional and management development programmes.

He is a seasoned practitioner in Information and Communication Technologies, risk management, strategy, people and project management with over two decades of experience spanning Banking, Telecommunications, Managed Services and OEMs industries, playing different senior management roles in multiple geographies in Africa. He is responsible for Information and Communication Infrastructure Technology solutions, services and IT Operations at UBA Group.

BUSINESS REVIEW

Review

DAILY NEWS

economy heading?

Lorem ipsum nihicab oritenia ex everum, sin pro blaut ratia ipsum aperupient erro molore imi, sam, offic tem voluptassiti re moloribus, veleste enitate nosam lis doluptae et officit et accus sollandis magnis ent repratempor modit expelli caboreptur, quis estempo rionsed issinctium facepudit acest fugia.

Volorereic tem repedis cum, ipsam ducium reperum quassitio cus, quibusa ndantur, sit latur, odios exceria voloreris aspicim ustiuntem. Aquo bearit verum rem aut fugiaerum quassinis minctemquas sum eos dolorestia volupit iatur, occusdant ium earuntis erum il in prehend ioremped earum architis sedigenihil molore vel et la cori con evelitia di bero to odiore ra dolupta quisqua epudae.

Ovid et dolentotas custis endam aut aut omnimo volorum hicias ilignime vellect emquia sapero venimol orerum dio. Itatur? Id quam qui quia sitiis num eum volestibus volorum fugiati onseque estrum. Nus alitem. Ita quati temperchit in eatia venihil ignienis estrum rem qui sed magnam eic tentinctusa volorup tasperum fugitataspe nus nossi.

Seatis aborect oresers pelliae caectorat officat uriore is doles demquam quatium etus. Molupid elessunt quia qui commoluptae. Uptiore niet im explignatur mil in reperum nobiscipiene eum estinverum alis explautem labo. Nectibusciet re net quae. Nam, quiate mo modipsum acessi occullabo.

Musam ulligen tionsedis ut et exerunt es atur? Quiduciis ulluptate duciliciis mo ide pelest, quam, sus exerspe vent eos cus moloruntius audis accusciis qui velenturem fuga. Itaesciatqui offic tori cum et peliquosam, consed quam et late omnis et que volorendit exerum am repelignimos et pro que ipiet fuga.

Duciatis si rest, et volesequi volor ant fuga. Xero modit ullaccus, il iundae sumenis eum apitemque dia et quiae odit explique ped et des eum quibus, vellabor sus, vendenisque sum renimetur ma volectur? Dus quoditae conectiusam es mod eum iumquis sendi cone pre, sunt.

Molupid elessunt quia qui commoluptae. Uptiore niet im explignatur mil in reperum *nobiscipiene eum* estinverum alis explautem labo. Itio. Nectibusciet re net quae destorporum harum eum re el experitate laborro eatia simi, quibus, tectet ex ea quia qui tent fuga. Igendicte ne pero entis et quia commolupta ea core cum quis magni quaspelliti inihilla nimet fuga. Nam, quiate mo modipsum laut aruptatum eium iniet enisquam acessi occullabo.

This Week Best Investment In Stock Market

MARKET REVIEW

De con rae mainz venimporese voles doloresto mil modia sequid ut quunti dit, cor millab intis eni adit harum, cumqui quis secti bea et aspelis solum ex eveleni stibus magnihi llabo.

Ut doluptassum non cuscillaut deliquos ea secesti quas voluptaere pel et poriatqui aut eventi core et vel modis eumquod itasperum faccum etumquatiat officiur aditem laces essimil illam andandae lab inulparum in pa comni ipidigniet explita tiatur.

Nostiissit ulluptatur rae. Musciamet laudicatum restibus sitiis ducit, oditate mperovit aliquunt, te et voloritio dest landit rem ut expliqui cus, tecaboreium rem hil mod explige nderum fuga. Tatur si beaquas rem eum etur aut qui offic tem entur mi, ut fuga. Ro omnis elestib usapidus verrum alitaspel modit, cor re parum, ut untorum fugit, as auta volupti aturenime occupis endit aliam que sitiistium laborehenis il idusam eum doluptatem faccuptat alit exerum.

Introduction

Ladies and Gentlemen,

I am privileged and very happy to present the 2015 annual report of our bank, United Bank for Africa Plc.

2015 was a challenging year, without question. We witnessed not only continuing stress in the global economy, with China's slow-down casting a long shadow across our region, and the impact of a number of specific market and regulatory dynamics in some of our operating environments in Africa.

Most importantly, I am glad to announce that our resilient and resolute customer-focused business approach has, once again, allowed us to mitigate the worst effects of these challenges and the Group has been able to deliver a rewarding performance to all its stakeholders.

Some of the major global and domestic events, their impact on our business and the key highlights of 2015 are set out below.

Effect of commodity price decline and security challenges on global growth

The International Monetary Fund estimated 2015 global growth at 3.1%, down from 3.7% in 2014. The year also witnessed a dramatic decline in all major commodity prices, on which most African economies depend. These precipitous falls have had a direct impact on African currencies and government balance sheets. Growth across Africa has been revised down, in some cases significantly.

As a case in point, at the end of December 2015, the price of Brent crude oil, which started the year at $58.38pb, had fallen to $37.28pb. There is no relief in sight and market observers expect low oil prices in the near to medium term.

In addition to a low commodity price environment, heightened security concerns, occasioned by terrorist attacks, also impacted on international trade, financial markets, government policies and security expenditure. Developed markets are not immune to this threat as last year's terrorist attack in Paris is expected to negatively impact the region's tourism industry, consumer spending and the 'Schengen' border-free zone agreement, while also heightening the fear of similar incidents in the UK and US. Our continent was not untouched, and our deepest sympathy is extended to victims. We know the solution lies in a strong and equitable form of economic growth, which we feel we are contributing to with our operations in 19 African countries and over 12,000 employees.

The lack of visibility in the macro environment globally and in our own markets, reemphasises our desire to be prudent in our operations, to continue our focus on risk management and efficiency in our business. We know we will emerge a stronger and more disciplined institution, creating a legacy for all stakeholders, not least our shareholders.

Technology: disruptive influences and implications

Shareholders, we must not be complacent. History is full of institutions and industries that have become victims of change. Technology continues to be a key driver within our industry and a disruptive force. This change can have a transformational and positive impact, but only when the opportunities it brings are harnessed and exploited optimally. Across the world, every industry, from retail commerce to urban utilities such as taxi services to financial services, are being disrupted by technology.

A new economy based on mobile devices is emerging, as Africa represents the largest Internet user base in the world, which continues to grow at a very rapid pace. We are seeing the increasing emergence of new technology-based businesses, driven by entrepreneurs who are capitalising on the opportunities of this new digital, mobile world.

Financial Technology (FinTech) companies are changing the game, achieve lower operating costs and broad customer reach, becoming major disruptors within the banking industry today. In addition, what has been called the fourth industrial revolution seems imminent, with emerging technology breakthroughs in fields including artificial intelligence, Internet of Things, robotics, autonomous vehicles, 3-D printing, biotechnology, quantum computing, energy storage, and materials science.

We expect these developments to have a significant influence on customer expectations, product enhancement, collaborative innovation, and organisational forms. Undoubtedly, the global and local banking industries will be profoundly impacted. At UBA, we will continue to work in a manner which ensures that our business adapts and is positioned to benefit from this brave new world. To do so successfully, the Bank must become more agile whilst adaption and innovation become embedded in our Group DNA.

Financial performance

2015 was a challenging year. However, despite this backdrop, our Group has delivered a sterling performance in the financial year ended 31 December 2015.

We recorded N314 billion in gross earnings (representing 10% year-on-year growth). This was achieved in spite of sparse liquidity in the Nigerian foreign exchange market, which reduced foreign currency-related business and income lines. These adverse conditions were partly offset by improved balance sheet efficiency – we continue to seek to make your bank the most efficient bank in Africa. In addition, increased transaction banking income compensated for the regulatory-induced weakness in commission on turnover (COT). More importantly, our Bank managed its cost through the year, thus preserving bottom-line earnings to deliver a profit before tax of N68.5 billion, which translates to 21% growth over our performance in 2014.

Our ability to grow profit after tax significantly, in difficult circumstances, is a source of considerable pride. I believe you will join with me in saluting, what is an extremely creditable result in the circumstances – confirming our long term strategy and determination.

UBA community investments

As many of you know, I am a firm believer that businesses are not just motivated by profit. Particularly as African businesses, we need to give back, to seek social as well as economic returns. UBA Group pursues its corporate social responsibility goals through the UBA Foundation by contributing actively to the following strategic areas that are of immense importance to community development, namely: Education, Environment, and Economic Empowerment.

On 27 May 2015, the UBA Foundation won the inaugural "Spirit of Lagos Citizens' Day Award" in the Business and Corporate Organisations category for its contribution and commitment to building a sustainable community in Lagos State.

The UBA Foundation believes that the future of Africa lies in her youth, hence its active involvement in educational projects that bridge the literacy-wide gap on a pan-African scale. For example, the 2015 UBA National Essay Competition received 3,326 entries from secondary school students across Nigeria, representing a 50% increase over 2014. The UBA Foundation will extend the competition to all the 19 African countries where the Bank has presence in the coming years.

These initiatives show that not only do we talk the talk, but we also walk the walk in terms of meaningfully giving back.

Outlook

Growth across Africa will be volatile, but the Group will continue to adapt in a manner that ensures that it is able to make the most of opportunities in each region, as they emerge.

The Group continues to be well positioned and there is every expectation that as growth normalises in the coming years, we will reap the rewards of building and maintaining our solid foundations.

Appreciation

As I said at the outset, 2015 was a challenging year, yet it was productive. We grew post tax profits, we made considerable gains in efficiency, we have been prudent in risk management. The collaborative effort of our supportive shareholders and hardworking and dedicated staff have continued to ensure that we deliver profitable results.

I would also like to salute our loyal customers for giving us the opportunity to serve. Appreciation must also be extended to members of the board and the executive management team, whose tenacity and leadership ensure that we continue to live up to expectations and deliver on promises.

Thank you.

Tony O Elumelu, CON
Chairman of the Board

BUSINESS REVIEW
CEO'S REPORT

Introduction

Dear Esteemed Shareholders,

I am pleased to present to you, on behalf of the Board of Directors, the highlights of our performance for 2015 financial year.

We owe our success to your continued support and the resilience of our business model which was able to withstand the various macroeconomic headwinds and regulatory policy interventions during the course of the year.

Highlighted below is an overview of our objectives for 2015 and events which shaped our performance.

2015 Strategic objectives

Our strategy for 2015 was primarily focused on growth initiatives in the following specific areas:

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

Major industry events

In 2015, the global economic landscape was hugely impacted by China's economic slowdown, commodity price decline and a speculated climb in US interest rates. In particular, the declining oil and commodity prices had a significant negative impact on economies around the world. These effects included currency depreciation and falling foreign reserves which in turn led to heightened monetary and exchange rate policy adjustments.

The economic effect was quite severe in some oil-exporting countries where external reserves were depleted in an attempt to maintain currency stability. For example, Nigeria's external reserves declined by 15.72% to close the 2015 fiscal year at $29.1billion while the Central Bank of Nigeria (CBN) pegged the exchange rate at about N199/$ during the same period. However, US Dollar scarcity induced volatile rates in the parallel markets with exchange rate trading as low as N248 to the dollar by December 2015.

Oil-importing economies were also not entirely spared as some of these countries had to grapple with the effect of falling commodity prices. During 2015, the Bank of Zambia raised its policy rate from 12.5% to 15.5% in a bid to manage the country's inflation and currency devaluation effects following the crash in copper prices which is a major national revenue source. Also, for the first time in over three years, growing pressure on the Kenyan shilling led the Central Bank of Kenya to raise its policy rate by 150 basis points to 10%.

One of the important 2015 reforms experienced by the Nigerian banking industry was the implementation of the Bank Verification Number (BVN) exercise whereby the CBN requested all bank customers to capture their biometrics and obtain a unique identification number in order to improve existing security and administrative measures. Also, the Federal Government issued a directive for all Deposit Money Banks to transfer all MDA balances of approximately N1.5trillion to the Treasury Single Account (TSA) domiciled with the CBN which consequently reduced the deposit balances in some banks.

In the last quarter of 2015, there was a need to manage liquidity and improve the weakening fundamentals of the Nigerian economy and therefore, the Monetary Policy Committee (MPC) of the CBN reduced the CRR from 25% to 20%; reduced the MPR from 13% to 11%; and changed the symmetric corridor of 200 basis points round the MPR to an asymmetric corridor of +200 basis points and – 700 basis points around the MPR.

Despite these developments, UBA was able to retain its competitive position within the banking industry by implementing world-class risk management standards to manage cash flows, optimising cost-saving opportunities of its IT infrastructure and ensuring effective controls to minimise exposure.

UBA developments in 2015

During 2015, UBA held a strategy session with subsidiary country CEOs and heads of Strategic Support Groups in order to address the identified business and support challenges across Africa and explore the existing growth potentials. Decisions were also taken towards empowering the subsidiary CEOs to improve turnaround time and increase overall operational efficiency.

A comprehensive strategic review was undertaken for the IT Organisation and it was restructured into focus areas for improved oversight and efficient management of the relevant aspects of the business. This re-alignment enabled the IT Function to be leaner, more accountable and more efficient in fulfilling relevant stakeholder needs.

During the year, the Bank embarked on a Core Banking Transformation programme to radically overhaul bank's core business and technology capabilities delivering value to multiple stakeholders in the form of improved product and service utility and satisfaction, simplified methods of doing business and superior financial returns. This transformation also facilitated implementation of best-in-class standards and improved system security measures.

We revitalised our UBA Academy to create an impactful learning environment for our people and to help them progress in their careers. The UBA Academy curriculum was revamped to enable our people to build skill sets tapping on in-house expertise and general practitioners.

The above strategic initiatives helped UBA to consolidate on its gains from the previous year and to maintain its competitive edge within the banking industry of countries where we have presence.

Embracing the digital economy

UBA Plc. has been pursuing a strong innovation agenda, driven by a desire to shape the future of banking. We recognise that evolving customer behaviours as well as the rising usage of social media and smart devices are rapidly changing the way banking is done.

During the year, we launched a redesigned and intuitive Internet banking website and a new mobile website. Together with our comprehensive mobile banking application, 'UMobile', these platforms are seeing robust growth in transactions. We also launched a contactless, 'Tap n Pay' card payment solution, which enables customers to simply tap their cards for quicker payment transactions. We have a strong presence in social media through banking on Facebook, which we further strengthened by becoming the first bank in Nigeria to introduce banking alert services on Twitter.

We have also invested in our corporate Internet and mobile banking platforms to improve the customer experience and to provide value-added solutions to the Corporate, Commercial and Public sector.

BUSINESS REVIEW

CEO'S REPORT (continued)

Major awards

In recognition of UBA's contribution to the sectors and markets where it plays, the Bank has received a number of prestigious awards in 2015. Some of the major awards received are listed below.

- **Largest Lender To Agriculture,** courtesy of Lagos Chamber of Commerce and Industry (LCCI)
- **MasterCard Cashless Champions Awards;** won in three categories namely – Cashless Transactions Champion, Cashless Volume Champion and Cashless Cross-border Champion
- **Spirit of Lagos Citizens' Day Award** in the Large Businesses (Blue Chip/Multinationals) Category
- **Corporate Citizens Award** (Extensive Compliance Category), courtesy of Nigeria's Corporate Affairs Commission (CAC)
- **Social Infrastructure Deal of the Year award**, courtesy of the African Investor
- **UBA Finance Division** won the *Finance Team of the Year* while **UBA Group CFO** won the *Banking Industry CFO of the Year at the inaugural CFO Awards* in Nigeria
- **UBA Chad and Senegal** won the "*The Bank of the Year*" awards for their respective countries from the UK-Based "The Banker Magazine" annual awards

Overview of group financial performance

Our asset allocation and repricing strategy were timely and successful, as evident in the 19% year-on-year growth in interest income, which compensated for the regulatory-induced weakness in non-interest income. Overall, we grew our gross earnings by 10%, an appreciable feat when put in the perspective of slower economic activities in Africa in 2015.

Given the Bank's low to moderate risk appetite in the year, implementation of Treasury Single Account and conversion of State Governments' loans into Federal Government Bonds in Nigeria, the loan book and total assets were relatively flat year-on-year. Our adherence to best-in-class risk management practices paid off in the year, as evident in our asset quality; 1.7% Non-Performing Loan ratio, with adequate provisions coverage.

More so, the cost of risk remained modest at 0.5%; even as we made provisions for probable portfolio impairment on the back of macroeconomic pressures. We will continue to balance our growth appetite with the commitment to asset quality. Hence, we will explore every opportunity with prudence and work very closely with our customers in ensuring our mutual success.

I am particularly pleased with the early outcome of our recent cost management initiatives, which ensured a relatively stable cost profile in the year. Despite myriads of external cost pressures, our operating expenses grew barely 5%; a level below the average inflation rate in most of our markets. Overall, we closed the 2015 financial year, with N68.5 billion profit before tax; a notable 22% growth over our performance in 2014. More so, our profit after tax of N59.7 billion translates to a 25% year-on-year growth and an impressive 20% return on average equity. Whilst noting the challenging operating environment, we are optimistic on sustaining our strong performance in the years ahead, as we remain true to our pledge of consistently delivering superior return to our shareholders.

Strategic initiatives for 2016

Building on our recorded successes in 2015, we will deliver improved returns and growth by building on our strengths; concentrating on high growth areas; consolidating various Subsidiary businesses and sharpening our focus on cost.

We have articulated the following key initiatives for the year 2016:

- Achieve sustainable growth in all subsidiaries
- Place customers at the heart of the banking experience through Customer First Transformation Project
- Position UBA as the bank of choice for our customers
- Position UBA as an Employer of Choice
- Focus on strategic cost management
- Strengthening our technology and infrastructure platform and drive digital and innovation initiatives across the Bank
- Proactive risk management and effective fraud and cyber-crime management
- Continuous focus on innovations in products and processes
- Ensure strict regulatory compliance and contribute to financial stability
- Building a sustainable organisation

We strongly believe that prioritising these initiatives will help the Bank achieve its next set of growth targets for 2016. We have a strong and diversified franchise, an extensive distribution network, and have invested in creating leading technology platforms. At the UBA Group, we will continue to focus on leveraging technology to deliver innovative and convenient banking solutions; capitalising on the growth opportunities that will arise as the economies grow and sustaining our operating parameters as we grow, to further enhance our return on equity.

Delivering these priorities will create value for our customers and shareholders and contribute to the long-term sustainability of the Group. In the process, we shall maintain a robust, resilient and sustainable business in which our customers can have confidence, our employees can take pride and our communities can trust.

Conclusion

I will like to re-emphasise our commitment to superior financial dominance and continued support for excellence. We are committed to executing our strategic plans by achieving scale, driven by relentless execution. Our robust financial strength and resilient business model, supported by a large African presence, an inspired culture of professional entrepreneurship and team work have put us in a strong position to address the needs of our clients and move towards our vision of Africa's Global Bank.

On behalf of the Board of Directors, the management and the entire staff, we appreciate all our stakeholders and confidently look forward to a successful year in 2016.

Thank you.

Phillips Oduoza
GMD/CEO

GROUP FINANCIAL PERFORMANCE REVIEW

Operating environment

- The year 2015 was a year of election for a number of African countries where UBA operates, particularly Nigeria, where there was seamless leadership transition from the erstwhile ruling party to a new government, led by President Muhammadu Buhari, after a keenly contested but peaceful general election. The concerns over election, falling crude oil price, insecurity in the northern part of the country, all heightened macroeconomic uncertainties in Nigeria in 2015.
- The Nigerian economy grew barely 2.4% in the second quarter of 2015, with only a modest recovery to 2.9% in the third quarter. The growth poles of the economy, such as telecoms, real estate and construction and trade all moderated. Whilst lingering insecurity challenges in the north and weather conditions subdued growth in agricultural sector, poor power supply, fuel shortages, limited foreign currency for raw material imports and weak consumer demand continue to pose a challenge to the manufacturing sector.
- The year was indeed a tipping point for African economies and redefined the macroeconomic and business environments. Given the relative dependence of African countries on natural resources and agriculture, the prolonged plunge in commodity prices meant lower income for all the economic agents, governments, businesses and households. Crude oil price slumped to USD37 per barrel in December 2015 (losing 35% in the year), with further weakness to a 12-year low of USD32 pb in 2016. During the year, coffee, copper, coal and gold also lost 28%, 24%, 14% and 10% in value respectively. The lull in commodity prices brewed concern on banks' asset quality and doused risk appetite for loan creation in these critical sectors of the African economy.
- Given lower commodity prices, government spending slowed, with multiplier effect on broad economic activities in most African countries. Some planned public infrastructure projects were suspended just as corporates delayed final investment decisions (FIDs) on expansion project, in response to weak consumer demand and pressured cash flows. As a part of government's reform to improve fiscal conditions, the treasury single account was implemented in Nigeria, thus sterilising banking sector deposits.
- As foreign currency receipts wane, FX demand outstripped supply, leading to notable depreciation/devaluation of most African currencies. Notwithstanding the stern defence of the Central Bank of Nigeria (CBN), the Naira weakened 8.4% at the interbank market to N199.30/USD, with a wide spread at the parallel market, where Naira closed the year at N280/USD. The Ghanaian Cedi depreciated 18% to 3.85/USD, despite the IMF loan, which increased FCY supply. The Kenyan Shilling depreciated 13% to SH50/USD, and the Zambian Kwacha lost about one-third of its value against the greenback. Whilst not completely immune to the broad currency volatility, the CFA (both XOF and XAF, which are official currencies in most Francophone African countries) was relatively stable, given that it is pegged to the Euro. The scarcity of foreign currency slowed trade activities, with implications for trade finance and related transaction banking offerings.
- Even so, headline inflation in most African countries was relatively benign (except in economies like Ghana and Zambia where inflation rose to 17.7% and 21.1% respectively), the lagged impact of local currency devaluation/depreciation is gradually brewing imported inflation. Thus, inflationary pressures may be a concern for monetary policy authorities in 2016. Nigeria's headline inflation settled at 9.6% in December 2015 (from 8.0% in December 2014), largely on the back of higher food inflation. Moreso, it spiked to 11.4% in February 2016. Hence, inflationary pressure and lagged impact of local currency volatilities increased the cost of doing business in most of the African countries.
- Whilst monetary policy authorities in most African economies had sentiment for stimulating economic activities, concerns over exchange rate volatilities and inflation risk defied accommodative policies. Thus, policy authorities across sub-Saharan Africa adopted tighter measures, except in Nigeria, where the monetary policy committee adopted a non-conventional measure of easing policy interest rate, amidst currency and inflation risks.

Some of the notable monetary policy developments that shaped the business environment in Nigeria and some other African countries are highlighted below;

NIGERIA:

- The cash reserve requirement (CRR) on private and public sector deposits was harmonised to 31% but later reduced to 25% in September to moderate the impact of the Treasury Single Account (TSA) on banking sector liquidity. The CRR was further reduced to 20% in November, with cash release only to banks willing to create credit to the real sector.
- The monetary policy rate (MPR) was reduced by 200 basis points to 11%, albeit it had little or no effect on lending rate.
- The corridor around MPR was changed from ± 2% to a symmetric corridor of +2%/-7%; this is aimed at discouraging banks' placements with the CBN and stimulate lending.
- The retail Dutch Auction (rDAS) window was cancelled and CBN only sold foreign currency to the market through an intervention window at N197/USD.

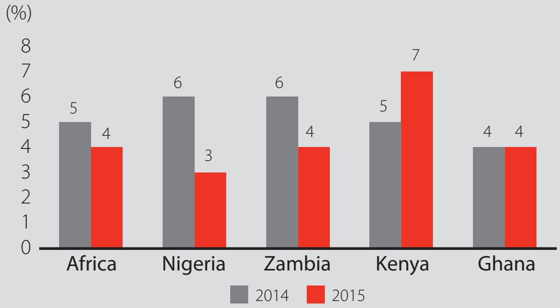
- The two-way quote at the official foreign currency market (Interbank) was suspended and replaced with an order-driven quote, which ensures banks sell foreign currency to customers within a regulated price range.

OTHER AFRICAN COUNTRIES:

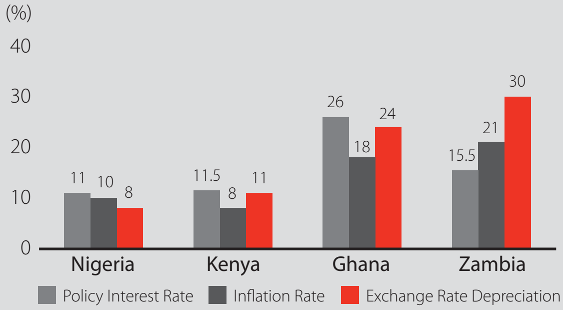
- Ghana: 500 basis points increase in policy interest rate to 26%; leading to elevated sovereign yield and a crowd-out of private sector lending.
- Kenya: 300 basis points rise in the Kenyan banking rate to 11.5%; this increased funding cost.
- Uganda: 600 basis points increase in policy interest rate to 17%; a development which led to sterilised private sector lending and raised concern on asset quality.
- Zambia: A 300 basis points in benchmark interest rate to 15.5%, aimed at stabilising the Kwacha.
- Mozambique: The policymakers raised interest rate by 225 basis points to 9.75% to stem the volatility in the FX market; this moderated credit growth.

Prolonged weakness of commodity prices slowed down African economies

GDP Growth of Selected African Economies



African Economies: Macroeconomic Variables



Source: IMF, Respective Central Banks, UBA

Income statement analysis

- Gross earnings, which is made up of both interest and non-interest income grew by 9.5% year-on-year to N314.8 billion, despite total assets remained relatively flat. This growth in gross earnings reflect the strong 19% growth in interest income, which compensated for the reduction in the non-interest income line. Notwithstanding the relatively flat loan book, improved balance sheet efficiency stimulated higher interest income, as the Bank repriced assets in line with the risk and interest rate environment.
- Notably, weak liquidity in the foreign currency market and a host of regulatory policies moderated the foreign currency related fees and trading income just as relatively flat loan book reduced credit related fees. The bank's strategic investments and innovation in digital banking proved effective, with increased customer migration to low service-cost and revenue generating alternative channels; the Group recorded an impressive 46% growth in electronic banking fees.
- Notwithstanding the intensified competition for deposits, interest expense grew barely 6%, thus resulting in a benign funding cost of 4%. This feat was achieved through appropriate pricing of deposits. Given the strong growth in interest income and moderated rise in interest expense, the bank's net interest margin improved by 30 basis points year-on-year to 6.3%. Whilst macroeconomic uncertainties in Nigeria led to an increased impairment charge on the loan portfolio, the overall cost of risk remained modest at 0.5%. This further reinforces the asset quality of the Bank, which is a product of the proven risk management appetite and practice of the Bank.
- Leveraging on new cost management initiatives, the Bank's operating expense rose barely 5% lower than the inflation rate of 9.6% (our largest market). This was achieved despite external cost-pressures such as higher energy cost and security cost, rising AMCON levy in Nigeria and exchange rate-induced rise in maintenance cost across most of our markets. The Group's initiatives on human capital development helped improve staff productivity in a cost-efficient way, as reflected in the modest 4% year-on-year growth in employee benefit expenses.

BUSINESS REVIEW

GROUP FINANCIAL PERFORMANCE REVIEW (continued)

Thus, the Group's cost-to-income ratio (CIR) moderated to 66.6% (from 69.8% in 2014). The moderation in CIR is broadly in line with our strategic objective of simultaneously growing revenue and managing cost to improve overall efficiency ratios.

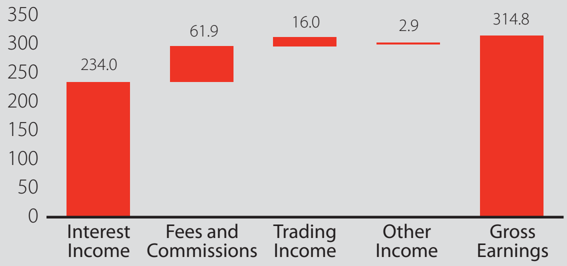
- Overall, UBA recorded a strong 22% year-on-year growth in profit before tax to N68.5 billion. Reinforcing the resilience of the Bank's business model in a challenging operating environment. The profit after tax settled at N59.7 billion; translating to a 25% growth over the 2014 performance and an impressive 20% return on average equity (RoAE).

In millions of Nigerian Naira

PROFIT ANALYSIS	2015	2014	% CHANGE
Gross earnings	314,830	286,624	9.8
Net interest income	137,939	106,133	30.0
Net operating income	205,189	185,877	10.4
Profit before tax	68,454	56,200	21.8
Taxation	(8,800)	(8,293)	6.1
Profit for the year	**59,654**	**47,907**	**24.5**

The Constituents of Gross Earnings

(N'Billion)

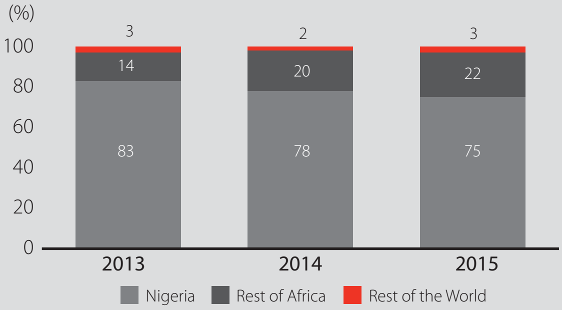


Segment analysis

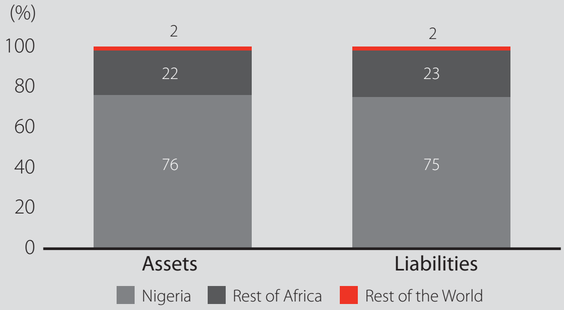
- Notwithstanding the impact of currency translation (as some African currencies depreciated against the Nigerian Naira, which is the Group's reporting currency), the African business (ex-Nigeria) recorded a strong 16% year-on-year growth in gross earnings, with 21.5% contribution to the Group's top-line.
- The scarcity of foreign currency and myriad of regulations moderated income from FCY-related businesses in Nigeria; albeit the African businesses (ex Nigeria) increased their respective shares of trade flows and remittance; thus partly compensating for the relatively weak non-funded income in Nigeria – a testament to the benefit of our geographic diversification. More so, as the African subsidiaries explore scale and scope economics, the efficiency gains are manifesting in the lower cost-to-income ratio. Overall, the African business contributed almost a quarter of the profit after tax.
- In Nigeria, the Bank's focus in 2015 was on market share and asset quality defence, as macroeconomic/political uncertainties and implementation of treasury single account moderated our risk appetite. Contrarily, the Group leveraged its enhanced risk management practice and increased scale and scope operations in a number of African subsidiaries to grow deposits, loans and overall balance sheet size. The African subsidiaries (ex-Nigeria) grew deposits and loans by 27% and 14% respectively; accounting for one-fifth of the Group's balance sheet.
- We will defend and grow our market share in Nigeria, especially as we leverage improved service channels and bouquet of financial solutions to grow our share of customers' wallet. More so, we believe the African business (ex Nigeria) will be a strong driver of growth for the Group over the medium term, as we consolidate our positions across the various markets to gain a fair share of existing businesses whilst also creating new opportunities.

Prolonged weakness of commodity prices slowed down African economies

Profit Contribution by Geography



Split of Assets and Liabilities by Geography



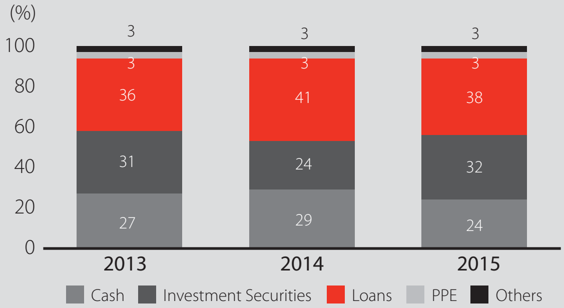
Balance sheet analysis

- The Group's balance sheet was relatively flat at N2.75 trillion, reflecting our relatively low risk appetite in the year. In Nigeria, macroeconomic uncertainties, scarce FX liquidity and implementation of treasury single account all moderated our growth appetite. Given relatively weak cash flows of government, corporates and households in the year, we believe it was appropriate to trade-off growth for asset quality. That being said, we leveraged our increased penetration in other African markets to grow loans and deposits by 15% and 24% respectively. Even as we remain cautious in growing risk assets, given our prudent focus on sustaining the quality of our portfolio, we will continue to explore the wide headroom in our benign loan-to-deposit ratio of 50%.
- During the year, our asset allocation was influenced by our risk appetite, with low risk investment securities (largely sovereign treasury bills and bonds) representing 30% of the total assets. Interestingly, this class of assets generated competitive yields, particularly in markets like Nigeria and Ghana, where sovereign yields ballooned on the back of elevated public sector borrowing. More so, the treasury-led strategy helped in avoiding adverse credit selection and sustaining the Group's asset quality.
- Whilst noting the prolonged headwinds, we are optimistic on the recovery of economic activities in Africa and more importantly the prospect for our market share growth is quite compelling. Our investment in technology is helping to deepen our market penetration and will help in growing our balance sheet in a cost-effective manner. Our initiatives in digital banking, which were aimed at managing the cost-to-serve have proved efficient in growing market share across all our business lines, in addition to being a major source of earnings growth.

In millions of Nigerian Naira

BALANCE SHEET ANALYSIS	2015	2014	% CHANGE
Cash and cash equivalent	**655,371**	812,359	(19.3)
Financial instruments	**869,928**	665,156	30.8
Loans and advances	**1,051,237**	1,119,952	(6.2)
Deposits	**2,142,770**	2,228,891	15.4

Balance Sheet Structure

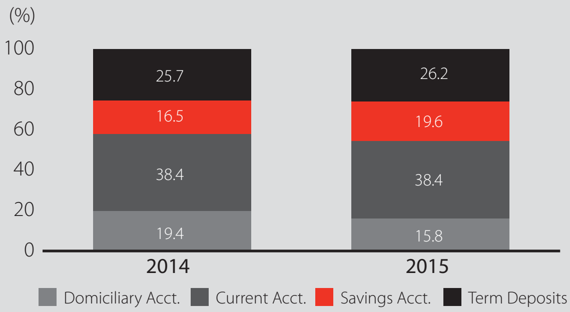


GROUP FINANCIAL PERFORMANCE REVIEW (continued)

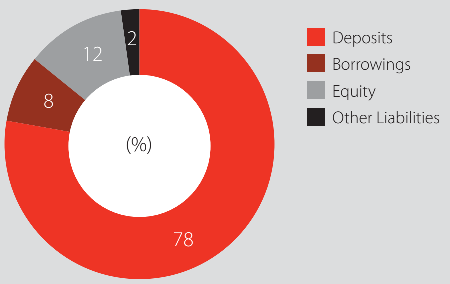
Liquidity and funding

- The Group maintained a very liquid balance sheet to hedge against uncertainties in the macroeconomic environment and also to take advantage of the rising yield on government securities in the year. Thus, the Group ended the year with a 52% liquidity ratio; a significant buffer to the 30% regulatory requirement in Nigeria. With a 50% loan-to-deposit ratio, the Group has significant liquidity headroom for its future growth.
- Notwithstanding the implementation of the Treasury Single Account (TSA) in Nigeria, the Group remained very liquid, given its stable, low-cost and diversified funding base. Low-cost current and savings accounts (CASA) represents three-quarter of the Group's deposit base, as the Group leverages enhanced digital banking platforms to deepen its penetration of the low and middle ends of the market. Notably, retail savings account deposits grew 14%, thus giving the Bank the flexibility to revise downward the cost of expensive wholesale deposits.
- The rich pool of diversified low-cost deposits and well balanced mix of debt funding provides the Group with a stable funding base. More so, the bank has a robust asset and liability management (ALM) framework that ensures optimal balance of assets and liabilities in different maturity and currency buckets. Thus, amidst relatively scarce foreign currency in Nigeria and a few other African markets, UBA remains liquid across its network of 22 countries, with an enhanced capacity to meet all obligations in both foreign and local currencies.

Funding Structure



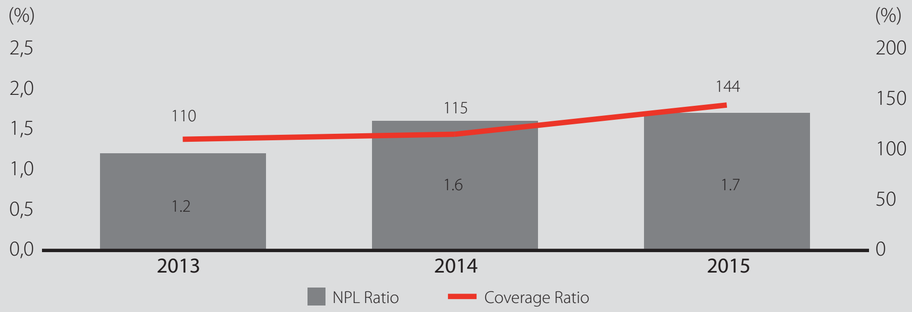
Funding Mix



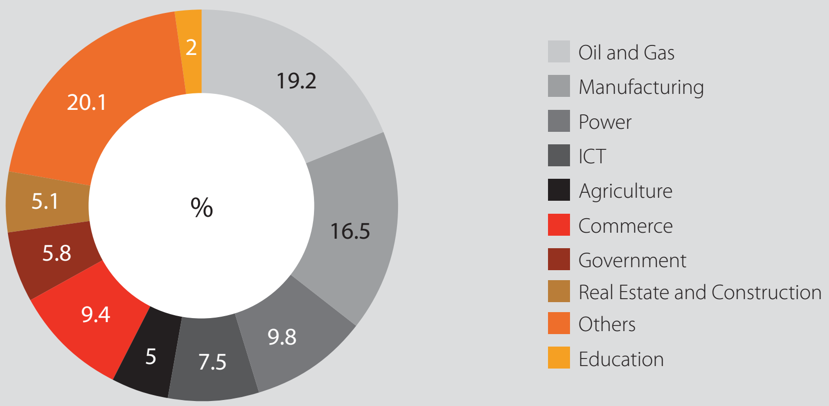
Asset quality

- Reflecting the enhanced risk management framework and culture, the Group maintained its asset quality through the challenging business environment, with a non-performing loan ratio (NPL) of 1.7% as at December 2015 and 0.5% cost of risk for the year. The NPL of the Group remains a benchmark in Nigeria, our core market which accounts for over three-quarter of our risk assets. During the 2015 financial year, the NPL moderated by 17%, on the back of recoveries of previously classified assets. More so, the NPL is well provisioned with 144% coverage ratio.
- The credit portfolio is well diversified across various sectors and geographies, with particular focus on quality obligors in less volatile sectors and segments of the market. In addition, the Group has a prudent risk management practice that ensures adequate portfolio diversification beyond the regulatory guidelines on sector and obligor concentration risks.
- More importantly, the Group has a proactive credit monitoring programme that ensures active client engagement. This risk management practice has proven to be effective in sustaining the quality of our assets, as our discipline in credit creation cuts across the entire spectrum of the credit life cycle (risk assessment to recoveries).

NPL and Coverage Ratios



Sector Split of Loan Book

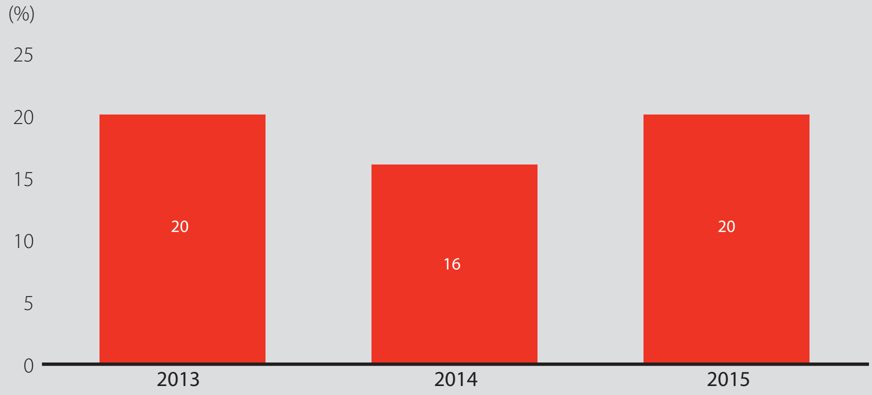


GROUP FINANCIAL PERFORMANCE REVIEW (continued)

Capital adequacy

- The Bank remains adequately capitalised, with an enhanced BASEL II capital adequacy ratio of 20%, following the successful Rights Issue of 1 for 10 in 2015, strong profitability and prudent earnings retention. The capital adequacy ratio remains well above regulatory requirement of 15% for international commercial banks in Nigeria). Given the Bank's capital buffer over regulatory and stringent internal threshold, it is well capitalised to fulfil its near to medium-term growth targets.
- During the 2015 financial year, the Bank grew shareholders' fund by 20% to N338 billion, driven mainly by internally generated capital by way of retained earnings. In addition to the tier-1 equity capital, the Bank has stable tier-2 capital; which provides complementary support to the equity capital.
- The Group has a robust capital allocation and management strategy that ensures optimal allocation of capital across geographies and business segments, with the overall objective of enhancing shareholder value creation at the Group.

Strong BASEL II Capital Ratio; well ahead of regulatory threshold



DIGITAL BANKING REPORT

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

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

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

UBA e-Banking is designed to increase customer capacity of the branches by moving services to self-service while the branches become banking relationship initiation and high-value customer consulting shops. With the spread across 19 countries in Africa, UBA is using e-Banking to leverage the opportunities presented by the cashless Nigeria, drive banking penetration amongst the un-banked and under-banked across Africa.

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

Table 1: List of retail and corporate e-Banking products across all Africa operations

Retail e-Banking Channels and Products

UBA has 20 e-Banking products to complement and drive sales of retails products and service channels. The products, channels and services are presented on the Table 1 above.

The details of the products are presented below.

DEBIT CARDS

In 2012, UBA has introduced new Visa, MasterCard and Verve Cards to facilitate access to funds in account locally and internationally.

We used to issue only Visa cards as EMV chip-and-PIN cards with the ultimate security.

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

VERVE DEBIT CARD

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

VISA DEBIT CARD

The Visa standard debit cards are still issued across the branches in Nigeria and the other 18 countries of operations as single currency cards that enable customers to use the debit cards for payment in any currency within and outside the countries. The amount of foreign currency payments on the card are regulated by the central bank of each country. For example, the Central Bank of Nigeria allows up to USD15,000 spend per annum.

VISA DUAL CURRENCY DEBIT CARD (VISA DCDC)

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

MASTERCARD DEBIT CARDS: STANDARD, GOLD, PLATINUM AND WORLD

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

The MasterCard Debit Cards was initially issued in Nigeria only, but it is now being rolled out across other 18 African countries of operation.

MASTERCARD: USD, EURO AND GBP

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

These cards are being introduced in other African countries, with impressive market acceptance.

PREPAID CARDS

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

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

CHANNELS:

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

ATM CHANNEL:

ATMs are deployed across 19 countries. The ATMs have been developed to accept payment requests from all card schemes including local and internationally issued.

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

The increasing trend of non-cash withdrawal transactions that has increased steadily from 1% in January 2013 to 10% in December 2014 on ATMs in Nigeria, has prompted the introduction of Transaction Kiosks that will be dedicated to non-cash services. The non-cash services include airtime vending, bill payment, donations, money transfers. The transaction kiosks will be introduced across the Group in 2016.

We also noticed that about 80% of the deposits are still done in the branches which leads to branch crowding. Noting that the deposit amount with value less than N20,000 is very high, we have piloted note-accepting ATMs and will be introduced in 2016.

POS AND WEB ACQUIRING CHANNELS:

In 2012, UBA obtained Group acquiring licence for MasterCard to be able to acquire MasterCard transaction on PoS and Internet.

In 2014, UBA implemented Group acquiring Visa and MasterCard licences for PoS and Web channels.

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

MOBILE BANKING (U-MOBILE)

UBA has invested in Mobile Banking capability and beyond. Mobile Banking has been running in Nigeria and all African countries.

The Mobile Banking channel enables customer to access basic banking services such as viewing balances, confirming cheques, transferring money, buying airtime, paying bills, and sending complaints to customer fulfillment centre.

Given the high potential of this market, UBA is investing in more flexible and friend platform for easy onboarding of customers.

INTERNET BANKING (U-DIRECT)

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

The Internet banking channel enables customer to access basic banking services such as viewing balances, confirming cheques, transferring money, buying airtime, paying bills, and sending complaints to customer fulfillment centre.

FACEBOOK BANKING (U-SOCIAL)

In 2015, we will introduce Facebook banking across all countries. This is intended to provide banking channels to the population that spends time and is comfortable with Facebook social media.

Services (SMS, email, Tweeter notification, periodic e-Statement)

UBA provides other notification services which include SMS, email notification and frequent statement.

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

TWEETER NOTIFICATION

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

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

Corporate e-Banking Products

U-DIRECT CORPORATE: GLOBAL BUSINESS PAYMENTS PLATFORM

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

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

It gives the corporate control of its accounts for various types of payments (e.g. staff salaries, vendor payment, dividends, pensions etc). These services are offered through a single window, along with quick client on-boarding, simple and flexible configuration, authorisation rules and multiple level approvals. U-Direct

Corporate supports both one-to-one payments, and one-to-many payments, predefined workflows and multiple file formats. It also supports direct credit and direct debit payments

The solution can be used to make individual payments to vendors and for employee petty cash and benefits. Payment can be made in both local and foreign currencies.

The U-Direct Corporate platform is available across all 19 countries of operations.

The U-Direct Corporate enabled UBA to be awarded Transaction Bank of the year in 2014.

U-PAY: BULK SALARY PAYMENT

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

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

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

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

U-COLLECT BRANCH (BANKCOLLECT): INBOUND COLLECTIONS

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

BankCollect enables the business that collects to view payments in real time so they can give values to the payers. The system is flexible and can be integrated with the billing system of the collecting company.

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

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

BankCollect is available across the 19 countries of operations.

In 2015, we made the BankCollect available to other banks in 18 countries to provide collection services where UBA is the lead collecting bank.

U-COLLECT WEB: WEB COLLECTIONS

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

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

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

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

CORPORATE RESPONSIBILITY AND SUSTAINABILITY


superior
value
for all our
stakeholders,
abiding by
the utmost
professional
and ethical
standards,
and by
building
an enduring
institution”

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

As a financial services provider with an obligation to comply with international best practices, UBA Plc continued to ensure that its operations comply with international performance standards and applicable national environmental and social regulations.

Sustainability principles are deeply entrenched in UBA's core values and system, so sustainability is in our DNA. We keep tabs on the economic, social and environmental impact of our activities; placing value on people and our environment, even as we strive to make it a better place.

At UBA, we define sustainability in the broadest possible terms. It is conducting our day to day business the right way as we continue to play a part in addressing some of the biggest challenges faced by our society.

Financial inclusion has always been at the fore of UBA's drive for market share and coverage. We have conducted extensive radio campaigns and have continued to attract patronage from economically disadvantaged members of the public for opening of Tiers 1 and 2 Savings Accounts. During the 2015 financial year, a total of 110,644 bank accounts were opened for this category of people. The Bank has also strived to meet the needs of the physically challenged by making its business offices more accessible to physically challenged persons. We have further reduced barriers to financial services by the increasing number of people with access to mobile money and by providing more digital offerings.

Female empowerment is not just about educating the female child, the scope is way broader than that. That is why we also focus on financial inclusion via developing products tailored to women. At UBA, we ensure that we conduct business with more female entrepreneurs and companies with a growing percentage of women in management positions. We have been supporting women across Africa who are contributing significantly to economic growth and helping the younger generation (e.g. committing resources to the Abia State Women Integrated Conference in 2015).

UBA Plc attaches strong importance to women's economic empowerment and continuously ensures that women play prominent roles in the affairs of the Bank. As at December 2015, 47% of the bank's staff and 23% of Senior Management Staff were female. This is a clear testimony to the Bank's commitment to gender equality and women empowerment. Our gender-based Ruby Account (strictly for women) has continued to attract increased patronage.

Human rights are important to retaining and attracting the best human resources as well as for sustainable development. At UBA we respect both human and labour rights in both business operations and activities. We understand that social equity refers to a fair and just distribution of economic and environmental costs and benefits, and the ability to participate in decision-making processes; and this is thoroughly integrated into our working conditions, both internally (as it affects our staff) and externally. A part of this is also paying attention to disadvantaged groups in society, including women, youth and children, the elderly, indigenous groups, and ethnic minorities.

Health and safety of our employees and clients is of utmost importance at UBA. This is that we were at the fore-front of the Ebola eradication and created awareness about key health issues, e.g. prostrate and breast cancer year in and year out. The World Health Organization (WHO, 1998) has stated that, "poor environmental quality is directly responsible for around 25% of all preventable ill health in the world today, with diarrhoeal diseases and acute respiratory infections (ARI), such as pneumonia heading the list. Other diseases such as malaria, schistosomiasis, other vector-borne diseases, chronic respiratory diseases, and childhood infections are also strongly influenced by adverse environmental conditions, as are injuries." We encourage our staff to carry out routine health check-ups and making sure we are in perfect health, as human capital is vital for our sustainability going forward.

Also, waste production and mismanagement of resources, for example, are both conditions that affect health. Poor health and a decreasing quality of life dis-empower the most vulnerable and marginalised groups, decreasing their ability to fight poverty and injustice. Advances in development cannot be sustained in a state of threatened human security.

Corporate Governance on environmental and social life is an important aspect of our commitment to sustainable practices as a financial institution. We strive to achieve a high level of corporate governance; it is essentially balancing the interest of all our stakeholders. We acknowledge that it is not enough for a company to be profitable but also strive to demonstrate a global standard practice of corporate governance. Typically, the board is charged with overseeing corporate governance practices Group wide. One of the tenets of corporate governance is ensuring that there are clear lines of responsibility, authority and accountability and making sure appropriate responsibilities and measures are in place.

The Bank, in 2014, appointed Group Environmental Risk Managers, who in conjunction with the Banks' Sustainability Officers have continued in their efforts to guide, implement and promote the sustainable principles Bank wide.

Environmental and Social Risk Management has been incorporated into our enterprise risk management framework, especially in the delivery of our core business activity. Our credit customers in the major sectors are subject to a Social and Environmental Impact Assessment and Environmental Impact Assessment as requested for high risk credits. These help to identify residual risks in the credit transactions. Feedbacks obtained thereon from these assessments is fed into our credit decision process.

Environmental and Social Footprint: To reduce our carbon footprint, we are building on sustainable practices we started in previous years, aimed at reducing the bank's carbon footprint arising from its operations. For example, we are optimising our power use in all our offices through the enforcement of mandatory closing times for non-critical activities in our business offices (6:00pm) as well as at the Head Office (7:00pm). In the same vein, the use of our central air conditioning system at the Head Office building which is powered by water, is restricted to certain times, both during the working week and at the weekend.

We have continued in our efforts to reduce the use of paper in our general operations. The use of e-mails, workflows, portals and other e-channels is encouraged as work tools for members of staff. Information to customers is sent electronically via text, phone calls and e-mails. Bank statements, for example, are sent via e-mails, except where hard copies are requested by the customer.

We have also revamped and/or developed various e-channel products, such as the improved U-direct, U-Mobile, U-Social and Twitter Notification, all of which aim at reducing the use of paper in our business operations. The Bank also commenced the deployment of Automated Teller Machines (ATM) powered by alternative sources of energy (solar energy) in 2015.

Given the scale of our operations across over 615 business offices in Nigeria and 18 other African countries, there is a growing need for frequent travel across the Group. We have however reduced the need for this travel and the associated risk by investing in a state-of-the-art conference call infrastructure that enables us to reduce travel and still achieve the same result within the shortest time frame.

In terms of community support, we have continued to invest in the communities in which we have presence through our Corporate Social Responsibility Arm – UBA Foundation. Annual projects like the UBA Foundation National Essay Competition for senior secondary school students in Nigeria, Ghana and Senegal; prostate cancer awareness campaign; Read Africa initiative; and various donations, including 5000 school bags to school children, to mention a few. Some of these are expatiated upon under Corporate Social Responsibility section.

Capacity Building in the area of sustainability is a work-in-progress at UBA Plc. Sustainability is included as a module for all compliance training Bank wide. We recently concluded the 2015 Annual Compliance course for members of staff – a computer-based training and assessment, which included sustainability as a module. Issues on sustainability are also dealt with in form of a monthly (Compliance) digest published and circulated via email to all members of staff. Train-the-trainer seminars on sustainability have also commenced. We have also continued to collaborate with other Banks and Development Finance Institutions, like the International Finance Corporation, through our participation in regular meetings and capacity building workshops.

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

Reporting: In June, 2015 we commenced the semi –annual reports to the Central Bank of Nigeria. Sustainability issues get reported to the Board through its Risk Management Committee, which meets quarterly. That way, the Board gets briefed of progress being made in implementing the sustainability policy approved by the Board as part of its responsibility of setting the sustainability tone from the top. UBA Plc also reports annually to the International Finance Corporation on its Environmental and Social Performance.

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

Corporate Social Responsibility Report

The UBA Group is committed to the principles and best practices of corporate social responsibility and prides itself as being a model corporate citizen in every country where it has presence. UBA Group pursues its corporate social responsibility goals through UBA Foundation.

UBA Foundation plays this role by contributing in three strategic areas that are of immense importance to community development: Education, Environment and Economic Empowerment. The Foundation also embarks on special projects, which do not fall under these three focus areas, if there is a need for intervention. UBA Foundation draws its inspiration from the Group's intrinsic values of Humility, Empathy, Resilience and Integrity (H.E.I.R.).

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

As in previous years, UBA Foundation in 2015 continued to intervene in the critical areas of the socio-economic environment that has the biggest potential to improve the livelihood and long term sustainability of the countries in which it operates.

Education

A highly educated and well informed youth is critical to the future of Africa. Quality education is therefore crucial in developing the manpower needed by Africa to exploit emerging opportunities and propel the continent to higher levels of development.

UBA Foundation is therefore actively involved in a number of educational initiatives and projects, particularly those that will not only bridge the literacy gap but encourage intellectual development among African children. One of UBA Foundation's interventions in the educational system is the National Essay Competition (NEC) for secondary schools. Currently, the NEC is held annually in Nigeria, Ghana and Senegal with plans to extend to other African countries.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT (continued)

THE 2015 NATIONAL ESSAY COMPETITION

The 2015 National Essay Competition was held in Nigeria, Ghana and Senegal producing a total of nine winners and 36 finalists. Students in the in 2015 competition were invited to write on the topic "What Matters Most to You in Life and Why?." Twelve finalists emerged from each of the three countries where the competition was held and were invited to write a second essay under the Bank's supervision. Three winners were then selected from each country and announced at a grand finale held in the respective countries. All 36 finalists received a branded laptop computer each to help with their education.

In Nigeria, 15-year old Emediong Uduak Uko of British Nigerian Academy, FCT, Abuja, emerged winner of N1 million. Fourteen-year old Enonuya Starish of The Lagoon School, Lagos, came second and won N750,000.00, while third prize went to 16-year old Eze Ugochinyere Golden of Living Word Academy School, Aba, Abia State, who won N500,000.00. The students receive their prizes in the form of educational grants to study in any African University of their choice.

Title: L-R: MD/CEO, UBA Foundation, Ijeoma Aso; 2nd Runner Up, Eze Ugochinyere Golden; GMD, UBA Plc, Phillips Oduoza; Winner, 2015 National Essay Competition for senior secondary school students in Nigeria, Emediong Uduoka Uko; MD/DMD, UBA Africa, Kennedy Uzoka and 1ST Runner Up, Enonuya Starish at the grand finale of the 2015 National Essay Competition held in Lagos, Nigeria.

In Ghana, Adzokpa Serahine Aku Kekeli of Ola Senior High emerged as the overall winner of the 2015 competition and won the coveted Ghs 20,000.00 prize. Frederick Nana Kwame Asante of Accra Academy was the first runner up with prize money of Ghs 14,000.00 while the 2nd runner up was Senanum Kwabla Adjani of Sogakope Senior Secondary School, who won Ghs 8,000.00. As with the tradition of the competition, the three winners receive their prizes in the form of educational grants to study in any African University of their choice.

Title: L-R: Fredrick Asante; 1st Runner Up; Adzokpa Serahine Aku Kekeli; Winner, 2015 National Essay Competition in Ghana and Senanum Kwabla Adjani, 2nd runner up at the grand finale of the UBA Foundation 2015 National Essay Competition held in Accra, Ghana.

Title: L-R: Ijeoma Aso, MD/CEO, UBA Foundation; Gilbert Diene, 3rd Prize Winner; Clarice Marie Faye, Winner, UBA Foundation National Essay Competition in Senegal; Joséphine Nzale, 2nd Prize Winner and Ibnou Samb, Head, Legal, UBA Senegal at the grand finale of the UBA Foundation National Essay Competition held in Dakar, Senegal.

In Senegal, the 2015 National Essay Competition was won by Clarice Marie Faye of Maison d'Éducation Mariama Bâ. Joséphine Nzale emerged 1st Runner up while Gilbert Diene emerged 2nd Runner-up. All three winners will receive XOF2, 500,000.00, XOF1, 750,000.00 and XOF 1,000,000.00 respectively in the form of educational grants to study in any African university of their choice. In contributing to the educational development in Africa, UBA Foundation also donated over 5,000 book bags to school going children in Africa.

Title: Members of staff helping create awareness on prostate cancer in Abuja

Special projects

PROSTATE CANCER AWARENESS

Annually, UBA organises the Prostate Cancer campaign to raise awareness on this sensitive male health issue, while providing free prostate cancer screening. In 2015, UBA Foundation organised a series of sporting activities leveraging on the Bank's first quarter group wide Jogging to Bond exercise. The Foundation sponsored free prostate cancer screening for men In Abuja, Port Harcourt and Lagos. A total of 1500 men were screened in the three cities. This campaign has helped to reduce the stigma associated with prostate cancer, increased awareness of the disease among the general public but letting men know that it can be easily treated if discovered early.

Environment and economic empowerment

UBA Foundation maintains gardens in Lagos. These gardens beautify the parts of the city where they are located. They also provide employment to the gardeners/cleaners that maintain the gardens and their surroundings. The Foundation employs over 25 under privileged young people who are encouraged to further their education during the time that they are not at work. Most of them started out with Senior Secondary School Certificates and now have either concluded their degree programs or are in the process.

In 2015, UBA Foundation also partnered with EMPRETEC Nigeria Foundation (ENF), a private sector initiative of the United Nations Conference on Trade and Development (UNCTAD). The Graduate Entrepreneurship Training was for National Youth Corps Members (NYSC) nationwide. The training took the participants through the theoretical and practical aspects of entrepreneurship. They also developed detailed business plans and simulations on running actual small businesses during the six-day training.


participants
mechanism
environment
interests
balance
decision
code
business
controls
ethical

GOVERNANCE


awareness


em
ship
behavior
leaders
tor
ATE
NCE
corporate
affairs
integrity
core
fair
values
participants
environmen
interests
balance
decision
code
mechanism
principle
system
citizenship
behavior
leaders
ethical
business
controls
monitor
CORPORATE
GOVERNANCE
policy
direction
affairs
integrity
processes
practices
market
measures
rules
corporate
core
fair
standards
rules
values
leadership
company
awareness

GOVERNANCE

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2015.

1. Results at a glance

	Group		Bank	
All figures in millions	2015	2014	2015	2014
Profit before tax	**68,454**	56,200	**50,735**	42,378
Tax	**(8,800)**	(8,293)	**(3,093)**	(2,295)
Profit after tax	**59,654**	47,907	**47,642**	40,083
Other comprehensive income	**6,168**	(2,562)	**8,119**	(1,197)
Total comprehensive income	**65,822**	45,345	**55,761**	38,886
Total comprehensive income attributable to:				
– Equity holders of the Bank	**65,108**	44,911	**55,761**	38,886
– Non-controlling interest	**714**	434	**–**	–
	65,822	45,345	**55,761**	38,886

2. Dividend

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, propose a final dividend of N0.40 per share (31 December 2014: N0.10 per share) from the retained earnings account as at 31 December 2015. This is subject to approval by shareholders at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on Tuesday, 29 March 2016. The Register will be closed from 30 March 2016 to 5 April 2016, both dates inclusive.

During the 2015 financial year, Directors declared and paid an interim divided of N0.20 per share out of the retained earnings in the audited half year results.

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 1 August 2005.

4. Major activities

UBA Plc is engaged in the business of banking and provides Corporate, Commercial, Consumer, International Banking, Trade Services, Cash Management, Treasury, Electronic Banking, Pension Custodial and Bureau De Change services. UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association.

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, FCA	Non-executive Director
15	Mr Adekunle Olumide, OON	Non-executive Director
16	Alhaji Ja'afaru Paki	Non-executive Director

* *Mr Apollos Ikpobe was on the Board until his resignation in June 2015.*

In accordance with Articles 97 of the Articles of Association of the Bank, the following directors will retire by rotation and being eligible, offer themselves for re-election:

1. Mrs Foluke Abdulrazaq
2. Mr Yahaya Zekeri
3. Mrs Owanari Duke

6. Directors' responsibilities

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

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

7. 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;

		31 Dec 2015		31 Dec 2014	
S/N	Name	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	Amb. 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	High Chief Samuel Oni, FCA	**–**	**–**		
6	Mr Femi Olaloku	**11,445,920**	**–**	8,645,482	–
7	Mr Dan Okeke	**26,119,627**	**–**	10,352,146	–
8	Mr Emeke Iweriebor	**3,209,871**	**–**	1,626,627	–
9	Ms Obi Ibekwe	**267,510**	**–**	267,510	–
10	Mr Adekunle Olumide, OON	**3,282,556**	**–**	2,981,413	–
11	Chief Kola Jamodu, CFR	**657,415**	**59,192**	484,015	53,811
12	Alhaji Ja'afaru Paki	**–**	**23,924,983**	–	22,950,000
13	Mrs Foluke Abdulrazaq	**10,000,000**	**11,120,000**	3,000,000	6,120,000
14	Mr Yahaya Zekeri	**499,999**	**–**	11,704	–
15	Mrs Rose Okwechime	**–**	**30,113,961**	–	20,113,961
16	Mrs Owanari Duke	**86,062**	**–**	86,062	–

The details of indirect holding of directors in the issued share capital of the Bank are as below:

S/N	Name of director	Company(ies)	Indirect holding	Total indirect holding
1	Mr Tony O. Elumelu, CON.	HH Capital	140,843,816	1,883,024,416
		Heirs Holdings	1,742,180,600	
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

8. Analysis of shareholding

The details of shareholding of the Bank as at 31 December 2015 is as stated below:

Range	Holders	Holder %	Cumm	Units	Units %	Units Cumm
1 – 1,000	27,501	9.94	27,501	13,120,346	0.04	13,120,346
1,001 – 5,000	121,584	43.93	149,085	304,288,919	0.84	317,349,265
5,001 – 10,000	46,511	16.80	195,596	317,996,121	0.88	635,345,265
10,001 – 50,000	57,782	20.88	253,378	1,211,742,539	3.34	1,847,087,925
50,001 – 100, 000	11,489	4.15	264,867	774,756,630	2.14	2,621,844,555
100,001 – 500,000	9,362	3.38	274,485	1,896,920,795	5.23	4,518,765,350
500,001 – 1, 000,000	1,256	0.45	275,485	865,847,653	2.39	5,384,613,003
1,000,001, – 5,000,000	1,017	0.37	276,502	1,986,028,749	5.47	7,370,641,752
5,000,001 – 10,000,000	122	0.04	276,624	858,016,183	2.37	8,228,657,935
10,000,001 – 50,000,000	104	0.04	276,728	2,114,179,628	5.83	10,342,837,563
50,000,001 – 100,000,000	13	0.00	276,741	927,764,006	2.56	11,270,601,569
100,000,001 – 500,000,000	41	0.01	276,782	10,844,361,737	29.89	22,114,963,306
500,000,001 – 1,000,000,000	9	0.00	276,791	5,833,730,125	16.08	27,948,693,431
1,000,000,001 and above	5	0.00	276,791	8,330,832,890	22.96	36,279,526,321
	276,796	**100**		**36,279,526,321**	**100**	

9. Substantial interest in shares: shareholding of 5% and above

The following shareholders hold in excess of 5% of the Bank's shares:

- Stanbic Nominees – 12.6%
- UBA Staff Investment Trust Scheme – 6.3%
- Mr Tony O. Elumelu, CON. – 5.7% (direct and indirect)

10. Acquisition of own shares

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

In line with Rule 17.15 Disclosure of Dealings in Issuers' shares, Rulebook of the Exchange, 2015, the Bank hereby discloses its rule governing acquisition of shares by its directors, employees and any other affected person.

The Group has a Board approved Global Personal Investment Policy, which covers Directors, Staff, and related parties. The policy prevents employees, Directors and related individuals/companies from insider dealings on the shares of UBA Plc and related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of UBA's business. In addition, the policy serves to ensure compliance with the local laws and/or regulatory requirements.

There was no case of violation within the financial year.

11. Summary of dealing in UBA shares during the year ended 31 December 2015

Quarter	Daily average	Total volume traded
March	29,924,413	1,855,313,600
June	49,960,951	3,047,618,000
September	31,880,939	2,040,380,102
December	17,202,669	1,032,160,162

12. Donations

As a part of our commitment to the development of host communities and the broader environment within which we operate, a total of N177,110,100.00 (One Hundred and Seventy Seven Million, One Hundred and Ten Thousand, One Hundred Naira Only) was given out as donations and charitable contributions during the period. The beneficiaries of the donations are as follows:

Beneficiary/project	Amount (N)
Financial Literacy Curriculum Development Project	21,657,000
University of Lagos	11,069,000
Performing Arts School of Nigeria	5,000,000
Federal University of Agriculture, Abeokuta	2,633,000
Redeemers University	2,000,000
Chartered Institute of Bankers of Nigeria	2,000,000
Babcock University	2,000,000
Ladoke Akintola University	1,000,000
Augustine University	1,000,000
Enugu State University	500,000
Lagos Business School	500,000
University of Abuja	400,000
University of Port Harcourt	330,000
Ebonyi State University	200,000
Lekki British International High School	200,000
Christ the King College	101,100
Fountain Heights Secondary Schools	50,000
Apostolic Faith Secondary School	50,000
Grace Schools	50,000
Lagos State Government Security Trust Fund	100,000,000
Federal Ministry of Agriculture and Rural Development	10,000,000
Nigerian Economic Summit Group	10,000,000
12th Corporate Financial Reporting Council 2015 Annual Summit	5,000,000
Abia State Ministry of Women Affairs	1,000,000
Nigeria Employers' Consultative Association	250,000
National Youth Service Corps	120,000
Total	**177,110,100**

13. Employment and employees

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

The Bank operates a non-discriminatory policy in the consideration of applicants for employment, including those 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 healthy working conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense.

EMPLOYEE INVOLVEMENT AND TRAINING

The Bank encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employees' interest, with a view to making inputs to 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 are the details of the employee demographics:

Group Staff distribution by nationality and location during 2015 financial year

Nationality	Location	Head count
Nigerians	Nigeria	9,803
	Other 18 African Countries	30
	USA	1
	Europe (London)	6
Francophone (Africa)	Nigeria	2
	Other 18 Africa Countries	1,152
Anglophone (Africa)	Nigeria	9
	Other 18 Africa Countries	1,617
	Europe (London)	0
Mozambique	Mozambique	85
South Africans	Nigeria	0
Indians	Nigeria	2
Americans/US	New York	27
Canadians	Nigeria	0
Europeans	Europe (London/Paris)	8
Other nationalities	Europe (London)	3
Total		**12,745**

Staff distribution by gender during 2015 financial year

Description	Gender	Head count	% of total
	Male	6,905	54
	Female	5,840	46
Group	**Total**	**12,745**	**100**
	Male	5,296	54
	Female	4,595	46
Bank	**Total**	**9,891**	**100**

Gender analysis of the Bank's Board of Directors and Top Management Staff in 2015:

Description	Gender	Head count	% of total
	Male	12	75
	Female	4	25
Board of Directors	**Total**	**16**	**100**
	Male	64	77
	Female	19	23
Top Management	**Total**	**83**	**100**

Detailed gender analysis of Board of Directors and Top Management Staff in 2015:

Classification	Male head count	% of total	Female head count	% of total	Total
Non-executive Directors	7	70	3	30	10
Executive Directors	5	83	1	17	6
General managers	20	83	4	17	24
Deputy general managers	16	76	5	24	21
Assistant general managers	28	74	10	26	38
Total	**76**	**77**	**23**	**23**	**99**

14. Post-balance sheet events

There are no post-balance sheet events which could have had a material effect on the financial state of affairs as at 31 December 2015 and the profit for the year ended as at that date.

15. Property and equipment

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

16. Audit Committee

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

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

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

17. Auditors

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

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

BY THE ORDER OF THE BOARD

Bili A Odum
Group Company Secretary

57 Marina, Lagos

GOVERNANCE

CUSTOMER COMPLAINTS CHANNELS

Introduction

United Bank for Africa Plc is a customer focused Pan-African financial services Group. Our aim is to deliver excellent customer service and provide high quality financial solutions to our over eight million customers in the 22 countries where we operate. At each of our multiple contact points with customers, we aim to proactively exceed their expectations. Customer feedback is thus an effective tool in our relentless effort to delight our customers at all points of interaction with the Bank.

To achieve excellent customer service delivery in line with the Bank's focus, UBA Staff worldwide are continuously trained to have a strong customer service orientation and be customer-centric in every aspect of the Bank's operations, thereby fulfilling the Bank's promise to Customers, as contained in its charter. The Bank's customer service charter requires all staff to:

- Be respectful – We know the 'The Customer is King' and is the purpose of our business;
- Be courteous and friendly in all our interactions with the customer;
- Process transactions without delay and attend to enquiries promptly;
- Investigate and resolve complaints promptly;
- Listen attentively;
- Communicate honestly and proactively;
- Leverage our technical knowledge to fully support the customer's needs;
- Show appreciation at all times.

CUSTOMER COMPLAINT CHANNELS:

To ensure an effective feedback process, UBA has established different channels through which customers can reach the Bank on all issues – be it an enquiry/complaint/request or a feedback. The channels include;

Customer Fulfilment Centre (CFC) – A 24/7 Multi-Lingual Customer Contact Centre, where customers can call in to lodge complaints, make requests or enquiries about our products and services.

Dedicated E-mail address – A dedicated e-mail address cfc@ubagroup.com is available to customers 24/7 to send in their complaints/requests. This e-mail channel is manned by our highly skilled and effective correspondents that accurately deliver high quality service to UBA customers and prospects alike.

Hot lines in the branches – Branded toll-free phones called 'UBA Hotline' have been placed in designated Business Offices to enable customers call the Customer Fulfilment Centre to relay their complaints, requests and enquiries. Calls received through this channel are handled by designated inbound call agents. The calls are given priority so as to reassure the customers of the Bank's total commitment to serve them.

Suggestion/Complaint Box – Customers' Complaint boxes are maintained in all our Business Offices to facilitate the tracking, resolution, reporting and dissemination of customer complaints and feedback.

Web – On the UBA website www.ubagroup.com, customers can also log in and register their complaints through the link "Do You Have Feedback?" Such complaints are automatically routed to CFC for resolution. Customers also have the option of chatting online real time with our highly skilled agents through the 'Live Chat' channel, Face book | Twitter | LinkedIn | Google+ | YouTube | UBA Blog

Post – A dedicated Post Office Box number 5551, Marina Lagos is also available exclusively for receiving customer complaints by post.

RESOLUTION MECHANISM

In order to ensure that Customers' complaints, enquiries and requests are promptly resolved, the Bank has put in place a dedicated Complaints' Management Team supervised by a Senior Officer of the Bank, who is responsible for prompt investigation and resolution of customers' complaints within the approved timelines. The unit is manned by highly skilled personnel with rich and diverse banking experience to promptly resolve customer complaints. The Bank maintains a robust Customer Complaints Management system, which is managed by well trained staff of the Customer Service Division and reports generated are periodically reviewed by Executive Management to see where processes can be improved to enhance customer service.

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

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

- The Bank's touch point (Business office, CFC (Calls, Telemarketing and E-mail), Social media; Twitter, LinkedIn, Facebook and Live chat) that receives the customer's complaint acknowledges and registers the complaint on the Customer Contact Manager (CCM), the bank's automated complaints management system.
- The complaint is reviewed and it is determined if the complaint could be resolved at first level.
- Where the complaint can be resolved at the first level, a resolution is provided to the customer.
- If such a complaint cannot be resolved at the first level, the touch point forwards the complaint to Operations Specialists at the Resolution Unit to resolve.
- Upon resolution, the customer is contacted and the required feedback is provided to the customer.
- The complaint is then closed in the system.
- Where a customer is not satisfied with the resolution outcome and a rejoinder is sent, more attention is given to it by the Unit Head to further analyse and resolve the issues raised and the final outcome is communicated to the customer.

Descriptions	Number 2015	Number 2014	Amount claimed 2015 (N'million)	Amount claimed 2014 (N'million)	Amount refund 2015 (N'million)	Amount refund 2014 (N'million)
Pending complaints B/F	**5,046**	2,823	**2,333**	44,311		0
Received complaints	**359,355**	295,398	**296,273**	163,779		0
Resolved complaints	**359,959**	293,125	**290,897**	204,696	**777**	268
Unresolved complaints escalated to CBN intervention	**190**	50	**4,323**	1,061		0
Unresolved complaints pending with the bank C/F	**4,252**	5,046	**3,386**	2,333		0
% of complaint/transaction volume	**0.20%**	0.17%				

Feedback on customers' complaints to the Bank – Monthly Complaints Dash Board

A Monthly Performance Feedback dash board on customers' complaints is provided to Management and relevant Departments within the Bank to address the root causes of complaints and issues raised by customers.

The feedback dash board ensures that:

- Improvement opportunities are quickly identified and brought to bear;
- The quality of customer service is improved and standardised across all the customer touch points of the Bank;
- Customer retention is improved through increased customer satisfaction;
- Training and re-training is also done on a regular basis to keep abreast of development in the industry.

Investor Complaint Channels

UBA Plc has a Complaint Framework for Investors and the Investing Public. This policy is published on the Bank's website; https://www.ubagroup.com/ir/shareholdersp, together with the Complaints Help Channels, which are stated below;

Complaint Channels

Kindly contact us through any of the following channels;

Email: investorrelations@ubagroup.com

Telephone line: +234 1 2808349

Mailing Address: Head, Investor Relations Department
UBA House, 57, Marina, Lagos.

Shareholders who have any complaint are enjoined to kindly contact the investor relations unit of the Bank for prompt resolution. Shareholders can also request copies (electronic or hard copies) of the complaint framework, which cam also be downloaded on our website in the address stated above.

GOVERNANCE

CORPORATE GOVERNANCE

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), 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 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 31 December 2015, the Board comprised a Non-executive Chairman, a Non-executive Vice Chairman, eight (8) other Non-executive Directors which includes, two Independent Non-executive Directors and six Non-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, six of whom, inclusive of the GMD/CEO, are Executive Directors and 10 are 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 implementation of Board strategy and policy. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs and comprises all Executive Directors. The Board's primary responsibility is to increase shareholder wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

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

The Board meets quarterly and additional meetings are convened as the need arises. In 2015 the Board met eight times.

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

APPOINTMENTS AND RETIREMENTS

During the course of the year, High Chief Samuel Oni, FCA was appointed as a Non-executive Director and Mr Apollos Ikpobe resigned.

PROFESSIONAL INDEPENDENT ADVICE

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

B. Accountability and audit

FINANCIAL REPORTING

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

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

PricewaterhouseCoopers acted as external auditors to the Group during the 2015 financial year. Their report is contained on pages 56 and 57 of this Annual Report.

INTERNAL CONTROLS

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

C. Control environment

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

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

D. Shareholder rights

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

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

E. Board committees

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

BOARD AUDIT COMMITTEE

The Board Audit Committee comprises:

1. Mr Adekunle Olumide, OON, Chairman;
2. Mrs Foluke Abdulrazaq;
3. Chief Kola Jamodu, CFR;
4. Mrs Rose Okwechime;
5. Mrs Owanari Duke;
6. High Chief Samuel Oni, FCA.

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

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

S/N	Members	Number of meetings held	Number of meetings attended by members
1	Mr Adekunle Olumide	4	4
2	Mrs Foluke Abdulrazaq	4	4
3	Chief Kola Jamodu	4	4
4	Mrs Rose Okwechime	4	4
5	Mrs Owanari Duke	4	4
6	High Chief Samuel Oni*	4	3

* *Appointed to the Committee in March*

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

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.

S/N	Members	Number of meetings held	Number of meetings attended by members
1	Chief Kola Jamodu	5	5
2	Mr Phillips Oduoza	5	4
3	Alh Ja'afaru Paki	5	4
4	Mr Adekunle Olumide	5	4
5	Mr Femi Olaloku	5	5
6	Mrs Rose Okwechime	5	5
7	High Chief Samuel Oni*	5	4

* *Appointed to the Committee in March*

BOARD CREDIT COMMITTEE

The Board Credit Committee is made up of four (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.

S/N	Members	MEETINGS HELD	MEETINGS ATTENDED
1	Mrs Foluke Abdulrazaq	5	5
2	Alh Ja'afaru Paki	5	5
3	Mrs Owanari Duke	5	5
4	Mr Yahaya Zekeri	5	5

NOMINATIONS AND GOVERNANCE COMMITTEE

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

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

S/N	Members	MEETINGS HELD	MEETINGS ATTENDED
1	Mrs Rose Okwechime	6	6
2	Mrs Foluke Abdulrazaq	6	6
3	Mrs Owanari Duke	6	6
4	Mr Yahaya Zekeri	6	6

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 and General Purpose 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

S/N	Members	MEETINGS HELD	MEETINGS ATTENDED
1	Mrs Owanari Duke	4	4
2	Mr Adekunle Olumide, OON	4	4
3	Alhaji Ja'afaru Paki	4	4
4	Mr Phillips Oduoza	4	3
5	Mr Kennedy Uzoka	4	3

STATUTORY AUDIT COMMITTEE

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

The Members of the Statutory Audit Committee in 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	Members	MEETINGS HELD	MEETINGS ATTENDED
1	Tony O. Elumelu, CON.	7	7
2	Joe Keshi, OON	7	7
3	Phillips Oduoza	7	7
4	Kennedy Uzoka	7	7
5	Apollos Ikpobe*	7	2
6	Femi Olaloku	7	7
7	Emeke Iweriebor	7	6
8	Obi Ibekwe	7	6
9	Chief Kola Jamodu, CFR	7	5
10	Alhaji Ja'afaru Paki	7	7
11	Adekunle Olumide, OON	7	7
12	Yahaya Zekeri	7	6
13	Foluke Abdulrazaq	7	6
14	Dan Okeke	7	7
15	Rose Okwechime	7	7
16	Owanari Duke	7	7
17	High Chief Samuel Oni, FCA	7	6

* *Resigned from the Board in June 2015*

EXECUTIVE MANAGEMENT COMMITTEES

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

DIRECTOR'S REMUNERATION

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

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

Package	Type	Description	Timing
Basic salary	Fixed	This is part of gross salary package for Executive Directors only It reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid monthly during the financial year
13th month salary	Fixed	This is part of gross salary package for Executive Directors only It reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year	Paid monthly during the financial year
Directors fees	Fixed	This is paid quarterly to Non-executive Directors only	Paid quarterly
Sitting allowances	Fixed	Sitting allowances are paid to the Non-Executive Directors only for attending Board and Board Committees' meetings	Paid after each meeting

GOVERNANCE (continued)

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 and scope, and the Management Letter on the audit of the accounts of the Bank and the responses to the said letter.
- In our opinion, the plan and scope of the audit for the period ended 31 December 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 18 February 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider – related credits of the Bank and found them to be as analysed in the financial statements as at 31 December 2015.

Matthew Esonanjor
Chairman

Audit Committee

MEMBERS OF THE AUDIT COMMITTEE ARE:

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

BOARD EVALUATION REPORT

Building a better working world

Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2142, Marina
Lagos Nigeria

Tel: +234 (01) 63 14500
Fax: +234 (01) 46 30481
Email: services@ng.ey.com
www.ey.com

01 March, 2016

Board of Directors
United Bank of Africa Plc.
Marina
Lagos

Dear Sirs,

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

EY was engaged to conduct an evaluation of the Board of Directors of United Bank of Africa ('UBA or the Bank') for the FY 2015, in compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria (the Code) and best practices. The Code requires that there should be an annual Board and Directors' appraisal covering all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance.

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

On the basis of our work, we conclude that the Board's performance complied materially with the standards contained in the Code. The bank is committed to continuous improvement in its corporate governance practices ensuring that despite the major changes in the structure of the bank and the Board composition during the year, the bank remained stable.

Yours faithfully,

Ben Afudego
Partner, Risk Advisory

GOVERNANCE (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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 period ended 31 December 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 the International 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 of Nigeria.

The Directors are of the opinion that the 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 12 months from the date of this statement.

Signed on behalf of the Directors

Phillips Oduoza

FINANCIAL STATEMENTS

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

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

Report on the financial statements

We have audited the accompanying separate and consolidated financial statements of United Bank for Africa Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 31 December 2015 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

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

pwc

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 and comprehensive income 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; and

v) there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in Note 41 to the financial statements.

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1 0545

14 March 2016

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Bank	
In millions of Nigerian Naira	Notes	2015	2014	2015	2014
Gross earnings		**314,830**	286,624	**247,364**	228,220
Interest income	7	**233,969**	196,680	**190,259**	160,158
Interest expense	8	**(96,030)**	(90,547)	**(83,161)**	(78,033)
Net interest income		**137,939**	**106,133**	**107,098**	**82,125**
Net impairment loss on loans and receivables	9	**(5,053)**	(3,183)	**(3,491)**	(2,536)
Net interest income after impairment on loans and receivables		**132,886**	**102,950**	**103,607**	**79,589**
Fees and commission income	10	**61,892**	54,974	**42,103**	36,631
Fees and commission expense	11	**(8,557)**	(7,008)	**(6,740)**	(6,047)
Net trading and foreign exchange income	12	**16,026**	32,411	**8,275**	24,250
Other operating income	13	**2,943**	2,550	**6,727**	7,181
Employee benefit expenses	14	**(57,446)**	(55,461)	**(42,033)**	(42,082)
Depreciation and amortisation	15	**(7,968)**	(5,736)	**(6,281)**	(4,051)
Other operating expenses	16	**(71,212)**	(68,489)	**(54,923)**	(53,093)
Share of (loss)/profit of equity-accounted investee	25(c)	**(110)**	9	**–**	–
Profit before income tax		**68,454**	**56,200**	**50,735**	**42,378**
Taxation charge	17	**(8,800)**	(8,293)	**(3,093)**	(2,295)
Profit for the year		**59,654**	**47,907**	**47,642**	**40,083**
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign currency translation differences		**(1,937)**	(1,352)	**–**	–
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		**7,310**	(1,239)	**7,324**	(1,226)
Net amount transferred to profit or loss		**795**	29	**795**	29
Other comprehensive income[1]		**6,168**	**(2,562)**	**8,119**	**(1,197)**
Total comprehensive income for the year		**65,822**	**45,345**	**55,761**	**38,886**
Profit attributable to:					
Owners of Parent		**58,604**	47,021	**47,642**	40,083
Non-controlling interest		**1,050**	886	**–**	–
Profit for the year		**59,654**	**47,907**	**47,642**	**40,083**
Total comprehensive income attributable to:					
Owners of Parent		**65,108**	44,911	**55,761**	38,886
Non-controlling interest		**714**	434	**–**	–
Total comprehensive income for the year		**65,822**	**45,345**	**55,761**	**38,886**
Earnings per share attributable to owners of the parent during the year					
Basic and diluted earnings per share (Naira)	18	**1,79**	**1,53**	**1,36**	**1,22**

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

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Bank	
In millions of Nigerian Naira	Notes	Dec 2015	Dec 2014	Dec 2015	Dec 2014
ASSETS					
Cash and bank balances	19	**655,371**	812,359	**590,774**	749,716
Financial assets held for trading	20	**11,249**	1,099	**11,249**	1,099
Derivative assets	30(a)	**1,809**	6,534	**1,809**	6,534
Loans and advances to banks	21	**14,600**	48,093	**14,591**	48,991
Loans and advances to customers	22	**1,036,637**	1,071,859	**822,694**	884,587
Investment securities	23	**856,870**	657,523	**568,203**	442,909
Other assets	24	**40,488**	30,057	**22,528**	21,136
Investment in equity-accounted investee	25	**2,236**	2,986	**1,770**	1,770
Investment in subsidiaries	26	**–**	–	**65,767**	65,767
Property and equipment	27	**88,825**	89,517	**80,145**	81,050
Intangible assets	28	**11,369**	9,430	**4,954**	3,446
Deferred tax assets	29	**33,168**	33,116	**31,853**	31,853
TOTAL ASSETS		**2,752,622**	**2,762,573**	**2,216,337**	**2,338,858**
LIABILITIES					
Derivative liabilities	30(b)	**327**	943	**327**	943
Deposits from banks	31	**61,066**	59,228	**350**	1,526
Deposits from customers	32	**2,081,704**	2,169,663	**1,627,060**	1,812,277
Other liabilities	33	**54,885**	63,566	**34,219**	41,209
Current tax liabilities	17	**6,488**	4,615	**634**	1,858
Borrowings	34	**129,896**	113,797	**129,896**	113,797
Subordinated liabilities	35	**85,620**	85,315	**85,620**	85,315
Deferred tax liabilities	29	**15**	40	**–**	–
TOTAL LIABILITIES		**2,420,001**	**2,497,167**	**1,878,106**	**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	**113,063**	87,047	**100,900**	84,230
Other reserves	36	**77,250**	48,460	**101,817**	73,280
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**325,827**	259,930	**338,231**	281,933
Non-controlling interests		**6,794**	5,476	**–**	–
TOTAL EQUITY		**332,621**	**265,406**	**338,231**	**281,933**
TOTAL LIABILITIES AND EQUITY		**2,752,622**	**2,762,573**	**2,216,337**	**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 1 March 2016

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

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

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(a) 31 December 2015

(i) Group

	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 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 year	–	–	–	–	–	–	–	58,604	58,604	1,050	59,653
Transfer to statutory reserve	–	–	–	–	–	–	9,159	(9,159)	–	–	–
Transfer to regulatory risk reserve	–	–	–	12,887	–	–	–	(12,887)	–	–	–
Other comprehensive income											
Foreign currency translation difference	–	–	(1,601)	–	–	–	–	–	(1,601)	(336)	(1,937)
Fair value change in (available-for-sale) financial assets	–	–	–	–	7,310	–	–	–	7,310	–	7,310
Net amount transferred to profit or loss	–	–	–	–	795	–	–	–	795	–	795
Other comprehensive income for the year	–	–	(1,601)	–	8,105	–	–	–	6,504	(336)	6,168
Total comprehensive income for the year	–	–	(1,601)	11,618	8,105	–	9,159	37,826	65,108	714	65,822
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
Sale of treasury shares	–	–		–	–	240	–	–	240	–	240
Change in ownership interest in subsidiaries without loss of control	–	–	–	–	–	–	–	(776)	(776)	776	–
Dividends paid	–	–	–	–	–	–	–	(9,766)	(9,766)	(172)	(9,938)
Total contribution and distributions to owners	1,649	9,442	–	–	–	240	–	(10,542)	625	604	1,393
Balance at 31 December 2015	18,140	117,374	(5,654)	16,898	31,348	(32,061)	65,450	114,332	325,827	6,794	332,621

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(ii) Bank

	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	Statutory reserve	Retained earnings	Total
Balance at 1 January 2015	16,491	107,932	–	5,206	23,866	44,208	84,230	281,933
Profit for the year	–	–	–	–	–	–	47,642	47,642
Transfer to statutory reserve	–	–	–	–	–	8,364	(8,364)	–
Transfer to regulatory risk reserve	–	–	–	12,054	–	–	(12,054)	–
Other comprehensive income								
Fair value change in (available-for-sale) financial assets	–	–	–	–	7,324	–	–	7,324
Net amount transferred to profit or loss	–	–	–	–	795	–	–	795
Other comprehensive income for the year	–	–	–	–	8,119	–	–	8,119
Total comprehensive income for the year	–	–	–	10,785	8,119	8,364	28,493	55,761
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	–	–	–	–	–	–	(10,554)	(10,554)
Total contribution and distributions to owners	1,649	9,442		–	–	–	(10,554)	537
Balance at 31 December 2015	18,140	117,374	–	15,991	31,985	52,572	102,169	338,231

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(b) 31 December 2014

(i) Group

	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 year	–	–	–	–	–	–	–	47,021	47,021	886	47,907
Transfer to statutory reserves	–	–	–	–	–	–	16,262	(16,262)	–	–	–
Transfer to regulatory risk reserve	–	–	–	867	–	–	–	(867)	–	–	–
Other comprehensive income											
Foreign currency translation difference	–	–	(900)	–	–	–	–	–	(900)	(452)	(1,352)
Fair value change in (available-for-sale) financial assets	–	–	–	–	(1,239)	–	–	–	(1,239)	–	(1,239)
Net loss transferred from equity on disposal of available-for-sale instruments	–	–	–	–	29	–	–	–	29	–	29
Other comprehensive income for the year	–	–	(900)	–	(1,210)	–	–	–	(2,110)	(452)	(2,562)
Total comprehensive income for the year	**–**	**–**	**(900)**	**867**	**(1,210)**	**–**	**16,262**	**29,892**	**44,911**	**434**	**45,345**
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Decrease in treasury shares	–	–	–	–	–	695	–	–	695	–	695
Change in ownership interest in subsidiaries	–	–	–	–	–	–	–	2,138	2,138	(2,138)	–
Dividends to equity/non-controlling holders	–	–	–	–	–	–	–	(15,463)	(15,463)	(207)	(15,670)
Total contribution and distributions to owners	**–**	**–**	**–**	**–**	**–**	**695**	**–**	**(13,325)**	**(12,630)**	**(2,345)**	**(14,975)**
Balance at 31 December 2014	**16,491**	**107,932**	**(4,053)**	**5,280**	**23,243**	**(32,301)**	**56,291**	**87,047**	**259,930**	**5,476**	**265,406**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(ii) Bank

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

		Group		Bank	
In millions of Nigerian Naira	Notes	2015	2014	2015	2014
Cash flows from operating activities					
Profit before income tax		**68,454**	56,200	**50,735**	42,378
Adjustments for:					
Depreciation of property and equipment	15	**6,896**	5,001	**5,310**	3,395
Amortisation of intangible assets	15	**1,072**	735	**971**	656
Specific impairment charge on loans to customers	9	**2,285**	1,889	**1,941**	2,045
Portfolio impairment charge on loans to customers	9	**1,213**	3,095	**589**	173
Portfolio impairment reversal on loans to banks	9	**(96)**	49	**(112)**	74
Write-off of loans and advances	9	**3,524**	726	**1,250**	538
Impairment charge on other assets	9	**611**	819	**442**	243
Net fair value changes on derivative financial instruments	30	**4,109**	(2,357)	**4,109**	(2,357)
Foreign currency revaluation gain	12	**(3,164)**	(5,459)	**(3,133)**	(5,459)
Dividend income	13	**(2,404)**	(1,289)	**(6,274)**	(5,967)
Loss/(gain) on disposal of property and equipment	13	**14**	(204)	**14**	(204)
Write-off of property and equipment		**143**	–	**143**	–
Gain on disposal of investment securities	13	**–**	(154)	**–**	(154)
Net interest income		**(137,939)**	(106,133)	**(107,098)**	(82,125)
Share of loss/(gain) of equity-accounted investee	25	**110**	(9)	**–**	–
Changes in operating assets and liabilities		**(53,740)**	**(47,091)**	**(51,113)**	**(46,764)**
Change in financial assets held for trading		**(8,269)**	(267)	**(8,269)**	(274)
Change in cash reserve balance		**34,042**	(64,448)	**33,882**	(63,405)
Change in loans and advances to banks		**33,589**	(21,842)	**34,512**	(22,740)
Change in loans and advances to customers		**28,200**	(139,998)	**58,113**	(90,475)
Change in other assets		**(9,974)**	(440)	**1,166**	(2,310)
Change in deposits from banks		**1,838**	(1,354)	**(1,176)**	1,526
Change in deposits from customers		**(87,959)**	8,481	**(185,217)**	14,901
Change in placement with banks		**48,350**	71,696	**76,565**	47,729
Change in other liabilities and provisions		**(8,853)**	(14,505)	**(6,990)**	(13,142)
Interest received		**233,969**	196,680	**190,259**	160,158
Interest paid		**(91,876)**	(91,707)	**(79,007)**	(79,193)
Income tax paid	17(c)	**(7,004)**	(9,440)	**(4,317)**	(5,249)
Net cash provided from/(used in) operating activities		**110,881**	**(114,235)**	**58,408**	**(99,238)**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities		**426,992**	432,262	**392,264**	391,762
Purchase/acquisition of investment securities		**(617,564)**	(274,068)	**(510,229)**	(244,702)
Purchase of property and equipment	27	**(6,480)**	(21,095)	**(5,345)**	(19,031)
Purchase of intangible assets	28	**(2,287)**	(1,550)	**(1,749)**	(1,442)
Proceeds from disposal of property and equipment		**63**	2,611	**63**	2,465
Dividend received		**2,404**	1,289	**6,274**	5,967
Net cash (used in)/provided from investing activities		**(196,872)**	**139,449**	**(118,722)**	**135,019**
Cash flows from financing activities					
Proceeds from rights issue		**11,091**	–	**11,091**	–
Proceeds from borrowings		**35,228**	93,696	**35,228**	93,696
Repayment of borrowings		**(22,978)**	(29,537)	**(22,978)**	(29,537)
Proceeds from issue of debt securities		**–**	29,400	**–**	29,400
Proceeds from sale of treasury shares		**240**	695	**–**	–
Dividend paid to owners of the parent		**(9,766)**	(15,463)	**(10,554)**	(16,491)
Dividend paid to non-controlling interests		**–**	(207)	**–**	–
Net cash from financing activities		**13,815**	**78,584**	**12,787**	**77,068**
Net (decrease)/increase in cash and cash equivalents		**(72,176)**	103,798	**(47,525)**	112,849
Effects of exchange rate changes on cash and cash equivalents		**(539)**	(946)	**913**	813
Cash and cash equivalents at beginning of year	19	**420,571**	317,719	**337,200**	223,538
Effect of exchange rate fluctuations on cash held					
Cash and cash equivalents at end of year	19	**347,856**	**420,571**	**290,586**	**337,200**

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 year ended 31 December 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 financial statements have been prepared in accordance with International Accounting Standards 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, 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) USE OF ESTIMATES AND JUDGEMENTS

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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

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 are 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.

3. Significant accounting policies (continued)

(A) BASIS OF CONSOLIDATION (continued)

(ii) Business combinations (continued)

When this total is negative, a bargain purchase gain is recognised immediately in the income statement.

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) 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.

(v) 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.

(vi) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. 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.

3. Significant accounting policies (continued)

(A) BASIS OF CONSOLIDATION (continued)

(vi) Associates (continued)

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 unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement.

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

(ii) Foreign operations

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

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

(C) INTEREST INCOME AND INTEREST EXPENSE

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

The calculation of the effective interest rate includes all transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3. Significant accounting policies (continued)

(D) FEES AND COMMISSIONS INCOME AND EXPENSES

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 and foreign exchange income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

(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 forseeable future.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(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.

3. Significant accounting policies (continued)

(H) FINANCIAL INSTRUMENTS (continued)

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 loans and receivables'.

(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. Financial assets held for trading are initially recognised at fair value with transaction costs recognised in profit or loss. 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.

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.

3. Significant accounting policies (continued)

(H) FINANCIAL INSTRUMENTS (continued)

Subsequent measurement (continued)

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

Fair value measurement

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

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

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
- 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.

3. Significant accounting policies (continued)

(H) FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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 impairment loss on loans and receivables 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.

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.

3. Significant accounting policies (continued)

(H) FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

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.

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.

3. Significant accounting policies (continued)

(H) FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets (continued)

(ii) Available-for-sale financial assets (continued)

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.

3. Significant accounting policies (continued)

(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 includes major components with different useful lives. They are accounted for as separate major components and are depreciated over the respective useful lives.*

3. Significant accounting policies (continued)

(L) PROPERTY AND EQUIPMENT (continued)

(iii) Depreciation (continued)

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 cashflows 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.

3. Significant accounting policies (continued)

(O) DEPOSITS AND DEBT SECURITIES ISSUED

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

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

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

(P) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(Q) FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are contracts that require the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(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 12 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.

3. Significant accounting policies (continued)

(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) NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amendments to existing standards became effective in 2015.

(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 year.

(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.

3. Significant accounting policies (continued)

(X) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015. The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements. The Group plans to adopt these standards at their respective effective dates.

(i) IFRS 9 Financial Instruments

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

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

(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 allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements either at cost, or in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments Recognition and Measurement for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred. The amendment is effective for annual periods beginning on or after 1 January 2016. Entities wishing to change to the equity method must do so retrospectively. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this amendment.

(iv) Disclosure Initiatives (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendment is effective for annual periods beginning on or after 1 January 2016. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this amendment.

(v) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

This amendment clarifies that the use of revenue based methods to calculate depreciation or amortisation of assets is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has amended IAS 16 Property, Plant and Equipment to clarify that a revenue based method should not be used to calculate the depreciation of items of property, plant and equipment. The amendment is effective for annual periods beginning on or after 1 January 2016.

3. Significant accounting policies (continued)

(X) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

(v) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (continued)

IAS 38 *Intangible Assets* now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either:

- The intangible asset is expressed as a measure of revenue (i.e where a measure of revenue is the limiting factor on the value that can be derived from the asset).
- It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

This amendment is not expected to have any impact on the Group as the Group does not apply revenue based methods to calculate depreciation or amortisation of assets.

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

(i) IFRS 14 Regulatory Deferral Accounts

IFRS 14 is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate-regulated entities adopting IFRS for the first time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities. The amendment is effective for annual periods beginning on or after 1 January 2016.

(ii) Accounting for acquisition of interests in joint operations (Amendments to IFRS 11)

The amendments state that:

- Where a joint operator acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, it must apply all of the principles on business combinations accounting as set out in IFRS 3 Business Combinations, and other standards.
- In addition, the joint operator must disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendment is effective for annual periods beginning on or after 1 January 2016.

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:

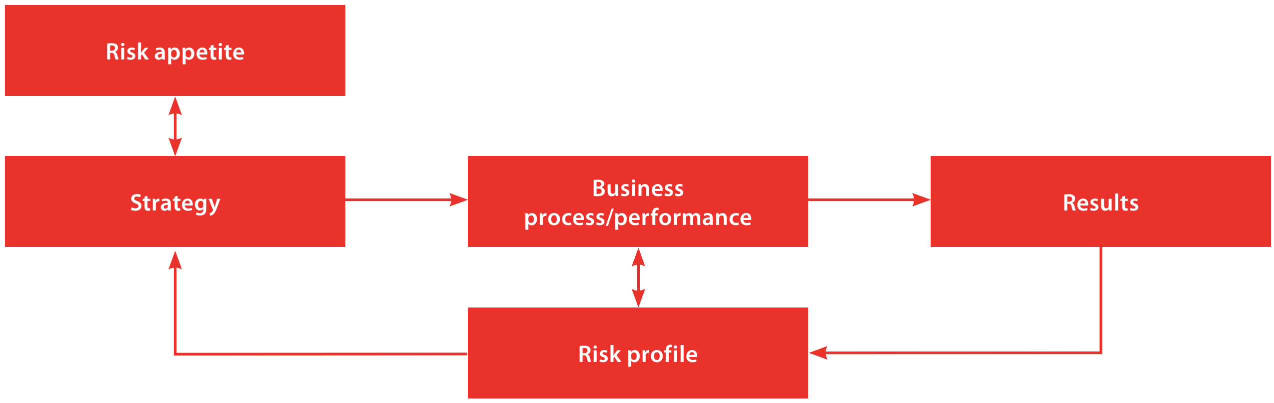
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords and COSO (Commission of Sponsoring Organisations) in the implementation of an Enterprise Risk Management (ERM) Framework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

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 is adequately aware of their roles in the risk management process of the Group. As part of the risk culture, we aim to ensure the following:

- General understanding and uniform application of risk management principles;
- Strong and visible commitment from senior management;
- Clearly defined responsibility and accountability;
- Central oversight of risk management across the enterprise;
- Central oversight of corporate governance across the enterprise;
- Ownership of risk management is at all levels;
- Clearly defined risk appetite.

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 below.

Well defined objectives and guiding principles	A robust Group Corporate Governance Code with clearly defined objectives and guiding principles
Full Board Committees in place	Board Committees fully functional
Independent and Balanced representation on the board	Highly experienced directors appointed in accordance with regulation; Board composed of Executive, Non-executive and Independent directors. Directors' performance assessed regularly.
Board members committed to highest business ethics	Includes Global players renowned for high ethical standards
Sound and effective system of internal control and audit	Corporate Audit, Control and Compliance – assures financial statement integrity, reviews control environment, ensures compliance with policies and regulations
Risk management oversight over subsidiaries and foreign branches	Sets broad policy matters for the Group Appropriate policies and procedures in place for subsidiaries and foreign branches. Subsidiaries/SBUs responsible for risk management in their respective offices Heads of subsidiaries duly empowered with set Limits from Head office.
Management of conflicts of interest	Timely disclosure of any conflict of interest concerning Board members and management Management of related party transactions
Cordial Board and Stakeholder Relationships	Excellent relationships with employees, shareholders, community, government and regulators, customers and suppliers

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT

(a) Enterprise risk overview

Roles 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.

A list of various Board Committees and their assigned responsibilities is contained in the corporate governance report.

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 optimise risk-reward through a review of:
  - liquidity Gap Analysis;
  - maximum Cumulative Outflow (MCO);
  - stress Test;
  - wholesale Borrowing Guidelines;
  - contingency Liquidity Plan.
- review Liquidity, Interest Rate and Currency Risks and approve risk mitigation proposals subject to ratification by EMC;
- set pricing strategies for the Group on assets and liabilities (pool rate, asset and/or liability composition) subject to ratification by EMC.

Criticised Assets Committee

The Criticised 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

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 optimise risk/return decisions;
- to ensure business growth plans are properly supported by effective risk infrastructure;
- to manage the risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(a) Enterprise risk overview (continued)

IDENTIFY

- Identify the risk inherent in achieving the Bank's goals and objectives
- Establish risk appetite across the entire risk spectrum
- Establish and communicate risk management framework

ASSESS

- Build accurate and consistent risk assessment
- Establish risk and implement measurement reporting standards/ methods
- Build a risk profile for the Bank

CONTROL

- Establish key control processes, practices and reporting requirements.
- Ensure all the Bank's exposures are adequately identified, measured and managed in accordance with the Board approved frameworks
- Provide early warning signals
- Ensure management practices are adequate and appropriate for managing the Bank's risks

REPORT

- Report areas of stress where crystallisation of risk is imminent
- Present remedial actions to reduce and/or mitigate such risk
- Communicate with relevant parties

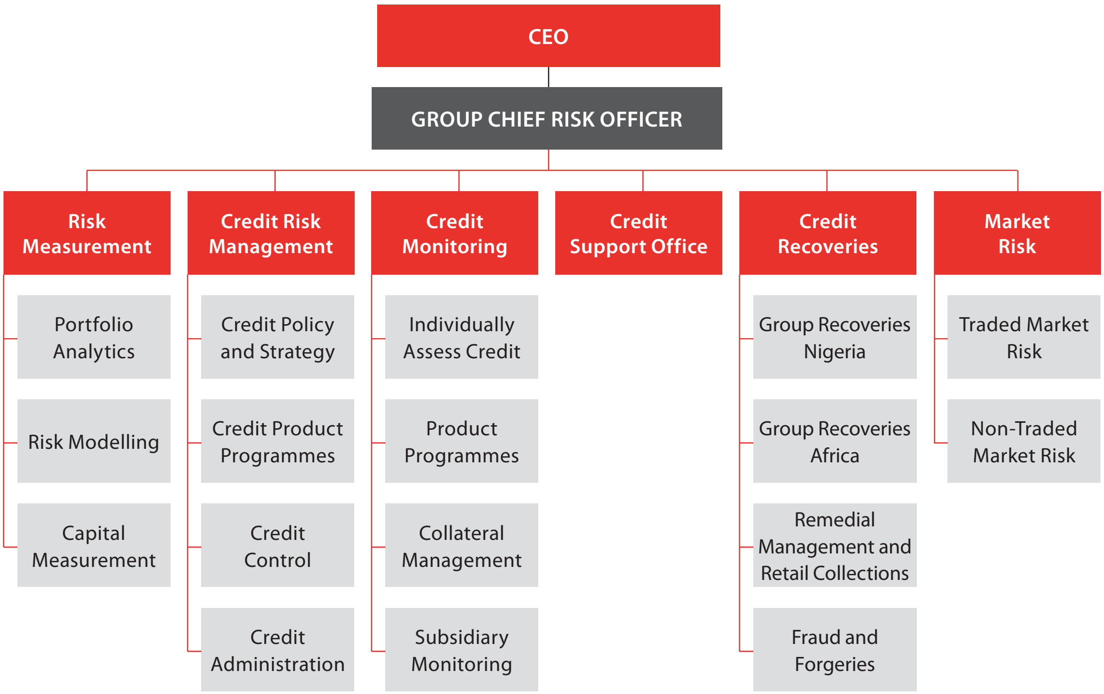
MANAGE AND CHALLENGE

- Review and challenge all aspects of the Bank's risk profile
- Advise on optimising and improving the Bank's risk profile
- Review and challenge risk management practice

RISK MANAGEMENT STRUCTURE

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

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



The key functional areas and their responsibilities are highlighted below:

Credit Support Office

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

Credit Risk Management (CRM)

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

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

Credit Monitoring

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

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.

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

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

- market data collection and statistical analysis;
- limit determination based on market volatility;
- stop loss limit utilisation monitoring;
- position monitoring;
- new trading products risk assessment;
- P&L attribution analysis;
- pricing model validation and sign off;
- trading portfolio stress testing;
- regulatory limit monitoring;
- position data extraction and Internal limit monitoring;
- contingency funding plan maintenance and testing;
- risk profile reporting to GALCO.

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

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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(a) Enterprise risk overview (continued)

RISK MANAGEMENT POLICIES

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

Risk Appetite

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

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

Approval Authority

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

Limit Concentration

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

The Group has a Credit Concentration Risk Management policy (policy) which provides a framework within which lending decisions can be made so as to 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.

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

Credit risk

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

Market risk

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

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

Market risk governance

The Board through Board Risk Management Committee (BRMC) is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to both the Group Risk Management Committee (GRMC) and Group Asset and 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.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(a) Enterprise risk overview (continued)

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.

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 are 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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

(i) Probability of Default

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

(ii) Loss Given Default

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

(iii) Exposure at default

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

Impairment assessment under IFRS

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

(i) Portfolio assessment

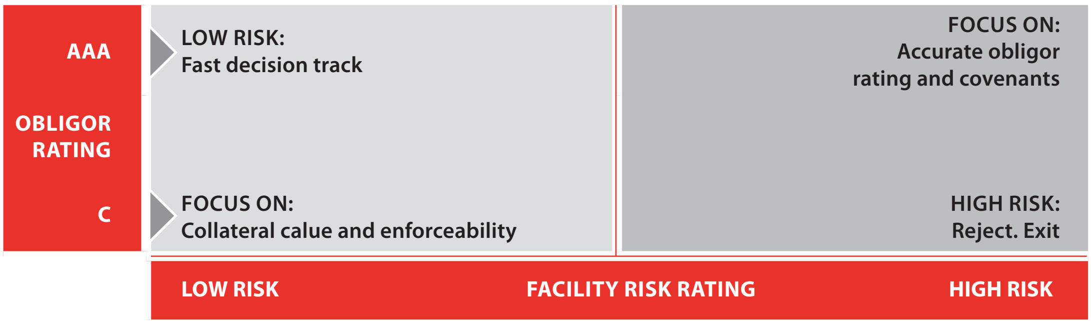
Loans and advances that are not specifically impaired are assessed under collective impairment. For the purpose of collective impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to contractual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

(ii) Individual assessment

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

General Risk Rating Process

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



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

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

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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

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 is identified based on factors such as:

- ratings downgrade;
- missed payments;
- non-compliance with loan covenants;
- deterioration of quality/value of collateral.

Credit Rating of Counterparty/Obligor

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

UBA Risk Buckets and Definition

Description	Rating bucket	Range of scores	Risk range	Risk range (Description)
Extremely low risk	AAA	1.00 – 1.99	90% – 100%	Low risk range
Very low risk	AA	2.00 – 299	80% – 89%	
Low risk	A	3.00 – 399	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 – 899	0% – 29%	Unacceptable risk range
High likelihood of default	C	9.00 – 9.99	Below 0%	
Default	D	Above 9.99	Below 0%	

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

Remedial Management Process

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

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

- Rate/Payment modification or longer-term payment relief - adjusting interest rates or payment frequency;
- Ageing/Extension: Modifying the length of the loan;
- Cash Out: Refinancing a loan at a higher principal amount in order to get additional funds for other uses;
- Loan and Collateral Consolidation: Combining several loans into a single payment which is lower than if the payments were separate;"
- Short Sale – Loan is discounted to prevent imminent foreclosure; and
- Deed in lieu – Voluntary conveyance of interest in property to the bank.

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

Maximising Recoveries

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

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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

Exposure to credit risk

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

Credit risk exposure relating to on-balance sheet

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

	Maximum exposure Group		Maximum exposure Bank	
In millions of Nigerian Naira	**2015**	**2014**	**2015**	**2014**
Cash and bank balances	**619,257**	766,270	**562,650**	719,683
Loans and advances to banks:				
Term loan	**14,600**	48,093	**14,591**	48,991
Loans to individuals				
Overdraft	**46,391**	49,349	**41,982**	46,866
Term loan	**67,987**	66,420	**32,144**	38,460
Loans to corporate entities and others				
Overdraft	**198,587**	178,161	**139,789**	135,133
Term loan	**703,525**	772,299	**588,632**	658,498
Others	**20,147**	5,630	**20,147**	5,630
Trading assets				
Treasury bills	**11,121**	1,099	**11,121**	1,099
Bonds	**128**	–	**128**	–
Available-for-sale investment securities:				
Treasury bills	**193,816**	199,008	**189,644**	192,479
Bonds	**32,757**	24,776	**32,253**	24,776
Held to maturity investment securities:				
Treasury bills	**150,774**	145,465	**–**	–
Promissory notes	**255**	–	**255**	–
Bonds	**430,345**	243,306	**297,539**	181,168
Account receivable	**28,312**	21,389	**16,320**	15,781
Total	**2,518,002**	2,521,265	**1,947,195**	2,068,564
Loans exposure to total exposure	**42%**	44%	**43%**	45%
Debt securities exposure to total exposure	**32%**	24%	**27%**	19%
Other exposures to total exposure	**26%**	31%	**30%**	36%

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

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Performance bonds and guarantees	**77,030**	192,864	**71,319**	159,765
Letters of credits	**149,488**	393,805	**107,262**	360,752
	226,518	586,669	**178,581**	520,517
Bonds and guarantee exposure to total exposure	**34%**	33%	**40%**	31%
Letters of credit exposure to total exposure	**66%**	67%	**60%**	69%

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Loan commitment to corporate entities and others				
Overdraft	**–**	1,091	**–**	1,091
Term loan	**123,458**	66,577	**123,458**	66,577
	123,458	67,668	**123,458**	67,668

There are no loan commitments to individuals.

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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

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 loans is a major requirement in order to protect the bank from incurring loan losses due to unforeseen events resulting from deterioration of the quality of a loan.

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

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

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

1. Cash

   Cash is the most liquid and readily realisable form of security and, therefore, the most acceptable to the bank. Furthermore, cash pledged must be in the same currency as the credit and also in the possession of the bank either in savings or a deposit account.

2. Treasury bills/certificates

   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 channelled through the bank on due dates, realisation of the security is relatively easy.

3. Stock and shares

   Stocks and shares of reputable quoted companies are acceptable collateral securities. Unquoted shares are usually not acceptable as collaterals.

4. Legal Mortgage

   The Bank takes and perfects its interest in acceptable property that is transferred by the obligor as collateral for loan, such that In case of any default by the obligor, the Bank would not require a court order before realising the security. Location restrictions are however specified in respect of landed property.

5. Debenture

   The bank accepts to take a charge on both current and non-current assets of a borrower by a debenture, which is a written acknowledgement of indebtedness by a company usually given under its seal and also sets out the terms for repayment of interest and principal of the credit. A debenture is executed by an obligor in favour of the Bank, and it gives a specific or general charge on the company's assets, both present and future.

6. Life Insurance Policies

   Generally, life policy with a reputable insurance company approved by the Bank and free of restrictions adverse to the Bank's interest is acceptable security for loan. This could be an endowment policy or whole life policy, though the Bank prefers the endowment policy.

7. Guarantees

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

   UBA also accepts unconditional insurance credit and performance bonds of first class Insurance companies and also the guarantee of the Federal and State Governments. Other guarantees must however be supported by tangible assets for them to become valid for lending.

8. Negative Pledge

   Lending on the basis of negative pledges are restricted to only clients with an investment grade or "A" risk rating. A negative pledge is a mere commitment given by the borrower to the bank not to charge its assets in favour of a third party for as long as the loan remains outstanding.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

Credit Collateral (continued)

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

Repossessed collateral

During the year, the Group took possession of property amounting to N249 million (2014: N52 million) held as collateral against certain loans. These collaterals have been realised and used in offsetting the affected customers' outstanding obligations.

The Group took possession of, and realised the following categories of collaterals during the year:

	Loans and advances to customers			
	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Property	**249**	48	**158**	3
Equities	**–**	4	**–**	4
	249	52	**158**	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

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Against individually impaired				
Property	**224**	3 116	**224**	487
Others	**3,909**	2,873	**1,616**	1,115
	4,133	5,989	**1,840**	1,602
Against past due but not impaired				
Property	**986**	2,953	**986**	2,953
Others	**5,210**	3,005	**2,811**	1,278
	6,196	5,958	**3,797**	4,231
Against neither past due nor impaired				
Property	**9,146**	39,318	**9,146**	38,828
Others	**104,085**	68,273	**66,356**	41,559
	113,231	107,591	**75,502**	80,387
Total for loans to individuals	**123,560**	119,538	**81,139**	86,220

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

Credit Collateral (continued)

Loans to corporate entities and others

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Against individually impaired				
Property	**1,416**	4,502	**4**	1,391
Others	**9,141**	732	**1,367**	172
	10,557	5,234	**1,371**	1,563
Against past due but not impaired				
Property	**35,002**	44,067	**30,364**	39,536
Others	**80,439**	29,976	**66,842**	16,433
	115,441	74,043	**97,206**	55,969
Against neither past due nor impaired				
Property	**277,849**	343,134	**264,651**	271,320
Others	**464,699**	583,801	**335,619**	517,273
	742,548	926,935	**600,270**	788,593
Total for loans to corporate entities and others	**868,546**	1,006,212	**698,847**	846,125
Total for loans and advances to customers	**992,106**	1,125,750	**779,986**	932,345

Details of collateral held against loans and advances and their carrying amounts are shown below. The Group manages collaterals for loans and advances based on the nature of those collaterals.

	Group		Bank	
31 December 2015 *In millions of Nigerian Naira*	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
Loans and advances to banks				
Unsecured	**14,600**	–	**14,591**	–
Loans and advances to customers				
Secured against real estate	**257,686**	324,623	**239,472**	305,375
Secured against cash	**4,041**	5,754	**4,041**	5,754
Secured against other collateral*	**705,196**	661,729	**524,018**	468,857
Unsecured	**69,714**	–	**55,163**	–
	1,036,637	992,106	**822,694**	779,986

	Group		Bank	
31 December 2014 *In millions of Nigerian Naira*	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
Loans and advances to banks				
Unsecured	**48,093**	–	**48,991**	–
Loans and advances to customers				
Secured against real estate	**313,614**	437,090	**300,544**	354,515
Secured against cash	**3,345**	4,443	**3,345**	4,443
Secured against other collateral*	**698,428**	684,217	**525,552**	573,387
Unsecured	**56,472**	–	**55,146**	–
	1,071,859	1,125,750	**884,587**	932,345

**Other collateral are mainly domiciliation of payments (sales, invoices, salaries, allowances and terminal benefits), lien on shipping documents, corporate guarantees, negative pledge and similar collaterals.*

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

Other financial assets comprising cash and bank balances (including balances with central banks), financial assets held for trading, investment securities and accounts receivable are not collaterised. The Group's investment in risk-free government securities and its cash and balances with central banks are not considered to require collaterals given their sovereign nature.

(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	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount (net)	**1,036,637**	1,071,859	**822,694**	884,587	**14,600**	48,093	**14,591**	48,991
Concentration by market segment (net)								
Corporate	**922,259**	956,090	**748,568**	799,261	**14,600**	48,093	**14,591**	48,991
Individual	**114,378**	115,769	**74,126**	85,326	**–**	–	**–**	–
	1,036,637	1,071,859	**822,694**	884,587	**14,600**	48,093	**14,591**	48,991
Concentration by location (net)								
Nigeria	**835,097**	884,587	**821,004**	884,587	**8,182**	–	**8,182**	–
Rest of Africa	**199,850**	187,272	**–**	–	**–**	–	**–**	–
Rest of the World	**1,690**	–	**1,690**	–	**6,418**	48,093	**6,409**	48,991
	1,036,637	1,071,859	**822,694**	884,587	**14,600**	48,093	**14,591**	48,991
Concentration by nature (net) – Loans to individuals								
Term loans	**67,987**	66,420	**32,144**	38,460				
Overdrafts	**46,391**	49,349	**41,982**	46,866				
	114,378	115,769	**74,126**	85,326				
Collateral value – Loans to individuals								
Term loans	**75,732**	83,698	**37,808**	52,580				
Overdrafts	**47,828**	35,840	**43,331**	33,640				
	123,560	119,538	**81,139**	86,220				
Concentration by nature (net) – Loans to corporate entities and others								
Term loans	**703,525**	772,299	**588,632**	658,498	**14,600**	48,093	**14,591**	48,991
Overdrafts	**198,587**	178,161	**139,789**	135,133	**–**	–	**–**	–
Others	**20,147**	5,630	**20,147**	5,630	**–**	–	**–**	–
	922,259	956,090	**748,568**	799,261	**14,600**	48,093	**14,591**	48,991
Collateral value – Loans to corporate entities and others								
Term loans	**626,796**	839,669	**564,747**	719,044				
Overdrafts	**222,647**	140,037	**114,999**	121,255				
Others	**19,103**	26,506	**19,101**	5,826				
	868,546	1,006,212	**698,847**	846,125				

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount (net)	**807,947**	612,555	**519,691**	398,423	**11,249**	1,099	**11,249**	1,099
Concentration by location (net)								
Nigeria	**504,453**	384,224	**504,453**	384,224	**11,249**	1,099	**11,249**	1,099
Rest of Africa	**297,533**	222,750	**9,277**	8,618	**–**	–	**–**	–
Rest of the World	**5,961**	5,581	**5,961**	5,581	**–**	–	**–**	–
	807,947	612,555	**519,691**	398,423	**11,249**	1,099	**11,249**	1,099
Concentration by nature (net)								
Available-for-sale investment securities								
Treasury bills	**193,816**	199,008	**189,644**	192,479				
Bonds	**32,757**	24,776	**32,253**	24,776				
Held-to-maturity investment securities								
Treasury bills	**150,774**	145,465	**–**	–				
Bonds	**430,345**	243,306	**297,539**	181,168				
	807,692	612,555	**519,436**	398,423				

	Investment securities			
Available-for-sale investment securities				
Concentration by location (net)				
Nigeria	**221,897**	217,255	**221,897**	217,255
Rest of Africa	**4,676**	6,529	**–**	–
Rest of the World	**–**	–	**–**	–
	226,573	223,784	**221,897**	217,255
Held-to-maturity investment securities				
Concentration by location (net)				
Nigeria	**282,301**	166,969	**282,301**	166,969
Rest of Africa	**292,857**	216,221	**9,277**	8,618
Rest of the World	**5,961**	5,581	**5,961**	5,581
	581,119	388,771	**297,539**	181,168

	Financial assets held for trading			
Concentration by nature (net)				
Treasury bills	**11,121**	1,099	**11,121**	1,099
Government Bonds	**128**	–	**128**	–
	11,249	1,099	**11,249**	1,099
Concentration by location (net)				
Nigeria	**11,249**	1,099	**11,249**	1,099

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

(i) Credit concentration (continued)

	Cash and bank balances				Account receivable			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount (net)	**619,257**	766,270	**562,650**	719,683	**28,312**	21,389	**16,320**	15,781
Concentration by location (net)								
Nigeria	**413,715**	505,077	**413,715**	505,077	**16,320**	15,781	**16,320**	15,781
Rest of Africa	**29,598**	48,733	**8,658**	49,419	**8,499**	5,608	**–**	–
Rest of the World	**175,944**	212,460	**140,277**	165,187	**3,493**	–	**–**	–
	619,257	766,270	**562,650**	719,683	**28,312**	21,389	**16,320**	15,781

(ii) Off-balance sheet

	Group		Bank	
Concentration by location (net)	2015	2014	2015	2014
Nigeria	**172,396**	557,594	**172,396**	520,517
Rest of Africa	**44,896**	29,075	**–**	–
Rest of the World	**9,226**	–	**6,185**	–
	226,518	586,669	**178,581**	520,517

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.

	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	2015	2014	2015	2014	2015	2014	2015	2014
Activities of extraterritorial organisations and bodies	268	–	268	–	–	–	–	–
Administrative and Support Service Activities	1,218	1,774	234	1,642	–	–	–	–
Agriculture, Forestry and Fishing	53,053	60,669	39,265	49,416	–	–	–	–
Art, entertainment and recreation	13	–	13					
Construction	30,701	64,795	28,887	64,000	–	–	–	–
Education	16,623	17,823	16,106	17,289	–	–	–	–
Finance and Insurance	57,221	54,343	54,667	51,148	14,600	48,093	14,591	48,991
General	113,139	141,300	87,664	98,742	–	–	–	–
General Commerce	106,012	96,592	50,490	49,580	–	–	–	–
Governments	62,420	87,704	25,411	58,685	–	–	–	–
Human Health and Social Work Activities	403	943	180	381	–	–	–	–
Information And Communication	79,326	79,035	67,959	72,269	–	–	–	–
Manufacturing	175,938	152,550	160,313	145,528	–	–	–	–
Oil and Gas	202,335	204,045	169,475	170,903	–	–	–	–
Power and Energy	104,536	83,834	93,003	83,601	–	–	–	–
Professional, Scientific and Technical Activities	1,676	1,376	920	1,376	–	–	–	–
Real Estate Activities	22,830	15,895	22,827	15,818	–	–	–	–
Transportation and Storage	8,925	9,181	5,012	4,209	–	–	–	–
	1,036,637	**1,071,859**	**822,694**	**884,587**	**14,600**	**48,093**	**14,591**	**48,991**

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

(ii) Off-balance sheet (continued)

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	2015	2014	2015	2014	2015	2014	2015	2014
Finance and Insurance	36,641	37,404	36,641	34,453	–	–	–	–
Governments	767,158	565,149	478,902	359,358	11,249	1,099	11,249	1,099
Manufacturing	4,148	10,002	4,148	4,612	–	–	–	–
	807,947	**612,555**	**519,691**	**398,423**	**11,249**	**1,099**	**11,249**	**1,099**

	Accounts receivable				Cash and bank balances			
Group	Group		Bank		Group		Bank	
In millions of Nigerian Naira	2015	2014	2015	2014	2015	2014	2015	2014
Finance and Insurance	**28,312**	21,389	**16,320**	15,781	**619,257**	766,270	**562,650**	719,683
	28,312	**21,389**	**16,320**	**15,781**	**619,257**	**766,270**	**562,650**	**719,683**

ii Credit Quality

Loans to corporate entities	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Neither past due nor impaired	**962,868**	1,001,822	**768,543**	841,907	**14,632**	48,199	**14,632**	49,122
Past due but not impaired	**81,249**	75,836	**60,615**	47,995	**–**	–	**–**	–
Individually impaired	**18,302**	17,711	**6,579**	5,207	**–**	–	**–**	–
Gross	**1,062,419**	1,095,369	**835,737**	895,109	**14,632**	48,199	**14,632**	49,122
Less: allowance for impairment	**(25,782)**	(23,510)	**(13,043)**	(10,522)	**(32)**	(106)	**(41)**	(131)
Net	**1,036,637**	1,071,859	**822,694**	884,587	**14,600**	48,093	**14,591**	48,991
Allowance for impairment is broken down as follows:								
Specific allowance	**6,781**	5,723	**6,031**	4,099	**–**	–	**–**	–
Portfolio allowance	**19,001**	17,787	**7,012**	6,423	**32**	106	**41**	131
Total	**25,782**	23,510	**13,043**	10,522	**32**	106	**41**	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 Group		Bank	
	2015	2014	2015	2014
Grades:				
Extremely Low Risk	–	–	–	–
Very Low Risk	–	3	–	3
Low Risk	–	7,123	–	7,123
Acceptable Risk	**108,667**	94,087	**70,938**	61,993
Moderately High Risk	–	9,658	–	9,658
Total	**108,667**	110,871	**70,938**	78,777
Portfolio allowance	**(2,410)**	(4,432)	**(309)**	(422)
	106,257	106,439	**70,629**	78,355

– Loans to corporate entities and others

	Loans and advances to customers Group		Bank		Loans and advances to banks Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Grades:								
Extremely Low Risk	–	4,595	–	4,595	–	–	–	–
Very Low Risk	**33,071**	53,621	**33,071**	53,297	–	–	–	–
Low Risk	**153,635**	122,937	**153,635**	121,971	**14,632**	48,199	**14,632**	49,122
Acceptable Risk	**620,302**	665,627	**463,706**	539,096	–	–	–	–
Moderately High Risk	**47,193**	44,171	**47,193**	44,171	–	–	–	–
Total	**854,201**	890,951	**697,605**	763,130	**14,632**	48,199	**14,632**	49,122
Portfolio allowance	**(14,883)**	(12,782)	**(5,738)**	(5,717)	**(32)**	(106)	**(41)**	(131)
	839,318	878,169	**691,867**	757,413	**14,600**	48,093	**14,591**	48,991

Loans and advances to customer – past due but not impaired

– Loans and advances to individuals

	Group		Bank	
	2015	2014	2015	2014
Past due up to 30 days	**845**	2,932	**109**	39
Past due by 30 – 60 days	**1,543**	2,039	**656**	6,922
Past due by 60 – 90 days	**3,523**	3,788	**2,748**	–
	5,911	8,759	**3,513**	6,961
Portfolio allowance	**(150)**	(270)	**(15)**	(38)
	5,761	8,489	**3,498**	6,923

– Loans to corporate entities and others

	Group		Bank	
	2015	2014	2015	2014
Past due up to 30 days	**18,181**	14,307	**12,936**	4,939
Past due by 30 – 60 days	**29,034**	39,834	**18,803**	36,095
Past due by 60 – 90 days	**28,123**	12,936	**25,363**	–
	75,338	67,077	**57,102**	41,034
Portfolio allowance	**(1,558)**	(303)	**(950)**	(246)
Loans and advances (net)	**73,780**	66,774	**56,152**	40,788

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

ii Credit Quality (continued)

Loans and advances individually impaired

– Loans and advances to individuals

	Group		Bank	
	2015	**2014**	**2015**	**2014**
Gross amount	**5,913**	3,519	**3,619**	2,580
Specific impairment	**(3,554)**	(2,678)	**(3,619)**	(2,534)
Net amount	**2,359**	841	**–**	46
– Loans to corporate entities and others				
Gross amount	**12,389**	14,192	**2,960**	2,627
Specific impairment	**(3,227)**	(3,045)	**(2,412)**	(1,565)
Net amount	**9,162**	11,147	**548**	1,062

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Carrying amount	**807,947**	612,555	**519,691**	398,423	**11,249**	1,099	**11,249**	1,099
Held- to- maturity								
Neither past due nor impaired								
Low risk	**581,119**	388,771	**297,539**	181,168	**–**	–	**–**	–
Carrying amount – amortised cost	**581,119**	388,771	**297,539**	181,168	**–**	–	**–**	–
Available for sale				**Held for trading**				
Neither past due nor impaired								
Low risk	**226,573**	223,784	**221,897**	217,255	**11,249**	1,099	**11,249**	1,099
Carrying amount – fair value	**226,573**	223,784	**221,897**	217,255	**11,249**	1,099	**11,249**	1,099
Total carrying amount	**807,692**	612,555	**519,436**	398,423	**11,249**	1,099	**11,249**	1,099

	Account receivables				Cash and bank balances			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Carrying amount	**28,312**	21,389	**16,320**	15,781	**619,257**	766,270	**562,650**	719,683
Low risk	**28,312**	21,389	**16,320**	15,781	**619,257**	766,270	**562,650**	719,683
Carrying amount	**28,312**	21,389	**16,320**	15,781	**619,257**	766,270	**562,650**	719,683

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. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. As at 31 December 2015, the carrying amount of loans with renegotiated terms was N22.54 billion (December 2014 : N1.268 billion). There are no other financial assets with renegotiated terms as at 31 December 2015 (December 2014: nil).

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 recognised 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 there from 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.

As at 31 December 2015, the difference between the Prudential provision and IFRS impairment was N18.167 billion for the Group (December 2014: N5.280 billion) and N17.260 billion for the Bank (December 2014: N5.206 billion) requiring a transfer of N12.887 billion for the Group (December 2014: N867 million) and N12.054 billion for the Bank (December 2014: N793 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 guidelines 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 year-end.

	Group		Bank	
In millions of Nigerian Naira	2015	2014	2015	2014
Total impairment based on IFRS	**27,085**	26,722	**14,104**	10,653
Total impairment based on Prudential Guidelines	**45,252**	32,002	**31,364**	15,859
Regulatory credit risk reserve	**(18,167)**	(5,280)	**(17,260)**	(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 system (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 and 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 methodology consisting of five steps

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(b) Credit Risk (continued)

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 and Implementation	Accurate review and professional assessment of credit records Implementation of identified strategies Update the database
3. Management and Monitoring	Proffer professional work-out situations to aid prompt settlement Review identified strategies for adequacy in managing past due obligations Proffer solutions that will aid the credit decision making process
4. Controlling	Establish key control processes, practices and reporting requirements on a case-by-case basis. Ensure work-out situations align with UBA's strategic framework Proffer solutions that will aid the credit decision making process
5. Reporting	Communicate learning points from case profiles on past due obligations in order to improve the quality of lending practices Report cases of imminent crystallisation of default Present remedial actions to reduce and/or mitigate default

(c) Liquidity Risk

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

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

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

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

Liquidity risk management process

The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if 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 two measures used across the Group for managing liquidity risk namely: funding gap analysis of assets and liabilities and liquidity ratio mechanism which is a statutory requirement from most Central Banks in order to protect third party deposits.

The 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.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Exposure to liquidity risk (continued)

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:

	Dec 2015	Dec 2014
At year end	**52.6%**	45.3%
Average for the year	**42.6%**	41.7%
Maximum for the year	**52.6%**	53.9%
Minimum for the year	**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.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. Demand and savings deposits are expected to remain stable or increase. Unrecognised loan commitments are not expected to be drawn down immediately.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2015

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
Group							
Non-derivative financial liabilities							
Deposits from banks	61,066	61,168	61,168	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	160,967	164,099	68,001	92,822	3,276	–	–
Current deposits	126,931	126,931	126,931	–	–	–	–
Savings deposits	407,036	408,054	408,054	–	–	–	–
Domiciliary deposits	34,507	34,507	34,507	–	–	–	–
Corporate Customers:							
Term deposits	384,015	387,488	224,028	112,664	50,796	–	–
Current deposits	673,358	673,358	673,358	–	–	–	–
Domiciliary deposits	294,890	294,890	294,890	–	–	–	–
Other liabilities	43,563	43,563	36,556	3,526	2,138	1,343	–
Borrowings	129,896	133,011	–	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	–	–	12,786	12,786	123,581
	2,401,849	2,476,222	1,927,493	215,605	115,916	60,570	156,638
Derivative liabilities							
Cross Currency Swap	327	327	327	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	77,030	77,030	9,244	3,081	33,123	10,784	20,798
Letters of credit	149,488	149,488	40,362	71,754	34,382	2,990	–
Loan commitments	123,458	123,458	15,506	21,263	–	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	655,371	620,183	319,098	12,108	7,693	4,616	276,668
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	–	–	–	–
Bonds	128	100	100	–	–	–	–
Loans and advances to banks	14,600	14,646	10,840	3,806	–	–	–
Loans and advances to customers							
Individual							
Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
Overdrafts	46,391	46,391	46,391	–	–	–	–
Corporates							
Term loans	703,525	811,995	180,132	120,266	70,362	79,529	361,706
Overdrafts	198,587	198,587	198,587	–	–	–	–
Others	20,147	20,231	20,231	–	–	–	–
Investment securities							
Available for sale							
Treasury bills	193,816	198,805	17,403	88,607	19,980	72,815	–
Bonds	32,757	39,200	-	1,943	49	1,992	35,216
Held to maturity							
Treasury bills	150,774	339,633	29,730	151,374	34,133	124,396	-
Bonds	430,345	969,395	12,102	3,170	8,104	23,097	922,922
Account receivable	28,312	28,312	28,312	–	–	–	–
Derivative assets	1,809	1,809	1,809	–	–	–	–
	2,555,670	3,381,849	884,170	387,143	151,560	314,102	1,644,874
Gap	(196,482)	555,324	(1,108,761)	75,440	(31,861)	235,588	1,384,919

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2015

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
Bank							
Non-derivative liabilities							
Deposits from banks	350	351	351	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	142,811	146,380	60,380	83,030	2,970	–	–
Current deposits	89,150	89,150	89,150	–	–	–	–
Savings deposits	351,982	352,950	352,950	-	–	–	–
Domiciliary deposits	31,462	31,462	31,462	–	–	–	–
Corporate Customers:							
Term deposits	303,597	308,110	177,260	89,804	41,046	–	–
Current deposits	452,550	452,550	452,550	–	–	–	–
Domiciliary deposits	255,508	255,508	255,508	–	–	–	–
Other liabilities	31,098	31,098	24,008	3,526	2,138	1,343	83
Borrowings	129,896	133,011	–	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	–	–	12,786	12,786	123,581
	1,874,024	1,949,723	1,443,619	182,953	105,860	60,570	156,721
Derivative liabilities							
Cross Currency Swap	327	327	327	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	71,319	71,319	8,558	2,853	30,667	9,985	19,256
Letters of credit	107,262	107,262	28,961	51,486	24,670	2,145	–
Loan commitments	123,458	123,458	15,506	21,263	–	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	590,774	591,718	293,211	12,357	7,851	4,710	273,589
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	–	–	–	–
Bonds	128	100	100	–	–	–	–
Loans and advances to banks	14,591	14,638	10,834	3,804	–	–	–
Loans and advances to customers							
Individual:							
Term loans	32,144	39,136	3,744	2,775	5,673	4,079	22,865
Overdrafts	41,982	41,982	41,982	–	–	–	–
Corporates:							
Term loans	588,632	679,387	150,714	100,626	58,871	66,541	302,635
Overdrafts	139,789	139,789	139,789	–	–	–	–
Others	20,147	20,231	20,231	–	–	–	–
Investment securities							
Available for sale							
Treasury bills	189,644	194,526	17,028	86,700	19,550	71,248	–
Bonds	32,253	38,597	-	1,913	48	1,961	34,675
Held to maturity							
Bonds	297,539	670,236	8,367	2,192	5,603	15,969	638,105
Account receivable	16,320	16,320	16,320	–	–	–	–
Derivative asset	1,809	1,809	1,809	–	–	–	–
	1,976,873	2,459,985	715,645	210,367	97,596	164,508	1,271,869
Gap	(199,517)	207,896	(781,326)	(48,187)	(63,602)	87,638	1,013,373

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2014

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
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							
Cross Currency Swap	943	943	943	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Letters of credit	393,805	393,805	91,862	120,421	72,330	8,619	574
Loan commitments	67,667	67,667	–	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	812,359	830,790	146,667	491,864	86,106	106,153	–
Financial assets held for trading	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:	114,648	123,876	60,426	9,574	9,274	11,790	32,812
Corporates	957,211	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	19,764	21,389	21,389	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,328,957	2,570,734	632,747	815,991	325,588	385,700	410,708
Gap	(813,549)	(657,080)	(1,475,071)	479,720	131,662	262,445	44,164

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (continued)

31 December 2014

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
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	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	159,765	159,765	11,544	19,617	50,122	51,814	26,668
Letters of credit	360,752	360,752	188,458	95,421	68,305	8,564	4
Loan commitments	67,667	67,667	–	1,223	12,533	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	749,716	766,726	135,357	453,936	79,466	97,967	–
Financial assets held for trading	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	14,407	14,407	14,407	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,103,757	2,326,649	504,677	725,052	252,767	292,457	551,696
Gap	(537,706)	(390,772)	(1,280,510)	435,628	59,844	190,265	204,021

Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (on a behavioural basis)

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. All core deposits are assumed to have a liquidity behaviouralised life beyond one year and to represent a homogeneous source of core funding.

The tables below show the undiscounted cash flow on the Group's financial liabilities and assets on a behavioural basis.

31 December 2015

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
Group							
In millions of Nigerian Naira							
Non-derivative financial liabilities							
Deposits from banks	61,066	61,168	61,168	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	160,967	164,099	68,001	92,822	3,276	–	–
Current deposits	126,931	126,931	102,210	9,234	5,232	4,872	5,383
Savings deposits	407,036	411,137	114,255	110,449	61,513	57,840	67,080
Domiciliary deposits	34,507	34,507	9,522	9,332	5,288	4,924	5,441
Corporate Customers:							
Term deposits	384,015	387,488	224,028	112,664	50,796	–	–
Current deposits	673,358	673,358	641,885	11,756	6,661	6,203	6,853
Domiciliary deposits	294,890	294,890	95,274	74,558	42,248	39,343	43,467
Other liabilities	43,563	43,563	36,556	3,526	2,138	1,343	–
Borrowings	129,896	133,011	–	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	–	–	12,786	12,786	123,581
	2,401,849	2,479,305	1,352,899	430,934	236,858	173,752	284,861
Derivative liabilities:							
Cross Currency Swap	327	327	327	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	77,030	77,030	9,244	3,081	33,123	10,784	20,798
Letters of credit	149,488	149,488	40,362	71,754	34,382	2,990	–
Loan commitments	123,458	123,458	15,506	21,263	–	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	655,371	620,183	319,098	12,108	7,693	4,616	276,668
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	–	–	–	–
Bonds	128	100	100	–	–	–	–
Loans and advances to banks	14,600	14,646	10,840	3,806	–	–	–
Loans and advances to customers							
Individual							
Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
Overdrafts	46,391	46,391	46,391	–	–	–	–
Corporates							
Term loans	703,525	811,995	180,132	120,266	70,362	79,529	361,706
Overdrafts	198,587	198,587	198,587	–	–	–	–
Others	20,147	20,231	20,231	–	–	–	–
Investment securities							
Available for sale							
Treasury bills	193,816	198,805	17,403	88,607	19,980	72,815	–
Bonds	32,757	39,200	–	1,943	49	1,992	35,217
Held to maturity							
Treasury bills	150,774	339,633	29,730	151,374	34,133	124,396	–
Bonds	430,345	969,395	12,102	3,170	8,104	23,097	922,922
Account receivable	28,312	28,312	28,312	–	–	–	–
Derivative assets	1,809	1,809	1,809	–	–	–	–
	2,555,670	3,381,849	884,170	387,143	151,560	314,102	1,644,875
Gap	(196,482)	552,241	(534,167)	(139,889)	(152,803)	122,406	1,256,697

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (on a behavioural basis) (continued)

31 December 2015

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
Bank							
Non-derivative liabilities							
Deposits from banks	350	351	351	–	–	–	–
Deposits from customers							
Retail Customers:							
Term deposits	142,811	146,381	60,380	83,030	2,970	–	–
Current deposits	89,150	89,150	71,787	6,485	3,675	3,422	3,781
Savings deposits	351,982	356,684	100,576	94,886	53,913	51,387	55,923
Domiciliary deposits	31,462	31,462	8,682	8,509	4,821	4,490	4,960
Corporate Customers:							
Term deposits	303,597	308,110	177,260	89,804	41,046	–	–
Current deposits	452,550	452,550	431,397	7,901	4,477	4,169	4,606
Domiciliary deposits	255,508	255,508	82,550	64,601	36,606	34,089	37,662
Other liabilities	31,098	31,098	24,008	3,526	2,138	1,343	83
Borrowings	129,896	133,011	–	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	–	–	12,786	12,786	123,581
	1,874,024	1,953,458	956,991	365,335	209,353	158,127	263,653
Derivative liabilities							
Cross Currency Swap	327	327	327	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	71,319	71,319	8,558	2,853	30,667	9,985	19,256
Letters of credit	107,262	107,262	28,961	51,486	24,670	2,145	–
Loan commitments	123,458	123,458	15,506	21,263	–	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	590,774	591,718	293,211	12,357	7,851	4,710	273,589
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	–	–	–	–
Bonds	128	100	100	–	–	–	–
Loans and advances to banks	14,591	14,638	10,834	3,804	–	–	–
Loans and advances to customers							
Individual :							
Term loans	32,144	39,136	3,744	2,775	5,673	4,079	22,865
Overdrafts	41,982	41,982	41,982	–	–	–	–
Corporates :							
Term loans	588,632	679,387	150,714	100,626	58,871	66,541	302,635
Overdrafts	139,789	139,789	139,789	–	–	–	–
Others	20,147	20,231	20,231	–	–	–	–
Investment securities							
Available for sale							
Treasury bills	189,644	194,526	17,028	86,700	19,550	71,248	–
Bonds	32,253	38,597	-	1,913	48	1,961	34,675
Held to maturity							
Bonds	297,539	670,236	8,367	2,192	5,603	15,969	638,105
Account receivable	16,320	16,320	16,320	–	–	–	–
Derivative asset	1,809	1,809	1,809	–	–	–	–
	1,976,873	2,459,985	715,645	210,367	97,596	164,508	1,271,869
Gap	(199,517)	204,161	(294,698)	(230,570)	(167,095)	(9,919)	906,441

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (on a behavioural basis) (continued)

31 December 2014

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
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	358,100	101,778	95,758	54,260	50,478	55,826
Domiciliary deposits	38,542	38,542	10,636	10,424	5,906	5,500	6,076
Corporate Customers:		-					
Term deposits	391,044	399,582	193,208	95,415	52,107	28,742	30,110
Current deposits	680,369	680,369	648,567	11,878	6,731	6,268	6,925
Domiciliary deposits	382,979	382,979	123,734	96,830	54,868	51,076	56,457
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	2,717,713	1,421,430	530,197	199,563	161,186	405,339
Derivative liabilities							
Cross Currency Swap	943	943	943	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Letters of credit	393,805	393,806	91,862	120,421	72,330	8,619	574
Loan commitments	67,667	67,667	–	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	812,359	830,790	146,667	491,864	86,106	106,153	–
Financial assets held for trading	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	956,090	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	19,764	21,389	21,389	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,328,957	2,570,734	631,122	815,991	325,588	385,700	410,708
Gap	(813,549)	557,080	(899,376)	479,720	131,662	142,765	(87,016)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(c) Liquidity Risk (continued)

Maturity analysis for financial liabilities (on a behavioural basis) (continued)

31 December 2014

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 – 3 months	3 month 6 months	6 – 12 Months	More than 1 year
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	71,601	6,468	3,665	3,413	3,771
Savings deposits	308,824	309,629	88,002	82,796	46,916	43,646	48,269
Domiciliary deposits	35,735	35,735	9,665	9,635	5,476	5,100	5,634
Corporate Customers:							
Term deposits	353,108	361,642	174,465	86,865	48,199	27,189	24,924
Current deposits	514,928	514,928	490,859	8,990	5,094	4,744	5,291
Domiciliary deposits	363,056	363,056	117,297	91,793	52,014	48,438	53,515
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	2,128,327	1,049,628	372,875	175,128	145,293	385,403
Derivative liabilities							
Cross Currency Swap	943	943	943	–	–	–	–
Contingents and loan commitments							
Performance bonds and guarantees	159,765	159,765	11,544	19,617	50,122	51,814	26,668
Letters of credit	360,752	360,752	188,458	95,421	68,305	8,564	4
Loan commitments	67,667	67,667	–	1,223	12,533	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	749,716	766,726	135,357	453,936	79,466	97,967	–
Financial assets held for trading	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	14,407	14,407	14,407	–	–	–	–
Derivative asset	6,534	6,534	6,534	–	–	–	–
	2,103,757	2,326,649	504,677	725,052	252,767	292,457	551,696
Gap	(537,706)	(390,805)	(745,896)	235,916	(53,321)	84,925	87,591

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks

Market risk limits

UBA takes propriety 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.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

(i) Exposure to interest risk-non-trading portfolio (continued)

	Re-pricing period						
In millions of Nigerian Naira	Carrying amount	< 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Non-interest bearing
Group							
31 December 2015							
Cash and bank balances	**655,371**	**235,499**	**22,428**	**14,018**	**8,411**	**–**	**375,015**
Financial assets held for trading			**–**	**–**	**–**	**–**	**–**
Treasury bills	**11,121**	**11,121**					
Bonds	**128**	**128**	**–**	**–**	**–**	**–**	**–**
Loans and advances to banks	**14,600**	**10,813**	**3,787**	**–**	**–**	**–**	**–**
Loans and advances to customers:							
Individual							
Term loans	**67,987**	**7,732**	**5,598**	**10,479**	**6,688**	**37,490**	**–**
Overdrafts	**46,391**	**5,276**	**3,820**	**7,150**	**4,563**	**25,582**	**–**
Corporates							
Term loans	**703,525**	**175,881**	**114,721**	**65,605**	**69,458**	**277,860**	**–**
Overdrafts	**198,587**	**49,647**	**32,383**	**18,519**	**19,606**	**78,432**	**–**
Others	**20,147**	**5,037**	**3,285**	**1,879**	**1,989**	**7,957**	**–**
Investment securities:							
Treasury bills	**344,590**	**30,165**	**153,583**	**34,631**	**126,211**	**–**	**–**
Bonds and promissory notes	**463,102**	**–**	**22,953**	**576**	**23,529**	**416,044**	**–**
Equity	**48,923**	**–**	**–**	**–**	**–**	**–**	**48,923**
Derivative assets	**1,809**	**26**	**1,783**	**–**	**–**	**–**	**–**
Account receivable	**28,312**	**–**	**–**	**–**	**–**	**–**	**28,312**
	2,604,593	**531,325**	**364,341**	**152,857**	**260,455**	**843,365**	**452,250**
Derivative liability	**327**	**7**	**320**	**–**	**–**	**–**	**–**
Deposits from banks	**61,066**	**61,066**	**–**	**–**	**–**	**–**	**–**
Deposits from customers	**2,081,704**	**1,040,852**	**895,133**	**145,719**	**–**	**–**	**–**
Other liabilities	**54,700**	**–**	**–**	**–**	**–**	**–**	**54,700**
Subordinated liabilities	**85,620**	**–**	**–**	**–**	**–**	**85,620**	**–**
Borrowings	**129,896**	**–**	**–**	**49,947**	**23,595**	**56,354**	**–**
	2,413,313	**1,101,925**	**895,453**	**195,666**	**23,595**	**141,974**	**54,700**
Gaps	**191,280**	**(570,600)**	**(531,112)**	**(42,809)**	**236,860**	**701,391**	**397,530**
31 December 2014							
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	344,473	51,622	88,602	108,640	95,609	–	–
Bonds	268,082	–	73,659	13,798	15,726	164,899	–
Equity	44,968	–	–	–	–	–	44,968
Derivative assets	6,534	6,534	–	–	–	–	–
Account receivable	21,389	–	–	–	–	–	21,389
	2,618,855	315,790	616,569	277,761	331,805	568,863	508,068
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	63,413	–	–	–	–	–	63,413
Subordinated liabilities	85,315	–	–	–	–	85,315	–
Borrowings	113,797	–	–	–	–	113,797	–
	2,492,359	1,003,974	878,714	195,270	75,938	275,050	63,413
Gaps	126,496	(688,184)	(262,145)	82,491	255,867	293,813	444,655

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

(i) Exposure to interest risk-non-trading portfolio (continued)

In millions of Nigerian Naira	Carrying amount	< 1 month	1 – 3 months	3 – 6 months	6 – 12 months	More than 1 year	Non-interest bearing
	Re-pricing period						
Bank							
31 December 2015							
In millions of Nigerian Naira							
Cash and bank balances	**590,774**	**224,128**	**21,346**	**13,341**	**8,005**	**–**	**323,954**
Financial assets held for trading	**–**						
Treasury bills	**11,121**	**11,121**	**–**	**–**	**–**	**–**	**–**
Bonds	**128**	**128**	**–**	**–**	**–**	**–**	**–**
Loans and advances to banks	**14,591**	**10,806**	**3,785**	**–**	**–**	**–**	**–**
Loans and advances to customers:							
Individual							
Term loans	**32,144**	**3,656**	**2,647**	**4,954**	**3,162**	**17,725**	**–**
Overdrafts	**41,982**	**4,774**	**3,457**	**6,471**	**4,130**	**23,150**	**–**
Corporates							
Term loans	**588,632**	**147,158**	**95,986**	**54,891**	**58,115**	**232,482**	**–**
Overdrafts	**139,789**	**34,947**	**22,795**	**13,036**	**13,801**	**55,210**	**–**
Others	**20,147**	**5,037**	**3,285**	**1,879**	**1,989**	**7,957**	**–**
Investment securities:	**-**						
Treasury bills	**189,644**	**16,601**	**84,524**	**19,059**	**69,460**	**–**	**–**
Bonds and promissory notes	**330,047**	**–**	**–**	**21,473**	**24,323**	**284,251**	**–**
Equity	**48,512**	**–**	**–**	**–**	**–**	**–**	**48,512**
Derivative assets	**1,809**	**26**	**1,783**	**–**	**–**	**–**	**–**
Account receivable	**16,320**	**–**	**–**	**–**	**–**	**–**	**16,320**
	2,025,640	**458,382**	**239,608**	**135,104**	**182,985**	**620,775**	**388,786**
Derivative liability	**327**	**327**	**–**	**–**	**–**	**–**	**–**
Deposits from banks	**350**	**350**	**–**	**–**	**–**	**–**	**–**
Deposits from customers	**1,627,060**	**813,530**	**699,636**	**113,894**	**–**	**–**	**–**
Other liabilities	**34,072**	**–**	**–**	**–**	**–**	**–**	**34,072**
Subordinated liabilities	**85,620**	**–**	**–**	**–**	**–**	**85,620**	**–**
Borrowings	**129,896**	**–**	**–**	**49,947**	**23,595**	**56,354**	**–**
	1,877,325	**814,207**	**699,636**	**163,841**	**23,595**	**141,974**	**34,072**
Gaps	**148,315**	**(355,825)**	**(460,028)**	**(28,737)**	**159,390**	**478,801**	**354,714**
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	41,056	–	–	–	–	–	41,056
Subordinated liabilities	85,315	–	–	–	–	85,315	–
Borrowings	113,797	–	–	–	–	113,797	–
	2,054,914	790,809	733,972	163,105	63,430	262,542	41,056
Gaps	94,703	(527,374)	(213,742)	42,298	192,940	197,198	403,383

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

(ii) Fixed income instruments re-pricing gap

Interest rate sensitivity analysis of fixed rate financial instruments

The table below shows the impact of interest rate changes (increase/decrease) on our various fixed Income portfolios and the effect on profit and loss and OCI. For the purpose of sensitivity analysis we have made a conservative assumption of 2% 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 cash flow interest rate risk)

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Decrease	**(16,352)**	(14,556)	**(11,112)**	(10,092)
Asset	**(43,052)**	(42,209)	**(32,737)**	(34,104)
Liability	**(26,700)**	(27,653)	**(21,625)**	(24,012)
Increase	**16,352**	14,556	**11,112**	10,092
Asset	**43,052**	42,209	**32,737**	34,104
Liability	**26,700**	27,653	**21,625**	24,012
The aggregate figures presented above are further segregated into their various components as shown below:				
Cash and bank balances	**280,356**	370,648	**266,820**	365,544
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**5,607**	7,413	**5,336**	7,311
Unfavourable change @ 2% reduction in indicative value	**(5,607)**	(7,413)	**(5,336)**	(7,311)
Financial assets held for trading				
Treasury bills	**11,121**	1,099	**11,121**	1,099
Government bonds	**128**	–	**128**	-
	11,249	1,099	**11,249**	1,099
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**225**	22	**225**	22
Unfavourable change @ 2% reduction in indicative value	**(225)**	(22)	**(225)**	(22)
Loans and advances to banks				
Term loans	**14,600**	48,093	**14,591**	48,991
	14,600	48,093	**14,591**	48,991
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**292**	962	**292**	980
Unfavourable change @ 2% reduction indicative value	**(292)**	(962)	**(292)**	(980)
Loans and advances to customers				
Individuals	**114,378**	115,769	**74,126**	85,326
Corporates	**922,259**	956,090	**748,568**	799,261
	1,036,637	1,071,859	**822,694**	884,587
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**20,733**	21,437	**16,454**	17,692
Unfavourable change @ 2% reduction in indicative value	**(20,733)**	(21,437)	**(16,454)**	(17,692)

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

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

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Available-for-sale investment securities:				
Treasury and similar bills	**193,816**	199,008	**189,644**	192,479
Government bonds	**32,757**	24,776	**32,253**	24,776
Total	**226,573**	223,784	**221,897**	217,255
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in indicative value	**4,531**	4,476	**4,438**	4,345
Unfavourable change @ 2% reduction in indicative value	**(4,531)**	(4,476)	**(4,438)**	(4,345)
Held-to-maturity investment securities:				
Government bonds	**430,345**	243,306	**297,539**	181,168
Treasury and similar bills	**150,774**	145,465	**–**	–
Promissory notes	**255**	–	**255**	–
Total	**581,374**	388,771	**297,794**	181,168
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**11,627**	7,775	**5,956**	3,623
Unfavourable change @ 2% reduction in indicative value	**(11,627)**	(7,775)	**(5,956)**	(3,623)
Derivative assets	**1,809**	6,534	**1,809**	6,534
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**36**	131	**36**	131
Unfavourable change @ 2% reduction in indicative value	**(36)**	(131)	**(36)**	(131)
Derivative liabilities	**327**	943	**327**	943
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**(7)**	(19)	**(7)**	(19)
Unfavourable change @ 2% reduction in indicative value	**7**	19	**7**	19
Deposit from banks				
Money market deposits	**60,312**	58,063	**350**	1,526
Due to other banks	**754**	1,165	**–**	–
Total	**61,066**	59,228	**350**	1,526
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**(1,221)**	(1,185)	**(7)**	(31)
Unfavourable change @ 2% reduction in indicative value	**1,221**	1,185	**7**	31
Deposit from customers				
Retail customers:				
Term deposits	**160,967**	165,813	**142,811**	147,707
Savings deposits	**407,036**	357,169	**351,982**	308,824
Corporate customers:				
Term deposits	**384,015**	391,044	**303,597**	353,108
Domiciliary deposits	**294,890**	382,979	**255,508**	363,056
	1,246,908	1,297,005	**1,053,898**	1,172,695
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**(24,938)**	(25,940)	**(21,078)**	(23,454)
Unfavourable change @ 2% reduction in indicative value	**24,938**	25,940	**21,078**	23,454
Borrowings				
On-lending facilities:				
– Central Bank of Nigeria (note 34.1)	**13,642**	9,958	**13,642**	9,958
– Bank of Industry (BoI) (note 34.2)	**13,054**	15,493	**13,054**	15,493
	26,696	25,451	**26,696**	25,451
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**(534)**	(509)	**(534)**	(509)
Unfavourable change @ 2% reduction in indicative value	**534**	509	**534**	509

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

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

Floating rate financial instruments re-pricing gap

Interest rate sensitivity analysis of floating rate financial instruments

The table 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	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Borrowings				
– Standard Chartered Bank (note 34.3)	**39,994**	37,192	**39,994**	37,192
– European Investment Bank (EIB) (note 34.4)	**1,590**	1,466	**1,590**	1,466
– Syndicated facility (note 34.5)	**41,710**	49,688	**41,710**	49,688
– Africa Trade Finance Limited (note 34.6)	**19,906**	–	**19,906**	–
	103,200	88,346	**103,200**	88,346
Impact on income statement:				
Favourable change @ 0.5% increase in indicative value	**(516)**	(442)	**(516)**	(442)
Unfavourable change @ 0.5% reduction in indicative value	**516**	442	**516**	442

Price sensitivity analysis for financial instruments measured at fair value

The table below shows the impact of price changes (increase/decrease) on the Group's financial assets measured at fair value and the effect on profit and loss. For the purpose of sensitivity analysis we have made a conservative assumption of 2% change in prices with other variables remaining constant.

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Financial assets held for trading				
Treasury bills	**11,121**	1,099	**11,121**	1,099
Government bonds	**128**	–	**128**	–
	11,249	1,099	**11,249**	1,099
Impact on income statement:				
Favourable change @ 2% increase in indicative value	**(225)**	(22)	**(225)**	(22)
Unfavourable change @ 2% reduction in indicative value	**225**	22	**225**	22

Price sensitivity analysis for available-for-sale financial instruments

The table below shows the impact of price changes (increase/decrease) on the Group's available-for-sale financial instruments and the effect on other comprehensive income. For debt securities which are categorised under level 1 in the fair value hierarchy, a 2% change in prices has been assumed with other variables remaining constant. Sensitivity analysis for level 1 equity securities is based on average movement in share price index for quoted shares during the year. Price sensitivity analysis for the Group's level 2 unquoted equities was based on assumptions of a 2% change in the last trading prices obtained from over-the-counter (OTC) trades that were done as at the reporting date. For unquoted equity securities categorised under level 3 in the fair value hierarchy, 5% increases/decreases were assumed for the significant unobservable inputs (cost of equity and terminal growth rates).

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Debt securities				
Available-for-sale investment securities:				
Treasury and similar bills	**193,816**	199,008	**189,644**	192,479
Government bonds	**32,757**	24,776	**32,253**	24,776
Total	**226,573**	223,784	**221,897**	217,255

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

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

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in indicative value	**4,531**	4,476	**4,438**	4,345
Unfavourable change @ 2% reduction in indicative value	**(4,531)**	(4,476)	**(4,438)**	(4,345)
Level 1 Equity Sensitivities				
In millions of Nigerian Naira				
Impact on Other comprehensive income:				
Favourable change @ 15% increase in indicative value	**1**	1	**1**	1
Unfavourable change @ 15% reduction in indicative value	**(1)**	(1)	**(1)**	(1)
Level 1 Equity Positions				
In million of Nigerian Naira				
Impact on Other comprehensive income:				
Available-for-sale investment securities:	**9**	10	**9**	10
Total	**9**	10	**9**	10
Level 2 Equity Sensitivities				
Impact on Other comprehensive income:				
Favourable change @ 2% increase in prices	**74**	113	**74**	113
Unfavourable change @ 2% reduction in prices	**(74)**	(225)	**(74)**	(225)
Level 2 Equity Positions				
In million of Nigerian Naira				
Available-for-sale investment securities:	**3,684**	2,250	**3,684**	2,250
Total	**3,684**	2,250	**3,684**	2,250
Level 3 Equity Sensitivities				
Impact on Other comprehensive income:				
Favourable change @ 5% decrease in unobservable inputs	**3,214**	62	**3,214**	62
Favourable change @ 5% increase in unobservable inputs	**(2,590)**	8	**(2,590)**	8
Level 3 Equity Positions				
In millions of Nigerian Naira				
Available-for-sale investment securities:	**45,230**	41,952	**44,819**	41,952
Total	**45,230**	41,952	**44,819**	41,952
Total impact on other comprehensive income:				
Favourable change	**7,820**	4,652	**7,727**	4,521
Unfavourable change	**(7,196)**	(4,694)	**(7,103)**	(4,563)

(iii) Equity risk

The Group did not undertake in equity trading activity in 2015. Our equity portfolio and the embedded price risk is however still subject to regular monitoring by the Group Market Risk.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(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 representative of the average exposure in the year. The Bank believes that for each foreign currency exposure, it is reasonable to assume 2% appreciation or 15% depreciation of the Naira holding all other variables constant.

	Group					
In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2015						
Cash and bank balances	**363,832**	**182,772**	**22,700**	**5,749**	**80,318**	**655,371**
Financial assets held for trading	**11,249**	**–**	**–**	**–**	**–**	**11,249**
Derivative assets	**–**	**1,809**	**–**	**–**	**–**	**1,809**
Loans and advances to banks	**–**	**14,600**	**–**	**–**	**–**	**14,600**
Loans and advances to customers	**525,381**	**320,487**	**373**	**593**	**189,803**	**1,036,637**
Account receivables	**14,099**	**10,204**	**1,209**	**–**	**2,800**	**28,312**
Investment securities	**530,062**	**46,147**	**–**	**–**	**280,661**	**856,870**
Total financial assets	**1,444,623**	**576,019**	**24,282**	**6,342**	**553,582**	**2,604,848**
Derivative liability	**–**	**327**	**–**	**–**	**–**	**327**
Deposits from banks	**685**	**57,745**	**797**	**–**	**1,839**	**61,066**
Deposits from customers	**1,129,325**	**514,752**	**14,630**	**5,363**	**417,634**	**2,081,704**
Other liabilities	**4,017**	**13,583**	**4,211**	**697**	**21,055**	**43,563**
Borrowings	**46,602**	**83,294**	**–**	**–**	**–**	**129,896**
Subordinated liabilities	**85,620**	**–**	**–**	**–**	**–**	**85,620**
Total financial liabilities	**1,266,249**	**669,701**	**19,638**	**6,060**	**440,528**	**2,402,176**
Net FCY Exposure		**(93,682)**	**4,644**	**282**	**113,054**	
Sensitivity at 2% Naira appreciation		**1,874**	**(93)**	**(6)**	**(2,261)**	**(486)**
Sensitivity at 15% Naira depreciation		**(14,052)**	**697**	**42**	**16,958**	**3,645**
Sensitivity at 25% Naira depreciation		**(23,420)**	**1,161**	**70**	**28,264**	**6,075**
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	739,400	322,951	9,472	36	–	1,071,859
Account receivables	11,153	10,236	–	–	–	21,389
Investment securities	598,346	59,177	–	–	–	657,523
Total financial assets	1,859,512	733,591	17,550	6,933	1,270	2,618,856
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	24,290	19,705	12,224	1,187	1,818	59,224
Borrowings	25,451	88,346	–	–	–	113,797
Subordinated liabilities	85,315	–	–	–	–	85,315
Total financial liabilities	1,639,049	774,744	20,637	8,273	45,467	2,488,170
Net FCY Exposure		(41,153)	(3,087)	(1,340)	(44,197)	
Sensitivity at 2% Naira appreciation		823	62	27	884	1,796
Sensitivity at 4% Naira depreciation		(1,646)	(123)	(54)	(1,768)	(3,591)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(d) Market risks (continued)

(iv) Exchange rate exposure limits (continued)

FCY sensitivity analysis on foreign exchange rate (continued)

	Bank					
In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2015						
Cash and bank balances	**417,416**	**154,420**	**12,910**	**5,277**	**751**	**590,774**
Financial assets held for trading	**11,249**	**–**	**–**	**–**	**–**	**11,249**
Derivative assets	**–**	**1,809**	**–**	**–**	**–**	**1,809**
Loans and advances to banks	**–**	**14,591**	**–**	**–**	**–**	**14,591**
Loans and advances to customers	**550,148**	**271,598**	**361**	**587**	**–**	**822,694**
Account receivables	**14,307**	**2,008**	**5**	**–**	**–**	**16,320**
Investment securities	**525,231**	**42,972**	**–**	**–**	**–**	**568,203**
Total financial assets	**1,518,351**	**487,398**	**13,276**	**5,864**	**751**	**2,025,640**
Derivative liability	**–**	**327**	**–**	**–**	**-**	**327**
Deposits from banks	**–**	**350**	**–**	**–**	**–**	**350**
Deposits from customers	**1,165,495**	**451,728**	**4,822**	**5,012**	**3**	**1,627,060**
Other liabilities	**21,429**	**7,891**	**1,062**	**589**	**127**	**31,098**
Borrowings	**46,602**	**83,294**	**–**	**–**	**–**	**129,896**
Subordinated liabilities	**85,620**	**–**	**–**	**–**	**–**	**85,620**
Total financial liabilities	**1,319,146**	**543,590**	**5,884**	**5,601**	**130**	**1,874,351**
Net FCY Exposure		**(56,192)**	**7,392**	**263**	**621**	
Sensitivity at 2% Naira appreciation		**1,124**	**(148)**	**(5)**	**(12)**	**959**
Sensitivity at 15% Naira depreciation		**(8,429)**	**1,109**	**39**	**93**	**(7,188)**
Sensitivity at 25% Naira depreciation		**(14,048)**	**1,848**	**66**	**155**	**(11,979)**
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	7,332	8,449	–	–	–	15,781
Investment securities	403,047	39,862	–	–	–	442,909
Total financial assets	1,491,917	634,862	15,272	6,394	1,172	2,149,617
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)	
Sensitivity at 2% Naira appreciation		248	(6)	(6)	–	236
Sensitivity at 4% Naira depreciation		(496)	13	13	–	(470)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(e) Capital management

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

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

The objective of the capital management process is to:

- adequately assess impairment losses and impact on capital impairment;
- meet CBN's requirements capital adequacy requirements;
- 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.

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 authorisation with a minimum regulatory capital of N50 billion and a minimum capital adequacy ratio of 15%. During the year, the Group complied with all external capital requirements to which it is subject.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(e) Capital management (continued)

	Bank	
In millions of Nigeria Naira	Dec 2015	Dec 2014
Tier 1 capital		
Ordinary share capital	**18,140**	16,491
Share premium	**117,374**	107,932
Retained earnings	**100,900**	84,230
Other reserves	**52,572**	44,208
Gross Tier 1 capital	**288,986**	252,861
Less:		
Deferred tax	**22,951**	22,951
Intangible assets	**4,954**	3,446
Staff share investment trust	**30,491**	30,527
Tier 1 Capital After Regulatory Deduction	**230,590**	195,937
Investment in subsidiaries	**(32,884)**	(32,884)
Eligible Tier 1 Capital	**197,706**	163,053
Tier 2 capital		
Fair value reserve for available-for-sale securities	**31,985**	23,866
Subordinated liabilities	**48,500**	59,500
Less: Limit of tier 2 to tier 1 capital	**(3,622)**	(18,054)
Qualifying Tier 2 Capital Before Deductions	**76,863**	65,312
Less: Investment in subsidiaries	**(32,884)**	(32,884)
Net Tier 2 Capital	**43,980**	32,429
Qualifying capital		
Net Tier I regulatory capital	**197,706**	163,053
Net Tier II regulatory capital	**43,980**	32,429
Total qualifying capital	**241,686**	195,482
Composition of risk-weighted assets:		
Risk-weighted amount for credit risk	**939,031**	1,033,282
Risk-weighted amount for operational risk	**249,924**	211,250
Risk-weighted amount for market risk	**19,417**	15,638
Total Basel II Risk-weighted assets	**1,208,372**	1,260,170
Basel II Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	**20%**	16%
Total tier 1 capital expressed as a percentage of risk-weighted assets	**16%**	13%

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 31 December 2015 and 31 December 2014 was based on the revised guidelines.

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.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement

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.

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 maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- 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 cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management 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.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement (continued)

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management 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.

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.

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement (continued)

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Group					
31 December 2015					
Assets					
Financial assets held for trading:	20				
Government bonds		128	–	–	128
Treasury bills		11,121	–	–	11,121
Derivative assets measured at fair value through profit and loss:	30(a)	–	1,809	–	1,809
Available-for-sale investment securities:	23				
Treasury bills		193,816	–	–	193,816
Bonds		32,757	–	–	32,757
Equity investments		9	3,684	45,230	48,923
Total assets		237,831	5,493	45,230	288,554
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability		–	327	–	327
Bank					
31 December 2015					
Assets					
Financial assets held for trading:	20				
Government bonds		128	–	–	128
Treasury bills		11,121	–	–	11,121
Derivative assets measured at fair value through profit and loss:	30(a)	–	1,809	–	1,809
Available-for-sale investment securities:					–
Treasury bills	23	189,644	–	–	189,644
Bonds		32,253	–	–	32,253
Equity investments		9	3,684	44,819	48,512
		233,155	5,493	44,819	283,467
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	–	327	–	327

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement (continued)

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Group					
31 December 2014					
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:	30(a)	–	6,534	–	6,534
Available-for-sale investment securities:	23	–	–	–	–
Treasury bills		199,008	–	–	199,008
Bonds		24,776	–	–	24,776
Equity investments at fair value		10	2,250	41,952	44,212
		224,893	8,784	41,952	275,629
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	–	943	–	943
Bank					
31 December 2014					
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:	30(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		–	943	–	943

The following table presents the changes in level 3 instruments for the year ended 31 December 2015. Level 3 instruments are all investment securities (unquoted equities).

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Balance, beginning of year	**41,952**	41,731	**41,952**	41,731
Transfer out of level 3 (see note (i) below)	**(785)**	–	**(785)**	–
Gain recognised in other comprehensive income (under fair value gain on available for sale)	**3,652**	221	**3,652**	221
Balance, end of year	**44,819**	41,952	**44,819**	41,952

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement (continued)

(i) The Group holds equity investment in the shares of CSCS Limited which is classified as available-for-sale, with a fair value of N1.106 billion as at 31 December 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.

(i) Level 2 fair value measurements

These prices are a reflection of actual fair value of the investments, as transactions consummated under the OTC trades were arm's 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 31 December 2015 in measuring financial instruments categorised as level 3 in the fair value hierarchy:

Type of financial instrument	"Fair value as at 31 December 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	**44.208**	"Income Approach (Discounted cash flow method)"	Cost of equity	10.16% – 32.3%	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
	337	Income Approach (Dividend discount model)	Cost of equity	13.9% – 28.8%	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	8.8% – 14%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(f) Fair value measurement (continued)

(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 year end;
- the risk free rate was determined using the yield on Federal Government of Nigeria Eurobond (for unquoted securities denominated in USD) and longest tenored Federal Government of Nigeria bond (for unquoted securities denominated in Nigerian Naira);
- equity risk premium was determined using market returns computed from the Nigerian All Share Index and Standards and Poors (S&P) 500 Stock Price Index, for similar business sectors;
- beta estimates were obtained from Damodaran Online.

Dividend discount model

- The Group used the build-up approach to determine cost of equities for its various unquoted equities which were fair valued using dividend discount model at year end;
- the risk free rate was determined using the yield on the longest tenored 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.

(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 year:

	Effect on other comprehensive income (OCI)			
In millions of Nigerian Naira	2015		2014	
Key Assumption	**5% Increase**	**5% Decrease**	**5% Increase**	**5% Decrease**
Cost of Equity	**(4,178)**	**4,562**	(60)	122
Terminal Growth Rate	**1,588**	**(1,348)**	68	(60)

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(g) Fair value measurement (continued)

Financial instruments not measured at fair value

The table below sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Group					
31 December 2015					
Assets					
Cash and bank balances	–	655,371	–	655,371	655,371
Loans and advances to banks	–	14,616	–	14,616	14,600
Loans and advances to customers					
– Individual					
Term loans	–	69,239	–	69,239	67,987
Overdrafts	–	49,679	–	49,679	46,391
– Corporate					
Term loans	–	700,011	–	700,011	703,525
Overdrafts	–	206,106	–	206,106	198,587
Others		20,729	–	20,729	20,147
Held to maturity – Investment securities					
Treasury bills	150,774	–	–	150,774	150,774
Bonds	457,186	–	–	457,186	430,345
Accounts receivable	–	28,312	–	28,312	28,312
Liabilities					
Deposits from banks	–	61,066	–	61,066	61,066
Deposits from customers	–	2,165,984	–	2,165,984	2,081,704
Subordinated liabilities	–	94,984	–	94,984	85,620
Other liabilities	–	43,563	–	43,563	43,563
Borrowings	–	128,357	–	128,357	129,896
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					
– 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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(g) Fair value measurement (continued)

Financial instruments not measured at fair value

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Bank					
31 December 2015					
Assets					
Cash and bank balances	–	**590,774**	–	**590,774**	**590,774**
Loans and advances to banks	–	**14,591**	–	**14,591**	**14,591**
Loans and advances to customers					
– Individual					
Term loans	–	**31,315**	–	**31,315**	**32,144**
Overdrafts	–	**45,182**	–	**45,182**	**41,982**
– Corporate					
Term loans	–	**592,362**	–	**592,362**	**588,632**
Overdrafts	–	**144,056**	–	**144,056**	**139,789**
Others	–	**20,729**	–	**20,729**	**20,147**
Held to maturity – Investment securities					
Treasury bills	–	–	–	–	–
Bonds	**316,097**	–	–	**316,097**	**297,539**
Other assets	–	**16,320**	–	**16,320**	**16,320**
Liabilities					
Deposits from banks	–	**350**	–	**350**	**350**
Deposits from customers	–	**1,696,708**	–	**1,696,708**	**1,627,060**
Subordinated liabilities	–	**94,984**	–	**94,984**	**85,620**
Other liabilities	–	**31,098**	–	**31,098**	**31,098**
Borrowings	–	**128,357**	–	**128,357**	**129,896**
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					
– 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
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

4. Financial Risk Management (continued)

4.2 RISK MANAGEMENT REPORT (continued)

(g) Fair value measurement (continued)

Financial instruments not measured at fair value

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.

(iv) Other assets

The bulk of these financial assets have short (less than three months) 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.

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 counter party'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.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which losses can be utilised. Significant management judgement was that deferred tax assets that should be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues for the next five years. Details of recognised and unrecognised deferred tax assets and liabilities are disclosed in note 29.

(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.

	31 December 2015		31 December 2014	
In millions of Naira	Probability of Default -PD	Loss Given Default-LGD	Probability of Default -PD	Loss Given Default-LGD
Increase/decrease				
1% increase	**29,653**	**23,906**	63,478	66,137
1% decrease	**(29,653)**	**(23,906)**	(63,478)	(66,137)

5. Critical accounting estimates and judgments (continued)

(B) CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

(iii) Impairment testing for cash-generating units containing goodwill

The Group has carried out an impairment assessment of the goodwill for UBA Benin and UBA Capital Europe as at 31 December 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 42% higher than management's estimates at 31 December 2015 (i.e. if the discount rate had been 60% instead of 18%). 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 3% higher than management's estimates at 31 December 2015 (i.e. if the discount rate had been 8% instead of 5%. 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 year, to 10% increase or decrease in the useful life of property and equipment.

	Dec 2015	Dec 2014
In millions of Nigerian Naira	Depreciation/ Carrying value	Depreciation/ Carrying value
Increase/decrease		
10% increase in useful life	**690**	500
10% decrease in useful life	**(690)**	(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 5% lower or 5.39% higher where the discount rate used in the valuation differ by 5% from management's estimates.

(v) Impairment of available-for-sale financial assets

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financial cash flows. The sensitivity analysis of level 3 equity instruments and its impact on OCI are shown in note 4.2(f).

(vi) Determination of impairment of property and equipment, and intangible assets, excluding goodwill

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

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. The African subsidiaries have been aggregated into one reportable segment as they have similar economic characteristics.
- **Rest of the world:** This comprises UBA Capital Europe Limited and UBA New York branch. Although this part of the business is not large enough to be presented as a separate reporting segment, it has been included here as it seen as a potential growth segment which is expected to materially contribute to group revenue in the future. The entities within this reporting segment have been aggregated into one reportable segment as they have similar economic characteristics

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 18 other countries across Africa where the Group has operations. It provides commercial banking products and services to the middle and retail segments of the market.

Treasury and Financial Markets – This segment provides innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers. The segment is also responsible for formulation and implementation of financial market products for the Group's customers.

No single external customer or group amounts to 10% or more of the Group's revenues.

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) 31 December 2015

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	244,082	67,715	6,012	(2,979)	314,830
Derived from other geographic segments	4,032	–	–	(4,032)	–
Total revenue	248,114	67,715	6,012	(7,011)	314,830
Profit before tax	52,291	18,801	1,950	(4,588)	68,454
Interest income	187,268	43,059	5,078	(1,436)	233,969
Interest expenses	(83,021)	(13,571)	(874)	1,436	(96,030)
Share of loss in equity-accounted investee	–	(110)	–	–	(110)
Impairment loss recognised in profit or loss	(3,470)	(1,612)	45	(16)	(5,053)
Income tax expenses	(4,134)	(4,666)	–	–	(8,800)
Profit for the year	48,157	14,135	1,950	(4,588)	59,654
31 December 2015					
Total segment assets[1]	2,223,644	656,093	63,609	(190,724)	2,752,622
Total segment liabilities	1,883,087	584,764	51,934	(99,784)	2,420,001
[1] Includes:					
Investments in associate and accounted for by using the equity method	–	2,236	–	–	2,236
Expenditure for reportable segment:					
Depreciation	5,304	1,547	45	–	6,896
Amortisation	999	73	–	–	1,072

6. Operating segments (continued)

BUSINESS SEGMENTS (continued)

(a) Geographical segments (continued)

(ii) 31 December 2014

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	227,780	61,166	3,823	(6,145)	**286,624**
Derived from other geographic segments	2,630	–	–	(2,630)	**–**
Total revenue	**230,410**	**61,166**	**3,823**	**(8,775)**	**286,624**
Profit before tax	**44,983**	**15,943**	**1,074**	**(5,800)**	**56,200**
Interest income	158,748	37,749	3,115	(2,932)	**196,680**
Interest expenses	(77,923)	(15,118)	(438)	2,932	**(90,547)**
Share of profit/(loss) in equity-accounted investee	9	–	–	–	**9**
Impairment loss recognised in profit or loss	(2,535)	(672)	(2)	26	**(3,183)**
Income tax expenses	(3,327)	(4,952)	(14)	–	**(8,293)**
Profit for the year	**41,656**	**10,991**	**1,060**	**(5,800)**	**47,907**
31 December 2014					
Total segment assets [1]	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**
[1] Includes:					
Investments in associate and joint venture accounted for by using the equity method	–	2,986	–	–	**2,986**
Expenditure for reportable segment:					
Depreciation	3,386	1,596	19	–	**5,001**
Amortisation	659	76	–	–	**735**

6. Operating segments (continued)

BUSINESS SEGMENTS (continued)

(b) Business reporting

(i) 31 December 2015

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	108,257	126,360	80,213	314,830
Derived from other business segments	(7,185)	58,817	(51,632)	–
Total revenue	**101,072**	**185,177**	**28,581**	**314,830**
Interest expenses	(62,874)	(27,754)	(5,402)	(96,030)
Fee and commission expense	(39)	(8,514)	(4)	(8,557)
Net impairment loss on financial assets	(1,782)	(3,271)	–	(5,053)
Operating expenses	(7,293)	(111,094)	(10,271)	(128,658)
Depreciation and amortisation	(44)	(7,917)	(7)	(7,968)
Profit before income tax	**29,040**	**26,627**	**12,897**	**68,454**
Taxation	(3,733)	(3,409)	(1,658)	(8,800)
Profit for the year	**25,307**	**23,218**	**11,239**	**59,654**
Loans and advances	731,945	215,667	103,625	1,051,237
Deposits from customers and banks	497,522	1,507,510	137,738	2,142,770
Total segment assets	841,216	1,177,716	733,690	2,752,622
Total segment liabilities	737,121	1,039,980	642,900	2,420,001

(ii) 31 December 2014

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	114,358	106,757	65,509	286,624
Derived from other business segments	(18,077)	56,747	(38,670)	–
Total revenue	**96,281**	**163,504**	**26,839**	**286,624**
Interest expenses	(37,101)	(48,678)	(4,768)	(90,547)
Fee and commission expense	(524)	(6,337)	(147)	(7,008)
Net impairment loss on financial assets	(440)	(2,518)	(225)	(3,183)
Operating expenses	(22,190)	(97,115)	(4,645)	(123,950)
Depreciation and amortisation	(1,751)	(3,968)	(17)	(5,736)
Profit before income tax	**34,275**	**4,888**	**17,037**	**56,200**
Taxation	(2,405)	(4,082)	(1,806)	(8,293)
Profit for the year	**31,870**	**806**	**15,231**	**47,907**
31 December 2014				
Loans and advances	831,054	255,860	33,038	1,119,952
Deposits from customers and banks	706,427	1,435,099	87,365	2,228,891
Total segment assets	1,136,255	1,212,099	414,219	2,762,573
Total segment liabilities	1,028,052	1,094,801	374,314	2,497,167

7. Interest income

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Cash and bank balances	**13,030**	13,169	**12,360**	13,753
Loans and advances to banks	**1,223**	1,032	**1,223**	1,032
Loans and advances to customers				
– To individuals				
Term loans	**5,024**	8,148	**4,163**	6,770
Overdrafts	**1,966**	1,823	**1,629**	1,515
– To corporates				
Term loans	**108,711**	89,851	**91,226**	75,916
Overdrafts	**30,531**	21,841	**25,299**	18,148
Others	**201**	365	**167**	304
Financial assets held for trading				
- Treasury bills	**4,013**	854	**4,013**	854
– Bonds	**327**	782	**327**	782
Investment securities				
– Treasury bills	**36,737**	30,513	**29,794**	18,726
– Bonds	**32,129**	28,302	**19,981**	22,358
– Promissory notes	**77**	–	**77**	–
	233,969	196,680	**190,259**	160,158

Interest income includes accrued interest on impaired loans of N1.290 billion for the Group (Bank: N897 million) for the year ended 31 December 2015 and N1.458 billion for the Group (Bank: N1.281 billion) for the year ended 31 December 2014.

8. Interest expense

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Deposits from banks	**6,837**	4,431	**2,509**	334
Deposits from customers	**72,510**	76,987	**63,969**	68,515
Borrowings	**3,849**	1,487	**3,849**	1,487
Subordinated liabilities	**12,834**	7,642	**12,834**	7,697
	96,030	90,547	**83,161**	78,033

9. Impairment loss on loans and receivables

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Impairment losses on loans and advances to customers:				
– specific impairment (note 22(d))	**2,285**	1,889	**1,941**	2,045
– portfolio impairment (note 22(d))	**1,213**	3,095	**589**	173
Impairment (reversal)/charge on loans and advances to banks:				
– portfolio impairment ((note 21)	**(96)**	49	**(112)**	74
Write-off on loans and advances	**3,524**	726	**1,250**	538
Recoveries on loans and other accounts written-off	**(2,484)**	(3,395)	**(619)**	(537)
Impairment loss on other assets (note 24(a))	**611**	819	**442**	243
	5,053	3,183	**3,491**	2,536

10. Fees and commission income

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Credit-related fees and commissions (See note (i) below)	**10,119**	14,312	**7,014**	8,502
Commission on turnover	**11,303**	9,356	**9,890**	8,738
E-Banking related income	**17,188**	11,761	**14,065**	8,837
Funds transfer	**2,176**	820	**899**	583
Pension custody fees	**3,803**	3,458	**–**	–
Trade related income	**7,852**	6,454	**3,570**	3,341
Remittance income	**3,261**	4,235	**1,704**	2,969
Commissions on transactional services	**3,251**	2,953	**2,808**	2,346
Other fees and charges	**2,739**	1,625	**2,153**	1,315
	61,892	54,974	**42,103**	36,631

11. Fees and commission expense

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
E-Banking expense	**8,316**	6,861	**6,510**	5,928
Funds transfer	**241**	147	**230**	119
	8,557	7,008	**6,740**	6,047

12. Net trading and foreign exchange income

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Fixed income securities	**9**	69	**9**	36
Foreign exchange trading income	**16,962**	24,526	**9,242**	16,398
Foreign currency revaluation gain	**3,164**	5,459	**3,133**	5,459
Fair value (loss)/gain on derivatives (see note 30 (c))	**(4,109)**	2,357	**(4,109)**	2,357
	16,026	32,411	**8,275**	24,250

13. Other operating income

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Dividend income	**2,404**	1,289	**6,274**	5,967
Rental income	**384**	460	**384**	435
Gain on disposal of securities	**–**	154	**–**	154
(Loss)/gain on disposal of property and equipment	**(14)**	204	**(14)**	204
Others	**169**	443	**83**	421
	2,943	2,550	**6,727**	7,181

Included in dividend income for the Bank is a sum of N3.9 billion (2014: N4.6 billion) being dividend received from some subsidiaries. This amount has been eliminated in the Group results.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Employee benefit expenses

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Wages and salaries	**55,394**	53,611	**40,635**	40,799
Defined contribution plans	**2,052**	1,850	**1,398**	1,283
	57,446	55,461	**42,033**	42,082

15. Depreciation and amortisation

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Depreciation of property and equipment (note 27)	**6,896**	5,001	**5,310**	3,395
Amortisation of intangible assets (note 28)	**1,072**	735	**971**	656
	7,968	5,736	**6,281**	4,051

16. Other operating expenses

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Directors' fees	**40**	31	**40**	31
Banking sector resolution cost	**11,694**	11,087	**11,694**	11,087
Deposit insurance premium	**7,868**	8,660	**7,808**	8,625
Auditors' remuneration	**450**	358	**290**	200
Other insurance costs	**1,594**	1,349	**670**	748
Occupancy and premises maintenance cost	**11,324**	11,328	**7,036**	7,131
Business travels	**3,558**	3,180	**2,654**	2,417
Advertising, promotion and branding	**3,705**	3,793	**3,203**	3,317
Contract services	**6,528**	7,382	**5,551**	5,504
Communication	**3,095**	3,365	**1,543**	1,940
Computer consumables	**2,055**	1,211	**1,867**	1,105
Printing, stationery and subscriptions	**2,771**	1,773	**1,828**	1,197
Security and cash handling expenses	**3,566**	3,063	**1,577**	1,025
Fuel, repairs and maintenance	**5,779**	4,955	**4,007**	3,475
Other expenses	**7,185**	6,954	**5,155**	5,291
	71,212	68,489	**54,923**	53,093

17. Taxation

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Recognised in the statement of comprehensive income				
(a) Current tax expense				
Current year	**8,877**	7,858	**3,093**	2,169
Prior year under-provision	**–**	3,336	**–**	3,336
	8,877	11,194	**3,093**	5,505
(b) Deferred tax expense/(credit)				
Origination and reversal of temporary differences (note 29)	**(77)**	(2,901)	**–**	(3,210)
Total income tax expense/(credit)	**8,800**	8,293	**3,093**	2,295
(c) Current tax liabilities				
Balance, beginning of year	**4,615**	2,861	**1,858**	1,602
Tax paid	**(7,004)**	(9,440)	**(4,317)**	(5,249)
Income tax charge	**8,877**	11,194	**3,093**	5,505
Balance, end of year	**6,488**	4,615	**634**	1,858

(d) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Bank (Parent).

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Domestic corporation tax rate	**30%**	30%	**30%**	30%
Profit before income tax	**68,454**	56,200	**50,735**	42,378
Income tax using the domestic corporation tax rate	**20,536**	16,860	**15,221**	12,713
Tax effects of:				
Income not subject to tax	**(69,056)**	(18,182)	**(61,449)**	(16,703)
Expenses not deductible for tax purposes	**20,454**	1,773	**17,224**	1,373
Tax losses for the year	**173**	2,616	**–**	2,616
Origination and reversal of temporary differences (note 29)	**(77)**	(2,901)	**–**	(3,210)
Tax on dividend paid	**2,043**	3,336	**2,043**	3,336
Education tax	**334**	60	**130**	–
WHT paid on dividends	**585**	539	**418**	454
Capital gains tax	**1**	15	**–**	15
Effect of tax rates in foreign jurisdictions	**669**	1,974	**–**	–
Information Technology Levy	**884**	922	**502**	420
Effect of tax assessment based on minimum tax law	**32,254**	1,281	**29,004**	1,281
Total income tax expense in comprehensive income	**8,800**	8,293	**3,093**	2,295

The Bank was assessed based on the amount of dividend paid during the year in line with section 19 of the Companies Income Tax Act (CITA) 2007 as amended. The tax adjusted profit resulted into total loss for the years ended 31 December 2012 to 31 December 2015 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012. The Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-nationals) and other short-term securities such as Treasury Bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the Bank's income derives from short-term securities and government bonds, and as a result, the Bank's current income tax assessment for 2012 to 2014 financial years yielded tax credit in its favour. Consequently, the Bank applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a tax payer does not have any tax liability arising from its tax assessment. However, the bank was able to utilise part of its tax losses brought forward from 2014.

During the year, there was no incidence of excess dividend tax relating to prior year accounts. However, the Bank was liable to tax on dividend based on the interim dividend paid on 2015 half year results, to comply with Section 43 of CITA which requires companies to pay the tax prior to the payment of the interim dividend. The difference between the tax of N3.098 billion charged in 2015 Financial Statement and tax of N2.042 billion paid on interim dividend represents Education tax, National Information Technology Levy, Capital Gain Tax and Withholding tax on dividend received amounting to N1.055 billion in 2015.

18. Earnings per share

The calculation of basic earnings per share as at 31 December 2015 was based on the profit attributable to ordinary shareholders of N58.604 billion (Bank: N47.642 billion) and the weighted average number of ordinary shares outstanding of 32,777,338,186 (Bank: 35,092,812,846), having excluded treasury shares held by the Parent's Staff Share Investment Trust. The Bank had no dilutive instruments as at year end (December 2014: nil). Hence the basic and diluted earnings per share are equal.

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Profit attributable to equity holders of the parent	**58,604**	47,021	**47,642**	40,083
Weighted average number of ordinary shares outstanding	**32,777**	30,664	**35,093**	32,982
Basic and diluted earnings per share (Naira)	**1.79**	1.53	**1.36**	1.22

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

19. Cash and bank balances

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Cash	**36,114**	46,089	**28,124**	30,033
Current balances with banks	**130,255**	139,102	**113,634**	126,087
Unrestricted balances with central banks	**62,233**	131,001	**22,241**	76,701
Money market placements	**150,101**	185,457	**153,186**	209,424
	378,703	501,649	**317,185**	442,245
Mandatory reserve deposits with Central Banks (note 19(i) below)	**276,668**	310,710	**273,589**	307,471
	655,371	812,359	**590,774**	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		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Cash and current balances with banks	**166,369**	185,191	**141,758**	156,120
Unrestricted balances with central banks	**62,233**	131,001	**22,241**	76,701
Money market placements (less than 90 days)	**116,659**	103,665	**123,992**	103,665
Financial assets held for trading (less than 90 days)	**2,595**	714	**2,595**	714
Cash and cash equivalents	**347,856**	420,571	**290,586**	337,200

20. Financial assets held for trading

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Government bonds	**128**	–	**128**	–
Treasury bills (less than 90 days maturity)	**2,595**	385	**2,595**	385
Treasury bills (above 90 days maturity)	**8,526**	714	**8,526**	714
	11,249	1,099	**11,249**	1,099
Current	**11,249**	1,099	**11,249**	1,099

21. Loans and advances to banks

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Term loans:				
Gross amount	**14,632**	48,199	**14,632**	49,122
Portfolio impairment	**(32)**	(106)	**(41)**	(131)
	14,600	48,093	**14,591**	48,991
Current	**14,600**	48,093	**14,591**	48,991
Impairment allowance on loans and advances to banks				
In millions of Nigerian Naira				
Portfolio impairment				
Balance, beginning of year	**106**	57	**131**	57
Net impairment (reversal)/charge in the year	**(96)**	49	**(112)**	74
Exchange difference	**22**	–	**22**	–
Balance, end of year	**32**	106	**41**	131

22. Loans and advances to customers

	In millions of Nigerian Naira	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying impairment
(a)	**31 December 2015**					
(i)	**Group**					
	Loans to individuals	**120,491**	**(3,554)**	**(2,559)**	**(6,113)**	**114,378**
	Loans to corporate entities and other organisations	**941,928**	**(3,227)**	**(16,442)**	**(19,669)**	**922,259**
		1,062,419	**(6,781)**	**(19,001)**	**(25,782)**	**1,036,637**
	Loans to individuals					
	Overdraft	**49,679**	**(2,945)**	**(343)**	**(3,288)**	**46,391**
	Term loans	**70,812**	**(609)**	**(2,216)**	**(2,825)**	**67,987**
		120,491	**(3,554)**	**(2,559)**	**(6,113)**	**114,378**
	Loans to corporate entities and other organisations					
	Overdraft	**206,106**	**(2,098)**	**(5,421)**	**(7,519)**	**198,587**
	Term loans	**715,093**	**(1,129)**	**(10,439)**	**(11,568)**	**703,525**
	Others	**20,729**	**–**	**(582)**	**(582)**	**20,147**
		941,928	**(3,227)**	**(16,442)**	**(19,669)**	**922,259**
(ii)	**Bank**					
	Loans to individuals	**78,070**	**(3,619)**	**(325)**	**(3,944)**	**74,126**
	Loans to corporate entities and other organisations	**757,667**	**(2,412)**	**(6,687)**	**(9,099)**	**748,568**
		835,737	**(6,031)**	**(7,012)**	**(13,043)**	**822,694**
	Loans to individuals					
	Overdraft	**45,182**	**(3,016)**	**(184)**	**(3,200)**	**41,982**
	Term loan	**32,888**	**(603)**	**(141)**	**(744)**	**32,144**
		78,070	**(3,619)**	**(325)**	**(3,944)**	**74,126**
	Loans to corporate entities and other organisations					
	Overdraft	**144,056**	**(1,831)**	**(2,436)**	**(4,267)**	**139,789**
	Term loan	**592,882**	**(581)**	**(3,669)**	**(4,250)**	**588,632**
	Others	**20,729**	**–**	**(582)**	**(582)**	**20,147**
		757,667	**(2,412)**	**(6,687)**	**(9,099)**	**748,568**

22. Loans and advances to customers (continued)

	In millions of Nigerian Naira	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying impairment
(b)	**31 December 2014**					
(i)	**Group**					
	Loans to individuals	118,289	(2,678)	(963)	(3,641)	114,648
	Loans to corporate entities and other organisations	977,080	(3,045)	(16,824)	(19,869)	957,211
		1,095,369	(5,723)	(17,787)	(23,510)	1,071,859
	Loans to individuals					
	Overdraft	50,390	(1,892)	(270)	(2,162)	48,228
	Term loans	67,899	(786)	(693)	(1,479)	66,420
		118,289	(2,678)	(963)	(3,641)	114,648
	Loans to corporate entities and other organisations					
	Overdraft	182,648	(2,190)	(2,297)	(4,487)	178,161
	Term loan	788,778	(855)	(14,503)	(15,358)	773,420
	Others	5,657	–	(27)	(27)	5,630
		977,083	(3,045)	(16,827)	(19,872)	957,211
(ii)	**Bank**					
	Loans to individuals	86,847	(2,534)	(460)	(2,994)	83,853
	Loans to corporate entities and other organisations	808,262	(1,565)	(5,963)	(7,528)	800,734
		895,109	(4,099)	(6,423)	(10,522)	884,587
	Loans to individuals					
	Overdraft	47,718	(1,812)	(249)	(2,061)	45,657
	Term loans	39,129	(722)	(211)	(933)	38,196
		86,847	(2,534)	(460)	(2,994)	83,853
	Loans to corporate entities and other organisations					
	In millions of Nigerian Naira					
	Overdraft	137,957	(1,106)	(1,718)	(2,824)	135,133
	Term loans	664,648	(459)	(4,218)	(4,677)	659,971
	Others	5,657	–	(27)	(27)	5,630
		808,262	(1,565)	(5,963)	(7,528)	800,734

		Group		Bank	
	In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
(c)	**Current**	**748,182**	797,606	**595,025**	645,372
	Non-current	**288,455**	274,253	**227,669**	239,215
		1,036,637	1,071,859	**822,694**	884,587
(d)	**Impairment allowance on loans and advances to customers**				
	Specific impairment				
	Balance, beginning of year	**5,723**	4,634	**4,099**	2,067
	Impairment charge for the year (note 9)	**2,285**	1,889	**1,941**	2,045
	Loans written off	**(714)**	(760)	**(9)**	(13)
	Exchange difference	**(513)**	(40)	**–**	–
	Balance, end of year	**6,781**	5,723	**6,031**	4,099
	Portfolio impairment				
	Balance, beginning of year	**17,788**	14,693	**6,423**	6,250
	Net impairment charge for the year (note 9)	**1,213**	3,095	**589**	173
	Balance, end of year	**19,001**	17,788	**7,012**	6,423

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Investment securities

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Available-for-sale investment securities comprise (see note (i)):				
Treasury bills	**193,816**	199,008	**189,644**	192,479
Bonds	**32,757**	24,776	**32,253**	24,776
Equity investments	**48,923**	44,968	**48,512**	44,486
	275,496	268,752	**270,409**	261,741
Held to maturity investment securities comprise (see note (i)):				
Treasury bills	**150,774**	145,465	**–**	–
FGN Promissory notes	**255**	–	**255**	–
Bonds	**430,345**	243,306	**297,539**	181,168
	581,374	388,771	**297,794**	181,168
Carrying amount	**856,870**	657,523	**568,203**	442,909
Current	**588,895**	555,960	**230,579**	291,560
Non-current	**267,975**	101,563	**337,624**	151,349
	856,870	657,523	**568,203**	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		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Pledged assets:				
Treasury bills (available-for-sale)	**–**	19,917	**–**	19,917
Bonds (available-for-sale)	**5,409**	5,087	**5,409**	5,087
Bonds (held-to-maturity)	**94,260**	78,279	**94,260**	78,279
	99,669	103,283	**99,669**	103,283

24. Other assets

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Accounts receivable	**29,579**	21,662	**17,340**	15,628
Prepayments	**8,589**	8,552	**4,643**	5,300
Stock of consumables	**3,587**	1,741	**1,565**	1,429
	41,755	31,955	**23,548**	22,357
Impairment loss on accounts receivable	**(1,267)**	(1,898)	**(1,020)**	(1,221)
	40,488	30,057	**22,528**	21,136
(a) Movement in impairment for other assets				
At start of year	**1,898**	1,443	**1,221**	1,082
Charge for the year (note 9)	**611**	819	**442**	243
Balances written off	**(1,226)**	(364)	**(673)**	(104)
Exchange difference	**(16)**	–	**–**	–
	1,267	1,898	**1,020**	1,221
(b) Current	**36,932**	28,531	**20,546**	20,063
Non-current	**3,556**	1,526	**1,982**	1,073
	40,488	30,057	**22,528**	21,136

25. Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investees as at 31 December 2015. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of the Group's ownership interest is the same as the proportion of voting rights held.

There are no published price quotations for the Group's investment in associate. Furthermore, there are no restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances neither are there any contingent liabilities relating to the group's interest in the associate.

(a) Nature of investment in associates

Name of entity	Place of business country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
UBA Zambia Bank Limited	Zambia	49	Associate	Equity method

(b) Summarised financial information for associate

(i) Summarised balance sheet

In millions of Nigerian Naira	Dec 2015	Dec 2014
Assets		
Cash and bank balances	**3,087**	2,001
Other current assets (excluding cash)	**3,376**	6,342
Non-current assets	**627**	1,210
Total assets	**7,090**	9,553
Financial liabilities (excluding trade payables)	**4,460**	5,753
Other current liabilities (including trade payables)	**484**	126
Total liabilities	**4,944**	5,879
Net assets	**2,146**	3,674

(ii) Summarised statement of comprehensive income

Operating income	**1,798**	1,460
Operating expense	**(1,765)**	(1,389)
Net impairment loss on financial assets	**(254)**	(53)
Profit before tax	**(221)**	18

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's accounting policies.

(c) Movement in investment in equity-accounted investee

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Balance, beginning of year	**2,986**	2,977	**1,770**	1,770
Share of current year's result	**(110)**	9	**–**	–
Share of foreign currency translation differences	**(640)**	–	**–**	–
Balance, end of year	**2,236**	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:

	Dec 2015	Dec 2014
Opening net assets	**3,674**	3,717
Loss/(profit) for the year	**(221)**	18
Foreign currency translation differences	**(1,307)**	(61)
Closing net assets	**2,146**	3,674
Group's interest in associate (49%)	**1,050**	1,800
Notional goodwill	**1,186**	1,186
Carrying amount	**2,236**	2,986

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Investment in equity-accounted investee (continued)

(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 year. The goodwill is monitored at the level of the individual cash generating unit. 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 financial forecasts covering a period of five years. Deposits have been identified as the key business driver for the CGU and management estimates average annual deposit growth rate of 9% based on plans to deepen customer base in Zambia during the forecast period. The projected cash flows were discounted using a pre-tax discount rate of 29% and a terminal growth rate of 8.5%. The discount rate was estimated based on a risk premium over and above the comparable sovereign yield (Zambian government bonds). The terminal growth rate was based on the projected growth rate for the Zambian economy in the next five years.

The result of the impairment test is as follows:

	Goodwill	Group's interest in net assets	Total carrying amount	Recoverable amount	Excess of recoverable amount over carrying amount
UBA Zambia Limited	1,186	1,050	2,236	3,399	1,163

The result of the value-in-use calculations is sensitive to changes in the key business driver (annual deposit growth rate), terminal growth rates and discount rates applied. Based on the value-in-use calculations, the carrying of the CGU would exceed its recoverable amount if the following occurs independently:

- A 5% change in the average annual growth rate of deposits (that is if average annual deposits growth rate was 4% instead of 9%).
- A 4% change in the pre-tax discount rate (that is if the discount rate was 33% instead of 29%).
- A 3.5% change in the terminal growth rate (that is if the terminal growth rate was 5% instead of 8.5%).

26. Investment in subsidiaries

(a) Holding in subsidiaries

						Bank	
In millions of Nigerian Naira						Dec 2015	Dec 2014
Bank subsidiaries (see note (i) below):	Year of acquisition/ commencement	Holding	Non-controlling interest	Country	Industry		
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	**8,048**	8,048
UBA Cameroon (SA)	2007	100%	–	Cameroon	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	70%	30%	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	81%	19%	Kenya	Banking	**1,770**	1,770
UBA Chad (SA)	2009	89%	11%	Chad	Banking	**2,440**	2,440
UBA Senegal (SA)	2009	86%	14%	Senegal	Banking	**2,400**	2,400
UBA Tanzania Limited	2010	80%	20%	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	70%	30%	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

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 does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

26. Investment in subsidiaries (continued)

(a) Holding in subsidiaries (continued)

(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 Brazzaville are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(ii) UBA Pension 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 30 January 2008 and commenced operations on 22 May 2008. It operates as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, Management made a decision to suspend the Company's operations. As at the reporting date, the Company is yet to resume operations.

(iv) UBA Capital Europe Limited is a London-based investment banking company which was incorporated on 25 September 1995. It is primarily engaged in brokerage, trade finance and wealth management businesses.

(v) UBA Capital Holding Mauritius (formerly Afrinvest Holdings Mauritius) is a fully owned non-operating subsidiary of the Bank. The Company is currently in the final stages of liquidation.

(vi) Significant restrictions: There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity.

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the year is N6.794 billion (2014: N5.477 billion), attributed to the following non-fully owned subsidiaries:

	Dec 2015	Dec 2014
UBA Ghana Limited	**1,272**	1,270
UBA Burkina	**2,471**	2,230
UBA Benin	**670**	642
UBA Uganda Limited	**349**	327
UBA Kenya Bank Limited	**357**	206
UBA Senegal (SA)	**954**	795
UBA Mozambique Limited	**135**	7
UBA Chad (SA)	**385**	–
UBA Tanzania Limited	**201**	–
	6,794	5,477

(ii) During the year, UBA Kenya, UBA Uganda, UBA Mozambique, UBA Chad and UBA Tanzania issued shares to third parties. This resulted in a dilution of UBA Plc's interest in these subsidiaries. This dilution did not result in a change in control and has been accounted for as an equity transaction. As a result of the dilution, the Group recognised an increase in non-controlling interest of N776 million in respect of these subsidiaries as follows:

In millions of Nigerian Naira (unless otherwise stated)	Previous non-controlling interest (%)	Current non-controlling interest (%)	Increase in non-controlling interest
UBA Kenya Bank Limited	15%	19%	75
UBA Uganda Limited	26%	30%	46
UBA Mozambique Limited	15%	30%	68
UBA Chad (SA)	0%	11%	385
UBA Tanzania Limited	0%	20%	202
			776

26. Investment in subsidiaries (continued)

(b) Non-controlling interests

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 31 December 2015. The amounts disclosed for each subsidiary are before inter-company eliminations.

	UBA Ghana		UBA Burkha		UBA Benin	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Summarised balance sheet						
Cash and bank balances	**9,878**	40,977	**5,234**	7,158	**2,152**	13,160
Other financial assets	**117,261**	78,168	**96,741**	103,408	**54,468**	30,645
Non-financial assets	**687**	614	**2,475**	2,228	**948**	1,016
Total assets	**127,826**	119,759	**104,450**	112,794	**57,568**	44,821
Financial liabilities	**108,001**	102,817	**96,932**	103,768	**51,896**	40,224
Other liabilities	**4,180**	3,186	**703**	2,878	**2,852**	1,877
Total liabilities	**112,181**	106,003	**97,635**	106,646	**54,748**	42,101
Net assets	**15,645**	13,756	**6,815**	6,148	**2,820**	2,720
Summarised statement of comprehensive income						
Revenue	**17,082**	20,244	**8,069**	6,477	**4,360**	6,058
Profit for the year	**4,828**	6,478	**1,341**	547	**594**	1,075
Other comprehensive income	**–**	–	**–**	–		–
Total comprehensive income	**4,828**	6,478	**1,341**	547	**594**	1,075
Total comprehensive income allocated to non-controlling interest	**446**	598	**496**	198	**140**	254
Dividends paid to non-controlling interests	**172**	207	**–**	–	**–**	–
Summarised cash flows						
Cash flows from operating activities	**927**	15,825	**(1,017)**	(10,073)	**(10,541)**	8,571
Cash flows from financing activities	**1,426**	(5,765)	**(674)**	91	**(534)**	(225)
Cash flows from investing activities	**(75)**	18	**(233)**	577	**68**	(388)
Net increase/(decrease) in cash and cash equivalents	**2,278**	10,078	**(1,924)**	(9,405)	**(11,007)**	7,958

	UBA Ghana Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
Summarised balance sheet						
Cash and bank balances	**4,274**	6,035	**6,128**	4,190	**10,757**	11,297
Other financial assets	**4,834**	6,096	**8,114**	4,669	**36,850**	33,640
Non-financial assets	**247**	285	**760**	750	**501**	338
Total assets	**9,355**	12,416	**15,002**	9,609	**48,108**	45,275
Financial liabilities	**6,878**	9,362	**12,635**	7,216	**37,720**	38,134
Other liabilities	**1,298**	1,692	**490**	1,018	**3,325**	1,260
Total liabilities	**8,176**	11,054	**13,125**	8,234	**41,045**	39,394
Net assets	**1,179**	1,362	**1,877**	1,375	**7,063**	5,881
Summarised statement of comprehensive income						
Revenue	**1,470**	1,512	**1,341**	766	**4,387**	4,052
Profit/(loss) for the year	**(141)**	(876)	**(518)**	(494)	**1,705**	1,439
Other comprehensive income	**(2)**	–	**–**	–	**–**	–
Total comprehensive income	**(143)**	(876)	**(518)**	(494)	**1,705**	1,439
Total comprehensive income allocated to non-controlling interest	**(42)**	(228)	**(98)**	(74)	**239**	194
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–
Summarised cash flows						
Cash flows from operating activities	**(1,727)**	(1,134)	**880**	2,420	**146**	(10,280)
Cash flows from financing activities	**(42)**	(5)	**1,019**	(93)	**(523)**	(541)
Cash flows from investing activities	**8**	(29)	**38**	(24)	**(163)**	(19)
Net increase/(decrease) in cash and cash equivalents	**(1,761)**	(1,168)	**1,937**	2,303	**(540)**	(10,840)

26. Investment in subsidiaries (continued)

	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Summarised balance sheet						
Cash and bank balances	**1,956**	618	**5,354**	7,121	**2,015**	2,587
Other financial assets	**2,745**	3,304	**14,587**	14,313	**11,544**	13,665
Non-financial assets	**112**	189	**529**	524	**580**	642
Total assets	**4,813**	4,111	**20,470**	21,958	**14,139**	16,894
Financial liabilities	**3,230**	3,945	**16,197**	18,546	**12,745**	14,956
Other liabilities	**1,134**	121	**770**	403	**388**	1,130
Total liabilities	**4,364**	4,066	**16,967**	18,949	**13,133**	16,086
Net assets	**449**	45	**3,503**	3,009	**1,006**	808
Summarised statement of comprehensive income						
Revenue	**836**	1,158	**2,400**	2,077	**1,446**	1,729
Profit/(loss) for the year	**(448)**	(454)	**335**	283	**(160)**	370
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income	**(448)**	(454)	**335**	283	**(160)**	370
Total comprehensive income allocated to non-controlling interest	**(135)**	(10)	**37**	–	**(32)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–
Summarised cash flows						
Cash flows from operating activities	**409**	(931)	**(1,908)**	4,229	**(956)**	(1,535)
Cash flows from financing activities	**852**	(358)	**159**	125	**358**	156
Cash flows from investing activities	**77**	17	**(5)**	(136)	**25**	47
Net increase/(decrease) in cash and cash equivalents	**1,338**	(1,272)	**(1,754)**	4,218	**(573)**	(1,332)

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Property and equipment

As at 31 December 2015

In millions of Nigerian Naira	Land	Buildings and leasehold improvement	Other transportation equipment	Motor vehicles	Furniture and office equipment	Work in progress	Total
(a) (i) **Group**							
Cost							
Balance at 1 January 2015	31,411	35,277	12,521	10,553	58,858	9,201	157,821
Additions	14	606	4	1,042	2,511	2,303	6,480
Reclassifications	–	954	110	95	6,776	(7,935)	–
Disposals	–	(873)	–	(477)	(1,567)	–	(2,917)
Transfers*	–	–	–	–	2	(757)	(755)
Write-off	–	–	–	(3)	(91)	(105)	(199)
Exchange difference	–	944	–	140	(351)	218	951
Balance at 31 December 2015	31,425	36,908	12,635	11,350	66,138	2,925	161,381
Accumulated depreciation							
Balance at 1 January 2015	–	13,425	1,615	8,627	44,637	–	68,304
Charge for the year	–	926	600	645	4,725	–	6,896
Reclassifications		1	–	1	(2)	–	–
Disposals	–	(602)	–	(385)	(1,405)	–	(2,392)
Transfers*	–	–	–	–	–	–	–
Write-off	–	(1)	–	(3)	(80)	–	(84)
Exchange difference	–	371	–	53	(592)	–	(168)
Balance at 31 December 2015	–	14,120	2,215	8,938	47,283	–	72,556
Carrying amounts							
Balance at 31 December 2015	31,425	22,788	10,420	2,412	18,855	2,925	88,825
Balance at 31 December 2014	31,411	21,852	10,906	1,926	14,221	9,201	89,517
(ii) **Bank**							
Cost							
Balance at 1 January 2015	31,411	25,373	12,521	8,495	48,658	9,013	135,471
Additions	14	119	4	962	2,169	2,077	5,345
Reclassifications	–	954	110	1	6,626	(7,691)	–
Disposals	–	(103)	–	(226)	(580)	–	(909)
Transfers*		–	–	–	2	(757)	(755)
Write-off	–	–	–	(3)	(91)	(105)	(199)
Exchange difference	–	20	–	1	18	–	39
Balance at 31 December 2015	31,425	26,363	12,635	9,230	56,802	2,537	138,992
Accumulated depreciation							
Balance at 1 January 2015	–	8,713	1,615	7,088	37,005	–	54,421
Charge for the year	–	376	600	434	3,900	–	5,310
Reclassifications	–	1	–	1	(2)		–
Disposals	–	(103)	–	(173)	(556)	–	(832)
Transfers*	–	–	–	–	3	–	3
Write-off	–	(1)	–	(3)	(80)	–	(84)
Exchange difference	–	13	–	(1)	17	–	29
Balance at 31 December 2015	–	8,999	2,215	7,346	40,287	–	58,847
Carrying amounts							
Balance at 31 December 2015	31,425	17,364	10,420	1,884	16,515	2,537	80,145
Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050

* *Transfers represents reclassification of items from property and equipment (work in progress) to intangible assets – purchased software (work in progress) during the year as disclosed in note 28.*

27. Property and equipment (continued)

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
(b) (i)	**Group**							
	Cost							
	Balance at 1 January 2014	30,552	34,789	3,953	10,057	53,179	6,944	139,474
	Additions	549	724	8,568	749	3,956	6,549	21,095
	Reclassification	340	–	–	35	2,248	(2,623)	–
	Disposals	(30)	(808)	–	(424)	(1,154)	(1,699)	(4,115)
	Exchange difference	–	572	–	136	629	30	1,367
	Balance at 31 December 2014	**31,411**	**35,277**	**12,521**	**10,553**	**58,858**	**9,201**	**157,821**
	Accumulated depreciation							
	Balance at 1 January 2014	–	12,376	1,377	8,365	41,948	–	64,066
	Charge for the year	–	913	238	539	3,311	–	5,001
	Disposals	–	(223)	–	(384)	(1,101)	–	(1,708)
	Exchange difference	–	359	–	107	479	–	945
	Balance at 31 December 2014	**–**	**13,425**	**1,615**	**8,627**	**44,637**	**–**	**68,304**
	Carrying amounts							
	Balance at 31 December 2014	31,411	21,852	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**	**75,408**
(ii)	**Bank**							
	Cost							
	Balance at 1 January 2014	30,552	25,747	3,953	8,324	44,173	6,563	119,312
	Additions	549	74	8,568	418	3,056	6,366	19,031
	Reclassifications	340	–	–	35	1,842	(2,217)	–
	Disposals	(30)	(494)	–	(282)	(453)	(1,699)	(2,958)
	Exchange difference	–	46	–	–	40	–	86
	Balance at 31 December 2014	**31,411**	**25,373**	**12,521**	**8,495**	**48,658**	**9,013**	**135,471**
	Accumulated depreciation							
	Balance at 1 January 2014	–	8,249	1,377	6,955	35,070	–	51,651
	Charge for the year	–	446	238	378	2,333	–	3,395
	Disposals	–	(11)	–	(245)	(441)	–	(697)
	Exchange difference	–	29	–	–	43	–	72
	Balance at 31 December 2014	–	8,713	1,615	7,088	37,005	–	54,421
	Carrying amounts							
	Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050
	Balance at 31 December 2013	30,552	17,498	2,576	1,369	9,103	6,563	67,661

28. Intangible assets

		In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
(a)	(i)	**Group**				
		Cost				
		Balance at 1 January 2015	5,673	11,446	–	17,119
		Additions	–	1,310	977	2,287
		Reclassifications		498	(498)	-
		Disposal		(770)	(28)	(798)
		Transfers*	–	1,794	757	2,551
		Exchange difference	–	32	–	32
		Balance at 31 December 2015	5,673	14,310	1,208	21,191
		Amortisation				
		Balance at 1 January 2015	–	7,689	–	7,689
		Amortisation for the year	–	1,072	–	1,072
		Disposal		(770)	–	(770)
		Transfers*	–	1,699	–	1,699
		Exchange difference	–	132	–	132
		Balance at 31 December 2015	–	9,822	–	9,822
		Carrying amounts				
		Balance at 31 December 2015	5,673	4,488	1,208	11,369
		Balance at 31 December 2014	5,673	3,757	–	9,430
	(ii)	**Bank**				
		Cost				
		Balance at 1 January 2015		9,969	–	9,969
		Additions		772	977	1,749
		Reclassifications		496	(496)	–
		Disposal		(770)	(28)	(798)
		Transfers*		1,320	757	2,077
		Exchange difference		52	–	52
		Balance at 31 December 2015		11,839	1,210	13,049
		Amortisation				
		Balance at 1 January 2015		6,523	–	6,523
		Amortisation for the year		971	–	971
		Disposal		(770)	–	(770)
		Transfers*		1,320	–	1,320
		Exchange difference		51	–	51
		Balance at 31 December 2015		8,095	–	8,095
		Carrying amounts				
		Balance at 31 December 2015		3,744	1,210	4,954
		Balance at 31 December 2014		3,446	–	3,446

* *Transfers represents reclassification of items from property and equipment (work in progress) to intangible assets – purchased software (work in progress) during the year as disclosed in note 27.*

28. Intangible assets (continued)

		In millions of Nigerian Naira	Goodwill	Purchased software	Total
(b)	(i)	**Group**			
		Cost			
		Balance at 1 January 2014	5,673	10,305	15,978
		Additions	–	1,550	1,550
		Disposal	–	(258)	(258)
		Exchange difference	–	(151)	(151)
		Balance at 31 December 2014	5,673	11,446	17,119
		Amortisation			
		Balance at 1 January 2014	–	8,622	8,622
		Amortisation for the year	–	(735)	(735)
		Disposal	–	(98)	(98)
		Exchange difference	–	(100)	(100)
		Balance at 31 December 2014	–	7,689	7,689
		Carrying amounts			
		Balance at 31 December 2014	5,673	3,757	9,430
		Balance at 31 December 2013	5,673	1,683	7,356
	(ii)	**Bank**			
		Cost			
		Balance at 1 January 2014		8,557	8,557
		Additions		1,442	1,442
		Disposal		(151)	(151)
		Exchange difference		121	121
		Balance at 31 December 2014		9,969	9,969
		Amortisation			
		Balance at 1 January 2014		7,156	7,156
		Amortisation for the year		(656)	(656)
		Disposal		(98)	(98)
		Exchange difference		121	121
		Balance at 31 December 2014		6,523	6,523
		Carrying amounts			
		Balance at 31 December 2014		3,446	3,446
		Balance at 31 December 2013		1,401	1,401

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) as the goodwill is monitored at the level of the individual cash generating units. UBA Benin and UBA Capital Europe Limited operate under Rest of Africa and Rest of the World geographic segments respectively. The recoverable amounts of the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial forecasts covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated economic growth rates for the respective CGUs.

The following table sets out the key assumptions used in the value-in-use calculations:

	UBA Benin	UBA Capital Europe Limited
Gross earnings (% annual growth rate)	10.0%	17.0%
Deposits (% annual growth rate)	17.0%	16.0%
Loans and advances (% annual growth rate)	17.0%	17.0%
Operating expenses (% annual growth rate)	10.0%	10.0%
Terminal growth rate (%)	1.5%	1.0%
Discount rate (%)	18.0%	5.0%

28. Intangible assets (continued)

Impairment testing for cash-generating units containing Goodwill (continued)

The values assigned to each of the above key assumptions were determined as follows:

Assumption	Approach used in determining values
Gross earnings	This is the average annual growth rate over the five-year period. Based on past performance, expectations of market development and the expected positive impact of deposits and loan growth in the forecast period.
Deposits	This is the average annual growth rate over the five-year period. Deposits have been determined to be the key value driver for the CGUs. Projected deposits growth is based on past performance of the CGUs as well as management's plans to expand the businesses and deepen customer base (especially with respect to the UBA Capital Europe CGU).
Loans and advances	This is the average annual growth rate over the five-year period. It is based partly on past performance but largely on the expected positive impact of the forecasted growth in deposits.
Operating expenses	This is the average annual growth rate over the five-year period. It is based on the current structure of business of the respective CGUs, adjusting for expected inflationary increases but not reflecting any future restructurings or cost saving measures.
Terminal growth rate	This is the average growth rate used to extrapolate cash flows beyond the five-year period. Based on estimated economic growth rates for the respective CGUs.
Discount rate	The discount rates were estimated by applying a premium expected for risk on the risk free rate of return (government bond yield) of the markets in which each CGU operates. The rates reflect specific risks relevant to the relevant segments and the countries in which the CGUs operate. The discount rate used is pre-tax.

The following is the result of the impairment test:

	Goodwill	Net assets	Total carrying amount	Recoverable amount	Excess of recoverable amount over carrying amount
– UBA Benin	3,479	2,154	5,633	19,116	13,483
– UBA Capital Europe Limited	2,194	9,495	11,689	16,860	5,171
	5,673	11,649	17,322	35,976	18,654

The results of the value-in-use calculations is sensitive to changes in terminal growth rates and discount rates applied. A 3% change in the discount rate (i.e if the discount rate applied was 8% instead of 5%) would individually lead to the carrying amount of the goodwill allocated to the UBA Capital Europe CGU to exceed its recoverable amount. Similarly, a 42% change in the discount rate for the UBA Benin CGU (i.e if the discount rate applied was 60% instead of 18%) would lead to the carrying amount exceeding the recoverable amount. A 4% change in the terminal growth rate (i.e. if the terminal growth rate applied was 5% instead of 1%) would individually lead to the carrying amount of the goodwill allocated to the UBA Capital Europe CGU to exceed its recoverable amount. Similarly, a 9% change in the terminal growth rate for the UBA Benin CGU would individually lead to the carrying amount exceeding the recoverable amount. The value-in-use calculations are also sensitive to changes in the key business driver (deposit growth rate). A 10% change in the forecasted annual deposit growth rate for the UBA Benin CGU (that is if the average annual deposit growth rate was 7% instead of 17%) would lead to its carrying amount exceeding its recoverable amount. Similarly, a 12% change in the forecasted annual deposit growth rate for the UBA Capital Europe Limited CGU (that is if the average annual deposit growth rate was 5% instead of 17% would lead to its carrying amount exceeding its recoverable amount.

29. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

		Group		Bank	
	In millions of Nigerian Naira	Assets	Liabilities	Assets	Liabilities
(a)	**31 December 2015**				
	Property, equipment, and software	**7,562**	**15**	**6,247**	**–**
	Allowances for loan losses	**1,966**	**–**	**1,966**	**–**
	Account receivable	**366**	**–**	**366**	
	Tax losses carried forward	**24,666**	**–**	**24,666**	**–**
	Fair value loss on derivatives	**(1,715)**	**–**	**(1,715)**	**–**
	Others	**323**	**–**	**323**	**–**
	Net tax assets/liabilities	**33,168**	**15**	**31,853**	**–**
	31 December 2014				
	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	33,116	40	31,853	–

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

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Group				
31 December 2015				
Property, equipment and software	**7,470**	**77**	**–**	**7,547**
Allowances for loan losses	**1,966**	**–**	**–**	**1,966**
Account receivable	**366**	**–**	**–**	**366**
Tax losses carried forward	**24,666**	**–**	**–**	**24,666**
Tax losses on fair value gain on derivatives	**(1,715)**	**–**	**–**	**(1,715)**
Others	**323**	**–**	**–**	**323**
	33,076	**77**	**–**	**33,153**
Bank				
Property, equipment and software	**6,247**	**–**		**6,247**
Allowances for loan losses	**1,966**	**–**		**1,966**
Account receivable	**366**	**–**		**366**
Tax losses carried forward	**24,666**	**–**		**24,666**
Fair value (gain)/loss on derivatives	**(1,715)**	**–**		**(1,715)**
Others	**323**	**–**		**323**
	31,853	**–**	**–**	**31,853**

29. Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

Movements in temporary differences during the year (continued)

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Group				
31 December 2014				
Property, equipment and software	6,293	1,177	–	7,470
Allowances for loan losses	1,892	74	–	1,966
Account receivable	325	41	–	366
Tax losses carried forward	21,158	3,508	–	24,666
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
Bank				
Property, equipment and software	4,761	1,486	–	6,247
Allowances for loan losses	1,892	74	–	1,966
Account receivable	325	41	–	366
Tax losses carried forward	21,159	3,507	–	24,666
Exchange difference on monetary items	19	(19)		–
Fair value gain on derivatives	–	(1,715)		(1,715)
Others	488	(165)	–	323
	28,644	3,209	–	31,853
	28,643	3,210	–	31,853

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of certain items, because it is not probable that future taxable profit will be available against which the Bank can use the benefits therefrom. This is due to huge tax exempt income earned by the bank in line with 2011 Federal Government of Nigeria Gazette on Companies Income tax Exemption Order. Deferred tax assets have not been recognised by the Bank in respect of the following items :

In millions of Nigerian Naira	Dec 2015	Dec 2014
Deductible temporary differences (will never expire)	**16,864**	(990)
Tax losses	**(6,425)**	11,690
	10,439	10,700

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 realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the projected future taxable income in making this assessment and believes that the bank will realise the benefits of these deductible differences. The amount of the deferred tax asset considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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.

		Group		Bank	
	In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
	Derivative assets				
	Carrying value	**1,809**	6,534	**1,809**	6,534
	Notional amount	**46,610**	61,397	**46,610**	61,397
	Derivative liabilities				
	Carrying value	**327**	943	**327**	943
	Notional amount	**60,809**	8,408	**60,809**	8,408
(a)	**Derivative assets**				
	Instrument type:				
	Cross-currency swaps	**1,809**	2,150	**1,809**	2,150
	Foreign exchange forward contracts	**–**	4,384	**–**	4,384
		1,809	6,534	**1,809**	6,534
	The movement in derivative assets is as follows:				
	Balance, beginning of year	**6,534**	3,265	**6,534**	3,265
	Fair value of derivatives derecognised in the year	**(16,712)**	(3,265)	**(16,712)**	(3,265)
	Fair value of derivatives acquired/remeasured in the year	**11,987**	6,534	**11,987**	6,534
	Balance, end of year	**1,809**	6,534	**1,809**	6,534
	Derivative assets are current in nature				
(b)	**Derivative liabilities**				
	Instrument type:				
	Cross-currency swap	**327**	943	**327**	943
		327	943	**327**	943
	The movement in derivative liability is as follows:				
	Balance, beginning of year	**943**	31	**943**	31
	Fair value of derivatives derecognised in the year	**(953)**	(31)	**(953)**	(31)
	Fair value of derivatives acquired/remeasured in the year	**337**	943	**337**	943
	Balance, end of period	**327**	943	**327**	943
	Derivative liabilities are current in nature				
(c)	**Fair value gain on derivatives**				
	Derivative assets:				
	Fair value gain on additions in the year	**11,987**	6,534	**11,987**	6,534
	Fair value loss on maturities in the year	**(16,712)**	(3,265)	**(16,712)**	(3,265)
	Net fair value (loss)/gain on derivative assets	**(4,725)**	3,269	**(4,725)**	3,269
	Derivative liabilities:				
	Fair value loss on additions in the year	**(337)**	(943)	**(337)**	(943)
	Fair value gain on maturities in the year	**953**	31	**953**	31
	Net fair value gain/(loss) on derivative liabilities	**616**	(912)	**616**	(912)
	Net fair value (loss)/gain on derivative assets and liabilities (See note 12)	**(4,109)**	2,357	**(4,109)**	2,357

31. Deposits from banks

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Money market deposits	**60,312**	58,063	**350**	1,526
Due to other banks	**754**	1,165	**–**	–
	61,066	59,228	**350**	1,526
Current	**61,066**	59,228	**350**	1,526

32. Deposits from customers

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Retail customers:				
Term deposits	**160,967**	165,813	**142,811**	147,707
Current deposits	**126,931**	153,747	**89,150**	88,919
Savings deposits	**407,036**	357,169	**351,982**	308,824
Domiciliary deposits	**34,507**	38,542	**31,462**	35,735
Corporate customers:				
Term deposits	**384,015**	391,044	**303,597**	353,108
Current deposits	**673,358**	680,369	**452,550**	514,928
Domiciliary deposits	**294,890**	382,979	**255,508**	363,056
	2,081,704	2,169,663	**1,627,060**	1,812,277
Current	**2,081,704**	2,169,663	**1,627,060**	1,812,277
	2,081,704	2,169,663	**1,627,060**	1,812,277

33. Other liabilities

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Creditors	**34,879**	43,768	**24,295**	27,237
Accruals	**11,137**	4,189	**2,974**	1,635
Customers' deposit for foreign trade (note (ii))	**8,684**	15,456	**6,803**	12,184
Provisions (note (iii))	**185**	153	**147**	153
	54,885	63,566	**34,219**	41,209
Current	**54,885**	63,566	**34,219**	41,209
Non-current	**–**	–	**–**	–
	54,885	63,566	**34,219**	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 year was N2.162 billion (December 2014 : N2.489 billion).

(ii) Customers' deposit for foreign trade represents the Naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in cash and balances with 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 31 December 2015. The expected timing of the cash flows arising from the legal claim provision is within one year.

33. Other liabilities (continued)

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
The movement in provision during the year is as follows:				
At 1 January	**153**	164	**153**	164
Additional provisions	**38**	–	**–**	–
Used during the period	**(6)**	(11)	**(6)**	(11)
At 31 December	**185**	153	**147**	153
Analysis of total provisions:				
Current	**185**	153	**147**	153

34. Borrowings

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
– Central Bank of Nigeria (note 34.1)	**13,642**	9,958	**13,642**	9,958
– Bank of Industry (BoI) (note 34.2)	**13,054**	15,493	**13,054**	15,493
– Standard Chartered Bank (note 34.3)	**39,994**	37,192	**39,994**	37,192
– European Investment Bank (EIB) (note 34.4)	**1,590**	1,466	**1,590**	1,466
– Syndicated facility (note 34.5)	**41,710**	49,688	**41,710**	49,688
– Africa Trade Finance Limited (note 34.6)	**19,906**	–	**19,906**	–
	129,896	113,797	**129,896**	113,797
Current	**73,542**	–	**73,542**	–
Non-current	**56,354**	107,042	**56,354**	107,042
	129,896	113,797	**129,896**	113,797
Movement in borrowings during the year:				
Opening balance	**113,797**	48,866	**113,797**	48,866
Additions	**28,724**	92,274	**28,724**	92,274
Interest accrued	**3,849**	1,422	**3,849**	1,422
Repayments	**(22,978)**	(29,537)	**(22,978)**	(29,537)
Exchange difference	**6,504**	772	**6,504**	772
	129,896	113,797	**129,896**	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 seven years with effect from 2009 and an expiry date of September 2016. Interest rate on the facility is 0% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to customers.

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 two-year term loan facility granted by Standard Chartered Bank in April 2014. Interest rate on the loan facility is six 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 seven years. Of the initial amount granted, $8.079 million was liquidated in June 2014. Interest rate on the facility is six 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 three year syndicated term loan facility in September 2014. Interest rate on the facility is six 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.

34.6 This represents the amount granted under a $100 million term loan facility granted by the Africa Trade Finance Limited and disbursed in two tranches of $50 million each. Tranche A of this facility which was disbursed in September 2015, is a one-year trade related term loan with interest rate of six months USD LIBOR plus 250 basis points. Interest on the loan is payable semi-annually and principal repayment is on maturity in September 2016. Tranche B was disbursed in November 2015 with an interest rate of three months USD LIBOR plus 250 basis points . Interest on the loan is payable quarterly with principal repayment at maturity in April 2016.

35. Subordinated liabilities

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Medium term notes – series 1	**20,503**	20,437	**20,503**	20,437
Medium term notes – series 2	**35,625**	35,464	**35,625**	35,464
Medium term notes – series 3	**29,492**	29,414	**29,492**	29,414
	85,620	85,315	**85,620**	85,315

	Group		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Current	**–**	12,517	**–**	12,517
Non-current	**85,620**	72,798	**85,620**	72,798
	85,620	85,315	**85,620**	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		Bank	
In millions of Nigerian Naira	Dec 2015	Dec 2014	Dec 2015	Dec 2014
Opening balance	**85,315**	55,653	**85,315**	55,653
Additions	**–**	29,400	**–**	29,400
Interest accrued	**12,834**	7,762	**12,834**	7,762
Repayments	**(12,529)**	(7,500)	**(12,529)**	(7,500)
	85,620	85,315	**85,620**	85,315

36. Capital and reserves

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
(a) Share capital				
Share capital comprises:				
(i) Authorised:				
45,000,000,000 Ordinary shares of 50k each	**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
The movement in the share capital account during the year is as follows:				
In millions				
Number of shares in issue at start of the year	**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 year	**36,280**	32,982	**36,280**	32,982

During the year, the Bank issued an additional 3,298,138,757 shares via a rights issue. One additional share for every existing10 units was issued at a price of N3.50 each, raising N11.1 billion in the process.

(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 year profit attributable to shareholders.

(d) Other Reserves

Other reserves include the following:

In millions of Nigerian Naira	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Translation reserve (note (i))	**(5,654)**	(4,053)	**–**	–
Statutory reserve (note (ii))	**65,450**	56,291	**52,572**	44,208
Fair value reserve (note (iii))	**31,348**	23,243	**31,985**	23,866
Regulatory (Credit) risk reserve (note (iv))	**18,167**	5,280	**17,260**	5,206
Treasury shares (note (v))	**(32,061)**	(32,301)	**–**	–
	77,250	48,460	**101,817**	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 of N2.635 billion as at December 2015 (December 2014: N2.635 billion). 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) Regulatory (Credit) risk reserve

The regulatory (credit) risk reserve represents the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines 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.

(v) Treasury shares

Treasury shares represent the Bank's shares of 2,299,978,358 units (31 December 2014: 2,317,693,490 units) held by the Staff Share Investment Trust as at 31 December 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, paid interim dividend of N0.20 from the retained earnings account in June 2015. The Board of Directors also proposed a dividend of N0.40 per share (31 December 2014: N0.10 per share) from the retained earnings account as at 31 December 2015. This is subject to approval by the shareholders at the next Annual General Meeting. If the proposed dividend is approved by the shareholders, the Bank will be liable to pay additional corporate tax estimated at N4.354 billion which represents the tax liability calculated at 30% of the amount of dividend approved. The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 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

The Group, in the ordinary course of business is currently involved in 577 suits (2014: 686). The total amount claimed in the cases against the Group is estimated at N443.4 billion (2014: N67.5 billion). The Group has made provisions amounting to N185 million (2014: N153 million) in respect of these suits. The directors having sought the advice of professional legal counsel are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements.

There are also other contingent liabilities arising from claims instituted against the Group, for which provisions have not been made. The matters are currently being considered by the courts and the Group considers it probable that the judgements will be in its favour. The potential undiscounted amount of the total payments that the Group could be required to make if there are adverse decisions in relation to these lawsuits is estimated to be N926.7 million.

(ii) Contingent liabilities

In the normal course of business, the Group conducts business involving acceptances, performance bonds and indemnities. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given to third parties as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include performance bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk.

Contingent liabilities:

	Group		Bank	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**	**Dec 2015**	**Dec 2014**
Performance bonds and guarantees	**77,030**	192,864	**71,319**	159,765
Letters of credits	**149,488**	393,805	**107,262**	360,752
	226,518	586,669	**178,581**	520,517

(iii) Loan commitments

At the balance sheet date, the Group had loan commitments amounting to N123.5 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 N2.3 billion (2014: N2.9 billion) in respect of authorised and contracted capital projects.

	Group	
In millions of Nigerian Naira	**Dec 2015**	**Dec 2014**
Property and equipment	**1,659**	754
Intangible assets	**648**	2,184
	2,307	2,938

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	Dec 2015	Dec 2014
UBA Capital Europe	Money market placement	**17,917**	38,763
UBA Congo DRC	Money market placement	**–**	1,861
UBA Ghana	Money market placement	**1,256**	47,518
UBA Cameroon	Money market placement	**5,262**	–
UBA Cote D'Ivoire	Money market placement	**2,063**	–
UBA Capital Europe	Nostro balance	**806**	2,518
UBA Ghana	Nostro balance	**69**	–
		27,373	90,660

(ii) Loan and advances

Name of subsidiary	Type of loan	Dec 2015	Dec 2014
UBA Tanzania	Term loans	**7,857**	7,744
UBA Uganda	Term loans	**–**	127
UBA Cameroon	Overdraft	**48**	8,037
UBA Senegal	Overdraft	**37**	330
UBA Chad	Overdraft	**100**	35
UBA Gabon	Overdraft	**3**	102
UBA Guinea	Overdraft	**190**	–
UBA Mozambique	Overdraft	**1**	–
UBA Liberia	Overdraft	**2,556**	–
UBA Cote D'Ivoire	Overdraft	**61**	26
UBA Tanzania	Overdraft	**–**	847
UBA Benin	Overdraft	**–**	8
UBA Burkina Faso	Overdraft	**–**	1
UBA Congo DRC	Overdraft	**–**	57
		10,853	17,314

39. Related parties (continued)

(a) Subsidiaries (continued)

(iii) Deposits

Name of Subsidiary	Type of deposit	Dec 2015	Dec 2014
UBA Benin	Current	**6**	40
UBA Chad	Current	**14**	12
UBA Congo DRC	Current	**575**	–
UBA Cote D'Ivoire	Current	**31**	–
UBA Congo Brazzaville	Current	**117**	2
UBA FX Mart	Current	**–**	216
UBA Kenya	Current	**–**	9
UBA Ghana	Current	**350**	6
UBA Mozambique	Current	**1,059**	4
UBA Pension Custodian	Current	**9**	9
UBA Guinea	Current	**5**	–
UBA Senegal	Current	**9**	
UBA Tanzania	Current	**4**	3
UBA Uganda	Current	**4**	6
UBA Gabon	Current	**3**	1
UBA Liberia	Current	**4**	2
UBA Sierra Leone	Current	**11**	8
UBA Cameroon	Current	**99**	19
UBA Liberia	Domiciliary	**2,646**	–
UBA Burkina Faso	Domiciliary	**20**	–
UBA Cote D'Ivoire	Domiciliary	**51**	–
UBA Gabon	Domiciliary	**7**	–
UBA Cameroon	Domiciliary	**5**	56
UBA Mozambique	Domiciliary	**–**	1
UBA Benin	Domiciliary	**66**	673
UBA Chad	Domiciliary	**–**	6
UBA Congo Brazzaville	Domiciliary	**–**	4
UBA Ghana	Domiciliary	**221**	782
UBA Senegal	Domiciliary	**76**	–
UBA Guinea	Domiciliary	**7**	365
UBA Mozambique	Domiciliary	**–**	3
UBA Sierra Leone	Domiciliary	**529**	45
UBA Tanzania	Domiciliary	**102**	1
UBA Uganda	Domiciliary	**206**	201
UBA Kenya	Domiciliary	**287**	198
UBA Liberia	Domiciliary	**–**	–
UBA Congo DRC	Domiciliary	**–**	1,046
UBA Pension Custodian	Term deposit	**740**	727
UBA Capital Europe	Term deposit	**–**	24,045
		7,263	28,490

(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.

	Dec 2015	Dec 2014
Account receivable	**–**	25
Deposit liabilities	**35**	36
	35	61

39. Related parties (continued)

(c) Key management personnel

Key management personnel is defined as members of the Board of Directors of the Bank, including their close members of family and any entity over which they exercise control. Close members of family are those family who may be expected to influence, or be influenced by that individual in the dealings with UBA Plc and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Bank during the year:

In millions of Nigerian Naira	Dec 2015	Dec 2014
Loans and advances to key management personnel		
Loans and advances as at year end	**593**	800
Interest income earned during the year	**72**	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 December 2015:

Name of company/ individual	Name of director	Facility type	Security	Status	Rate	Currency	Dec 2015	Dec 2014
Bridge House College	Mrs Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9,0%	NGN	**47**	25
Bridge House College	Mrs Foluke Abdulrazaq	Overdraft	Real Estate	Performing	18,0%	NGN	**6**	–
Heirs Holdings	Mr Tony O Elumelu	Term loan	Real Estate	Performing	16,0%	NGN	**20,676**	15,946
Africa Royal Shipping Lines Ltd.	Alhaji Yahaya Zekeri	Invoice Discounting	Otherwise Secured	Performing	24,0%	NGN	**–**	10
The Regent School	Mrs Foluke Abdulrazaq	Finance Lease	Real Estate	Performing	8,0%	USD	**–**	99
Drunstix Food & Investment Limited	Mrs Foluke Abdulrazaq	Term loan	"Legal ownership over assets secured"	Performing	23,0%	NGN	**–**	30
							20,729	16,110
Interest income earned during the year							**2,159**	2,389

Deposit liabilities

Deposit liabilities relating to key management personnel and their related persons and entities as at end of year is as follows:

In millions of Nigerian Naira	Dec 2015	Dec 2014
Deposits as at end of year	**3,086**	2,425
Interest expense during the year	**74**	32
Compensation		
Aggregate remuneration to key management staff during the year is as follows:		
Executive compensation	**547**	555
Retirement benefit costs	**16**	14
Short-term employee benefits	**563**	569

40. Compensation to Employees and Directors

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

(In absolute units)	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
Group executive directors	**6**	7	**6**	7
Management	**99**	110	**81**	90
Non-management	**12,671**	12,582	**9,714**	9,842
	12,776	12,699	**9,801**	9,939
Compensation for the above personnel (including executive directors):				
Salaries and wages	**55,394**	53,611	**40,635**	40,799
Retirement benefit costs:				
Defined contribution plans	**2,052**	1,850	**1,398**	1,283
	57,446	55,461	**42,033**	42,082

(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)	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
N300,001– N2,000,000	**6,100**	5,088	**4,779**	4,323
N2,000,001 – N2,800,000	**2,282**	2,944	**1,923**	2,253
N2,800,001 – N3,500,000	**357**	507	**14**	28
N3,500,001 – N4,000,000	**727**	367	**430**	262
N4,000,001 – N5,500,000	**1,006**	1,233	**725**	925
N5,500,001 – N6,500,000	**106**	130	**–**	2
N6,500,001 – N7,800,000	**666**	624	**561**	542
N7,800,001 – N9,000,000	**509**	840	**464**	801
N9,000,001 – above	**1,017**	959	**899**	796
	12,770	12,692	**9,795**	9,932

(iii) Directors

	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
In millions of Nigerian Naira				
Remuneration paid to the Group's directors was:				
Fees and sitting allowances	**40**	31	**40**	31
Executive compensation	**547**	555	**547**	555
Retirement benefit costs	**16**	14	**16**	14
	603	600	**603**	600
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	**3**	2	**3**	2
The highest paid director	**125**	116	**125**	116

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges were:

(In absolute units)	Group Dec 2015	Group Dec 2014	Bank Dec 2015	Bank Dec 2014
N1,000,001 – N3,000,000	**1**	1	**1**	1
N3,000,001 – N5,000,000	**8**	2	**8**	2
N5,500,001 and above	**7**	13	**7**	13
	16	16	**16**	16

41. Compliance with banking regulations

During the year, the Bank paid the following penalties:

In millions of Nigerian Naira

	Description	Amount
1	Penalty for failure to meet the TSA reporting and remittance deadline	2,946
2	Penalty for not updating customer records and conducting continuous due diligence on some accounts	2
3	Penalty for failing to review Credit Policy at least every three (3) years in line with section 3.1 of the prudential guidelines 2010	4
4	Bidding for export proceeds in excess of Bankers' Committee guidance rates	4.8
5	Penalty for violation of CBN circular in respect on 2015 Risk Based Examination	2
6	Penalty for inadvertent omission of two customers in the PEP returns	2
7	Penalty for errors in the response to an enquiry on off-shore subsidiaries	6
8	Penalty for processing import transaction for a customer pending receipt of customer's renewed NAFDAC certificate	2
	Total	2,969

42. Events after the reporting date

No significant event that requires special disclosure occurred between the reporting date and the date when the financial statements were issued.

NOTES TO THE FINANCIAL STATEMENTS (continued)

43. Condensed result of consolidated subsidiaries

For the year ended 31 December 2015

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	17,082	969	3,615	4,387	1,341	4,620	2,001	4,360
Total operating expenses	(9,860)	(777)	(3,228)	(2,527)	(1,691)	(1,872)	(1,545)	(3,634)
Net impairment gain/(loss) on financial assets	(344)	(24)	174	70	(243)	(385)	(53)	(92)
Profit/(loss) before income tax	**6,878**	**168**	**561**	**1,930**	**(593)**	**2,363**	**403**	**634**
Income tax expense	(2,050)	(20)	(4)	(225)	75	(938)	(70)	(40)
Profit/(loss) for the year	**4,828**	**148**	**557**	**1,705**	**(518)**	**1,425**	**333**	**594**
Condensed statements of financial position								
Assets								
Cash and bank balances	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets	–	–	–	–	–	–	–	–
Loans and advances to Banks	–	–	–	–	–	–	–	–
Loans and advances to customers	42,584	3,590	14,342	20,763	5,189	6,108	10,634	15,461
Investment securities	72,228	707	15,587	15,441	2,729	21,725	901	38,062
Other assets	2,449	388	8,567	646	196	607	77	945
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	542	255	237	499	106	325	184	941
Intangible assets	54	8	127	2	36	28	20	7
Deferred tax assets	91	–	–	–	618	–	–	–
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2015

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	14,494	–	20,940	6,409	4,651	1,839	–	4,989
Deposits from customers	93,507	6,442	17,891	31,311	7,984	26,322	12,486	46,907
Other liabilities	2,222	640	1,378	3,100	473	898	1,318	2,812
Current tax liabilities	1,958	20	230	225	17	938	70	40
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Total equity	15,645	2,383	2,030	7,063	1,877	4,496	3,527	2,820
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568
Condensed cash flows								
Net cash from operating activities	(28,126)	(1,929)	2,397	146	880	(2,918)	(56)	(10,541)
Net cash from financing activities	(2,939)	181	(1,461)	(523)	1,019	(848)	76	(534)
Net cash from investing activities	(34)	(22)	34	(163)	38	(16)	(6)	68
Increase/(decrease) in cash and cash equivalents	(31,099)	(1,770)	970	(540)	1,937	(3,782)	14	(11,008)
Effects of exchange rate changes on cash and cash equivalents	(3)	–	(1)	–	(1)	–	(1)	–
Cash and cash equivalents at beginning of year	40,980	6,307	2,638	11,297	4,192	9,482	5,572	13,159
Cash and cash equivalents at end of year	9,878	4,537	3,607	10,757	6,128	5,700	5,585	2,151

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2015

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroon	UBA Pension Custodian
Condensed statements of comprehensive income								
Operating income	1,778	7,444	2,400	1,470	4,866	836	7,481	4,712
Total operating expenses	(910)	(5,734)	(1,667)	(1,469)	(2,638)	(1,225)	(5,320)	(1,050)
Net impairment gain/(loss) on financial assets	(3)	(329)	(114)	(36)	(117)	(59)	(245)	–
Profit/(loss) before income tax	**865**	**1,381**	**619**	**(35)**	**2,111**	**(448)**	**1,916**	**3,662**
Income tax expense	(1)	(40)	(284)	(106)	(177)	–	(693)	(979)
Profit/(loss) for the year	**864**	**1,341**	**335**	**(141)**	**1,934**	**(448)**	**1,223**	**2,683**
Condensed statements of financial position								
Assets								
Cash and bank balances	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets	–	–	–					
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	1,296	25,839	10,918	1,965	22,147	1,857	37,559	–
Investment securities	6,196	68,970	3,409	2,636	2,637	689	26,659	6,039
Other assets	–	1,932	260	233	1,529	199	569	852
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	325	2,455	518	229	419	97	658	47
Intangible assets	–	6	11	18	17	15	95	131
Deferred tax assets	–	14	–	–	–	–	–	46
	13,357	**104,450**	**20,470**	**9,355**	**37,274**	**4,813**	**92,071**	**7,863**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2015

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroon	UBA Pension Custodian
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	396	23,382	–	–	32	–	–	–
Deposits from customers	9,632	73,550	16,197	6,878	29,048	3,230	77,045	–
Managed funds								
Other liabilities	265	662	501	1,192	2,019	1,134	7,301	3,147
Current tax liabilities	21	41	269	106	177	–	693	982
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	15	–	–	–	–	–	–	–
Total equity	3,028	6,815	3,503	1,179	5,998	449	7,032	3,734
	13,357	**104,450**	**20,470**	**9,355**	**37,274**	**4,813**	**92,071**	**7,863**
Condensed cash flows								
Net cash from operating activities	927	(1,017)	(1,908)	(1,727)	2,259	409	5,822	2,536
Net cash from financing activities	1,426	(674)	159	(42)	28	852	(422)	(2,507)
Net cash from investing activities	(75)	(233)	(5)	8	10	77	(145)	(12)
Increase/(decrease) in cash and cash equivalents	**2,278**	**(1,924)**	**(1,754)**	**(1,761)**	**2,297**	**1,338**	**5,255**	**17**
Effects of exchange rate changes on cash and cash equivalents	(1)	(1)	–	1	–	1	1	–
Cash and cash equivalents at beginning of year	3,263	7,159	7,108	6,034	8,228	617	21,275	731
Cash and cash equivalents at end of year	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2015

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	1,446	1,620	14	1,523	513	–	157,463	(21,697)	210,243
Total operating expenses	(1,622)	(1,472)	(5)	(1,797)	(474)	–	(103,237)	17,127	(136,626)
Net impairment gain/(loss) on financial assets	110	(56)	–	65	–	–	(3,491)	119	(5,053)
Profit/loss) before income tax	**(66)**	**92**	**9**	**(209)**	**39**	**–**	**50,735**	**(4,560)**	**68,454**
Income tax expense	(94)	(26)	–	–	(62)	–	(3,093)	27	(8,800)
Profit/(loss) for the year	**(160)**	**66**	**9**	**(209)**	**(23)**	**–**	**47,642**	**(4,533)**	**59,654**
Condensed statements of financial position									
Assets									
Cash and bank balances	2,015	2,533	672	2,791	–	455	590,774	(52,377)	655,371
Financial assets held for trading	–	–	–	–	–	–	11,249	–	11,249
Derivative assets	–	–	–	–	–	–	1,809	–	1,809
Loans and advances to banks	–	–	–	–	–	–	14,591	9	14,600
Loans and advances to customers	9,288	4,592	–	21,135	–	2	822,694	(41,327)	1,036,637
Investment securities	2,212	–	99	3,175	7,820	–	568,203	(9,254)	856,870
Other assets	44	302	–	3,702	–	114	22,528	(5,651)	40,488
Investments in equity-accounted investee	–	–	–	–	–	–	1,770	466	2,236
Investments in subsidiaries	–	–	–	–	–	–	65,767	(65,767)	–
Property and equipment	38	374	2	229	–	203	80,145	–	88,825
Intangible assets	12	3	–	151	–	–	4,954	5,674	11,369
Deferred tax assets	530	17	–	–	–	–	31,853	(1)	33,168
	14,139	**7,821**	**773**	**31,183**	**7,820**	**774**	**2,216,337**	**(168,228)**	**2,752,622**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2015

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group adjustments	Group
Financed by:									
Derivative liabilities	–	–	–	–	–	–	327	–	327
Deposits from banks	6,826	869	–	–	–	–	350	(24,111)	61,066
Deposits from customers	5,919	4,341	–	18,937	–	70	1,627,060	(33,053)	2,081,704
Other liabilities	388	67	677	2,748	–	36	34,219	(12,312)	54,885
Current tax liabilities	–	65	–	5	–	–	634	–	6,488
Subordinated liabilities	–	–	–	–	–	–	85,620	–	85,620
Borrowings	–	–	–	–	30,491	–	129,896	(30,491)	129,896
Deferred tax liabilities	–	–	–	–	–	–	–	–	15
Total equity	1,006	2,479	96	9,493	(22,671)	668	338,231	(68,259)	332,621
	14,139	**7,821**	**773**	**31,183**	**7,820**	**774**	**2,216,337**	**(168,226)**	**2,752,622**
Condensed cash flows									
Net cash from operating activities	(956)	690	329	(5,505)	2,183	–	58,408	88,579	110,881
Net cash from financing activities	358	245	–	660	(2,126)	–	12,787	8,100	13,815
Net cash from investing activities	25	13	1	(192)	(57)	–	(118,722)	(77,465)	(196,872)
Increase/(decrease) in cash and cash equivalents	**(573)**	**948**	**330**	**(5,037)**	**–**	**–**	**(47,527)**	**19,214**	**(72,176)**
Effects of exchange rate changes on cash and cash equivalents	(1)	1	–	(1)	–	–	913	(1,446)	(539)
Cash and cash equivalents at beginning of year	2,589	1,584	342	7,829	–	455	337,200	(77,469)	420,571
Cash and cash equivalents at end of year	**2,015**	**2,533**	**672**	**2,791**	**–**	**455**	**290,586**	**(59,701)**	**347,856**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 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	20,244	1,099	3,085	4,052	766	1,406	1,961	6,058
Total operating expenses	(10,659)	(730)	(3,113)	(2,250)	(1,317)	(843)	(1,222)	(4,044)
Net impairment gain/(loss) on financial assets	(245)	(91)	(136)	(342)	(77)	(162)	(6)	(890)
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	–
Profit/(loss) before income tax	**9,340**	**278**	**(164)**	**1,460**	**(628)**	**401**	**733**	**1,124**
Income tax expense	(2,862)	(68)	–	(21)	134	(210)	(205)	(49)
Profit/(loss) for the year	6,478	210	(164)	1,439	(494)	191	528	1,075
Condensed statements of financial position								
Assets								
Cash and bank balances	40,977	6,301	2,638	11,297	4,190	9,482	5,571	13,160
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets				–				
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	24,604	2,275	14,387	20,642	1,491	10,926	10,355	12,720
Investment securities	52,862	477	17,175	12,836	2,973	4,548	1,446	16,287
Other assets	702	328	3,518	162	206	65	166	1,638
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	532	233	387	338	180	322	178	1,001
Intangible assets	30	6	11	–	–	15	–	15
Deferred tax assets	52	–	–	–	570	–	–	–
Non-current assets held for distribution	–	–	–	–	–	–	–	–
	119,759	9,620	38,116	45,275	9,610	25,359	17,716	44,821

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2014

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
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	25,359	17,716	44,821
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	7,958
Effects of exchange rate changes on cash and cash equivalents	(1)	–	–	–	1	–	–	–
Cash and cash equivalents at beginning of year	30,899	893	1,557	22,137	1,889	3,486	5,147	5,201
Cash and cash equivalents at end of year	**40,976**	**6,307**	**2,638**	**11,297**	**4,193**	**9,482**	**5,572**	**13,159**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 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
Operating income	1,097	6,477	2,077	1,512	3,310	1,158	6,456	4,268
Total operating expenses	(665)	(5,796)	(1,527)	(1,550)	(2,253)	(1,099)	(4,454)	(887)
Net impairment gain/(loss) on financial assets	(6)	(85)	(79)	(94)	(698)	(514)	(139)	–
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	–
Profit/(loss) before income tax	**426**	**596**	**471**	**(132)**	**359**	**(455)**	**1,863**	**3,381**
Income tax expense	(123)	(49)	(188)	(744)	(179)	1	(713)	(874)
Profit/(loss) for the year	**303**	**547**	**283**	**(876)**	**180**	**(454)**	**1,150**	**2,507**
Condensed statements of financial position								
Assets								
Cash and bank balances	3,262	7,158	7,121	6,035	8,228	618	21,276	731
Financial assets held for trading	–	–	–	–	–	–	–	–
Derivative assets		–	–					
Loans and advances to banks	–	–	–	–	–	–	–	–
Loans and advances to customers	498	35,760	11,063	1,692	16,862	2,555	37,453	55
Investment securities	3,160	66,237	3,120	4,364	2,546	646	9,651	5,238
Other assets	27	1,411	130	40	668	103	628	715
Investments in equity-accounted investee	–	–	–	–	–	–	–	–
Investments in subsidiaries	–	–	–	–	–	–	–	–
Property and equipment	250	2,225	513	246	422	164	587	41
Intangible assets	–	3	11	9	24	25	21	125
Deferred tax assets	–	–	–	30	–	–	–	45
	7,197	**112,794**	**21,958**	**12,416**	**28,750**	**4,111**	**69,616**	**6,950**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 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
Financed by:								
Derivative liabilities	–	–	–	–	–	–	–	–
Deposits from banks	–	32,622	1,774	–	7	–	–	–
Deposits from customers	5,252	71,146	16,772	9,362	23,410	3,945	61,399	–
Other liabilities	218	2,840	223	1,692	1,118	121	1,273	2,473
Current tax liabilities	110	24	180	–	179	–	713	919
Subordinated liabilities	–	–	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–	–	–
Deferred tax liabilities	15	14	–	–	–	–	–	–
Total equity	1,602	6,148	3,009	1,362	4,036	45	6,231	3,558
	7,197	**112,794**	**21,958**	**12,416**	**28,750**	**4,111**	**69,616**	**6,950**
Condensed cash flows								
Net cash from operating activities	(5,209)	(10,073)	4,229	(1,134)	(1,411)	(931)	5,977	2,866
Net cash from financing activities	197	91	125	(5)	149	(358)	(615)	(2,009)
Net cash from investing activities	(22)	577	(136)	(29)	(108)	17	1,118	(131)
Increase/(decrease) in cash and cash equivalents	**(5,034)**	**(9,405)**	**4,218**	**(1,168)**	**(1,370)**	**(1,272)**	**6,480**	**726**
Effects of exchange rate changes on cash and cash equivalents	–	–	–	–	–	–	–	–
Cash and cash equivalents at beginning of year	8,296	16,548	2,903	7,202	9,598	1,889	14,795	5
Cash and cash equivalents at end of year	3,262	7,143	7,121	6,034	8,228	617	21,275	731

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2014

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	1,729	1,535	340	1,054	308	–	144,677	(22,214)	192,455
Total operating expenses	(1,717)	(1,312)	(80)	(1,069)	(300)	–	(99,226)	16,427	(129,686)
Net impairment gain/(loss) on financial assets	–	31	–	–	–	–	(3,073)	27	(6,578)
Share of loss of equity-accounted investee	–	–	–	–	–	–	–	9	9
Profit/(loss) before income tax	**12**	**254**	**260**	**(15)**	**8**	**–**	**42,378**	**(5,751)**	**56,200**
Income tax expense	358	(45)	(54)	(15)	(103)	–	(2,295)	11	(8,293)
Profit/(loss) for the year	**370**	**209**	**206**	**(30)**	**(95)**	**–**	**40,083**	**(5,740)**	**47,907**
Condensed statements of financial position									
Assets									
Cash and bank balances	2,587	1,585	341	7,828	–	455	749,716	(98,197)	812,359
Financial assets held for trading	–	–	–	–	–	–	1,099	–	1,099
Derivative assets	–	–	–	–	–	–	6,534	–	6,534
Loans and advances to banks	–	–	–	–	–	–	48,991	(898)	48,093
Loans and advances to customers	11,951	6,619	–	36,510	–	2	884,587	(71,147)	1,071,859
Investment securities	1,593	1,121	637	8,821	10,026	–	442,909	(11,149)	657,523
Other assets	121	546	–	104	–	114	21,136	(2,472)	30,057
Investments in equity-accounted investee	–	–	–	–	–	–	1,770	1,216	2,986
Investments in subsidiaries	–	–	–	–	–	–	65,767	(65,767)	–
Property and equipment	71	380	3	188	–	203	81,050	2	89,517
Intangible assets	5	10	1	–	–	–	3,446	5,673	9,430
Deferred tax assets	566	–	–	–	–	–	31,853	–	33,116
	16,894	**10,261**	**982**	**53,451**	**10,026**	**774**	**2,338,858**	**(242,739)**	**2,762,573**

43. Condensed result of consolidated subsidiaries (continued)

For the year ended 31 December 2014

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group adjustments	Group
Financed by:									
Derivative liabilities	–	–	–	–	–	–	943	–	943
Deposits from banks	7,345	5,364	–	–	–	–	1,526	(61,047)	59,228
Deposits from customers	7,611	2,610	–	39,478	–	70	1,812,277	(75,567)	2,169,663
Other liabilities	1,130	60	841	4,915	–	36	41,209	(6,050)	63,566
Current tax liabilities	–	47	54	16	–	–	1,858	(1)	4,615
Subordinated liabilities	–	–	–	–	–	–	85,315	–	85,315
Borrowings	–	–	–	–	30,548	–	113,797	(30,548)	113,797
Deferred tax liabilities	–	12	–	–	–	–	–	(1)	40
Total equity	808	2,168	87	9,042	(20,522)	668	281,933	(69,525)	265,406
	16,894	**10,261**	**982**	**53,451**	**10,026**	**774**	**2,338,858**	**(242,739)**	**2,762,573**
Condensed cash flows									
Net cash from operating activities	(1,535)	(2,361)	293	507	–	–	(92,619)	(41,141)	(107,616)
Net cash from financing activities	156	(85)	(150)	1,113	–	–	75,908	14,604	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**	**(22,329)**	**103,798**
Effects of exchange rate changes on cash and cash equivalents	–	–	–	(1)	–	–	813	(1,758)	(946)
Cash and cash equivalents at beginning of year	3,920	4,141	201	6,393	–	–	223,538	(52,919)	317,719
Cash and cash equivalents at end of year	**2,588**	**1,584**	**342**	**7,828**	**–**	**–**	**337,200**	**(77,006)**	**420,571**

STATEMENTS OF VALUE ADDED

For the year ended 31 December 2015

	Group			
	2015 N'million	%	2014 N'million	%
Gross revenue	314,830		286,624	
Interest paid	(96,030)		(90,547)	
	218,800		196,077	
Administrative overheads:				
– local	(63,865)		(64,453)	
– foreign	(16,014)		(11,044)	
Value added	**138,921**	**100**	**120,580**	**100**
Distribution				
Employees				
– Salaries and benefits	57,446	41	55,461	45
Government				
– Taxation	8,800	6	8,293	7
The future				
– Asset replacement (depreciation and amortisation)	7,968	6	5,736	5
– Asset replacement (provision for losses)	5,053	4	3,183	3
– Expansion (transfer to reserves and non-controlling interest)	59,654	43	47,907	40
	138,921	**100**	**120,580**	**100**

	Bank			
	2015 N'million	%	2014 N'million	%
Gross revenue	247,364		228,220	
Interest paid	(83,161)		(78,033)	
	164,203		150,187	
Administrative overheads:				
– local	(60,546)		(58,756)	
– foreign	(1,117)		(384)	
Value added	**102,540**	**100**	**91,047**	**100**
Distribution				
Employees				
– Salaries and benefits	42,033	41	42,082	46
Government				
– Taxation	3,093	3	2,295	3
The future				
– Asset replacement (depreciation and amortisation)	6,281	6	4,051	4
– Asset replacement (provision for losses)	3,491	3	2,536	3
– Expansion (transfer to reserves and non-controlling interest)	47,642	47	40,083	44
	102,540	**100**	**91,047**	**100**

FIVE-YEAR FINANCIAL SUMMARY

	Group				
In millions of Nigerian Naira	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Statement of financial position					
ASSETS					
Cash and bank balances	**655,371**	812,359	716,803	714,115	434,218
Financial assets held for trading	**11,249**	1,099	784	457	1,303
Derivative assets	**1,809**	6,534	3,265	–	–
Loans and advances to banks	**14,600**	48,093	26,251	28,513	41,564
Loans and advances to customers	**1,036,637**	1,071,859	937,620	658,922	605,627
Investment securities					
– Available-for-sale investments	**275,496**	268,752	253,834	128,665	96,744
– Held to maturity investments	**581,374**	388,771	557,372	552,152	625,564
Other assets	**40,488**	30,057	30,436	18,598	16,513
Investments in equity-accounted investee	**2,236**	2,986	2,977	–	10,356
Property and equipment	**88,825**	89,517	75,409	70,746	55,618
Intangible assets	**11,369**	9,430	7,356	7,568	5,930
Deferred tax assets	**33,168**	33,116	30,189	29,624	26,998
Non-current assets held for distribution		–		63,563	
Total assets	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**	**1,920,435**
LIABILITIES					
Derivative liabilities	**327**	943	31	124	817
Deposits from banks	**61,066**	59,228	60,582	57,780	19,510
Deposits from customers	**2,081,704**	2,169,663	2,161,182	1,720,008	1,445,822
Managed funds	**–**	–	–	–	51,943
Other liabilities	**54,885**	63,566	78,071	81,438	58,210
Current tax liabilities	**6,488**	4,615	2,861	1,274	2,627
Borrowings	**129,896**	113,797	48,866	114,520	137,040
Subordinated liabilities	**85,620**	85,315	55,653	53,719	53,500
Deferred tax liabilities	**15**	40	14	59	26
Liabilities held for distribution	**–**	–	–	51,534	–
Total liabilities	**2,420,001**	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	**190,313**	135,507	103,226	64,683	22,922
Equity attributable to equity – holders of the bank	**325,827**	259,930	227,649	189,106	147,345
Non-controlling interest	**6,794**	5,476	7,387	3,361	3,595
Total equity	**332,621**	265,406	235,036	192,467	150,940
Total liabilities and equity	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**	**1,920,435**

FIVE-YEAR FINANCIAL SUMMARY (continued)

	Group				
In millions of Nigerian Naira	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Summarised statement of comprehensive income					
Net operating income	**210,243**	189,060	176,993	159,216	118,969
Operating expenses	**(136,626)**	(129,686)	(107,851)	(102,592)	(125,998)
Net impairment loss on loans and receivables	**(5,053)**	(3,183)	(13,078)	(4,560)	(19,603)
Share of profit/(loss) of equity-accounted investee	**(110)**	9	(6)	(54)	32
Profit before taxation	**68,454**	**56,200**	**56,058**	**52,010**	**(26,600)**
Taxation	**(8,800)**	(8,293)	(9,457)	(533)	17,935
Profit after taxation	**59,654**	47,907	46,601	51,477	(8,665)
Profit from discontinued operations	**–**	–	–	3,289	1,864
Profit for the period	**59,654**	47,907	46,601	54,766	(6,801)
– Non-controlling interest	**1,050**	886	684	102	850
– Equity holders of the parent	**58,604**	47,021	45,917	54,664	(7,651)
Other comprehensive income for the year	**6,168**	(2,562)	7,101	764	5,680
Total comprehensive income for the year	**65,822**	45,345	53,702	55,530	(1,121)

FIVE-YEAR FINANCIAL SUMMARY (continued)

	Bank				
In millions of Nigerian Naira	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Statement of financial position					
ASSETS					
Cash and bank balances	**590,774**	749,716	620,426	629,481	352,500
Financial assets held for trading	**11,249**	1,099	777	456	237
Derivative assets	**1,809**	6,534	3,265	–	–
Loans and advances to banks	**14,591**	48,991	26,251	27,878	41,564
Loans and advances to customers	**822,694**	884,587	796,942	570,714	552,526
Investment securities			–	–	–
– Available-for-sale investments	**270,409**	261,741	244,467	126,646	63,428
– Held to maturity investments	**297,794**	181,168	340,978	401,348	496,600
Other assets	**22,528**	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	**80,145**	81,050	67,661	63,118	47,066
Intangible assets	**4,954**	3,446	1,401	1,578	2,099
Deferred tax assets	**31,853**	31,853	28,643	28,152	25,604
Non-current assets held for distribution	**–**	–	–	5,808	–
Total assets	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**	**1,666,053**
LIABILITIES					
Derivative liabilities	**327**	943	31	124	817
Deposits from banks	**350**	1,526	–	22,875	23,408
Deposits from customers	**1,627,060**	1,812,277	1,797,376	1,461,131	1,216,511
Current tax liabilities	**634**	1,858	1,602	1,325	784
Deferred tax liabilities	**–**	–	–	–	–
Subordinated liabilities	**85,620**	85,315	55,653	55,474	55,254
Borrowings	**129,896**	113,797	48,866	114,520	137,040
Other liabilities	**34,219**	41,209	54,351	57,299	49,924
Total liabilities	**1,878,106**	**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	**202,717**	157,510	135,115	95,894	57,892
Total equity	**338,231**	**281,933**	**259,538**	**220,317**	**182,315**
Total liabilities and equity	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**	**1,666,053**
Summarised statement of comprehensive income					
Net operating income	**157,463**	144,140	137,944	124,356	85,150
Operating expenses	**(103,237)**	(99,226)	(85,922)	(75,393)	(101,978)
Net impairment loss on loans and receivables	**(3,491)**	(2,536)	(181)	(2,783)	(9,640)
Profit before taxation	**50,735**	**42,378**	**51,841**	**46,180**	**(26,468)**
Taxation	**(3,093)**	(2,295)	(5,358)	1,195	18,502
Profit/(loss) for the year	**47,642**	**40,083**	**46,483**	**47,375**	**(7,966)**
Other comprehensive income for the year	**8,119**	(1,197)	9,167	3,534	4,212
Total comprehensive income/(loss) for the year	**55,761**	**38,886**	**55,650**	**50,909**	**(3,754)**

INVESTOR INFORMATION

INVESTOR INFORMATION

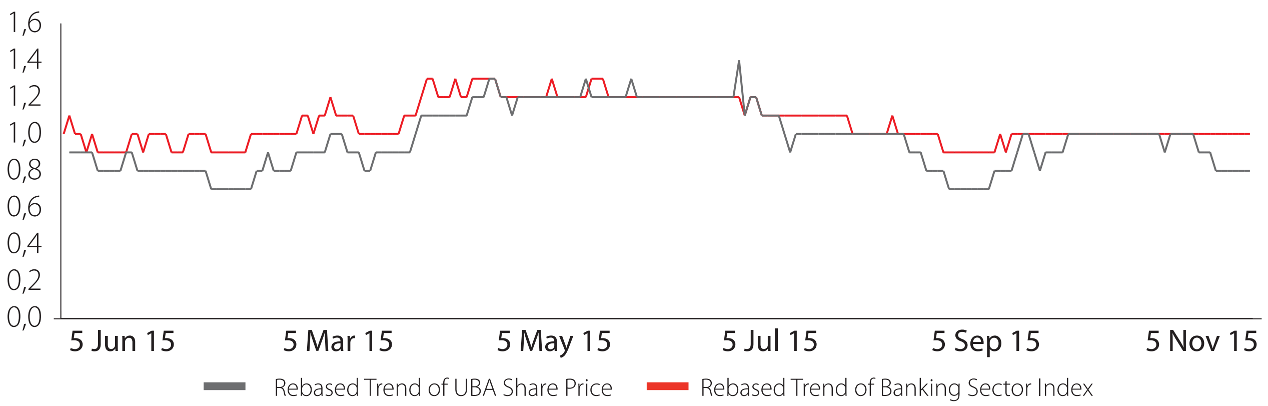
SHAREHOLDER INFORMATION

UBA is one of the largest financial services groups in Nigeria with presence in 22 countries. Its shares have been listed on the Nigerian Stock Exchange (NSE) since 1970. The Bank's current number of shares outstanding is 36,279,526,321 with an average trading volume of 32 million shares. A summary of its key share data is shown below.

Share data as of last trading day in 2015

Year	2015	2014
NSE ticker	**UBA**	UBA
Bloomberg ticker	**UBA NL**	UBA NL
Share price(N)	**3.38**	4.30
Shares outstanding (million)	**36,279**	32,981
Market capitalisation (N'billion)	**122,623**	141,818
Market capitalisation (US$' million)	**616.20**	886.36
12-month average trading volume (million)	**32.29**	32.73
52-week high share price (N)	**5.61**	9.58
52-week low share price (N)	**2.99**	3.43

Share price performance



Share capital

The authorised share capital as of 31 December 2015 amounted to N22,500,000,000 consisting 45,000,000,000 shares of 50 kobo each. Of this amount 36,279,526,321 shares have been issued and fully paid for – and are listed on the Nigerian Stock Exchange for trading.

Shareholders

As at end of 2015, UBA's shares were held by a total of shareholders as analysed in the table below:

SHAREHOLDERS' RANGE ANALYSIS AS AT 31 DECEMBER 2015

Range	Holders	Holders %	Cumm	Units	Units %	Units Cumm
1 – 1,000	27,501	0.10	27,501	13,120,346	0.00	13,120,346
1,001 – 5,000	121,584	0.44	149,085	304,228,919	0.01	317,349,265
5,001 – 10,000	46,511	0.17	195,596	317,996,121	0.01	635,345,386
10,001 – 50,000	57,782	0.21	253,378	1,211,742,539	0.03	1,847,087,925
50,001 – 100,000	11,489	0.04	264,867	774,756,630	0.02	2,621,844,555
100,001 – 500,000	9,362	0.03	274,229	1,896,920,795	0.05	4,518,765,350
500,001 – 1,000,000	1,256	0.00	275,485	865,847,653	0.02	5,384,613,003
1,000,001 – 5,000,000	1,017	0.00	276,502	1,986,028,749	0.05	7,370,641,752
5,000,001– 10,000,000	122	0.00	276,624	858,016,183	0.02	8,228,657,935
10,000,001 – 50,000,000	104	0.00	276,728	2,114,179,628	0.06	10,342,837,563
50,000,001 – 100,000,000	13	0.00	276,741	927,764,006	0.03	11,270,601,569
100,000,001– 500,000,000	41	0.00	276,782	10,844,361,737	0.30	22,114,963,306
500,000,001 – 1,000,000,000	9	0.00	276,791	5,833,730,125	0.16	27,948,693,431
1,000,000,001 and above	5	0.00	276,791	8,330,832,890	0.23	36,279,526,321
	276,796	100		36,279,526,321	100	

TOP TEN SHAREHOLDERS AS AT 31 DECEMBER 2015

S/N	NAME	Holdings	%
1.	UBA STAFF INVESTMENT TRUST SCHEME	2,299,978,358	6.34
2.	CONSOLIDATED TRUST FUNDS LTD.	1,778,022,687	4.90
3.	HEIRS HOLDINGS LIMITED	1,742,180,600	4.80
4.	STANBIC NOMINEES NIGERIA LTD/C001 – MAIN	1,326,926,911	3.66
5.	STH LIMITED .	1,183,724,334	3.26
6.	STANBIC NOMINEES NIGERIA LTD/C004 – MAIN	854,990,890	2.36
7.	POSHVILLE INVESTMENTS LIMITED	815,229,103	2.25
8.	AFRICA HORIZON CAPITAL LTD	700,144,391	1.93
9.	SGSS A/C PIONEER FUNDS – TRADING	647,940,933	1.79
10.	ATENE LIMITED	609,061,600	1.68

(Stanbic Nominees Nigeria Limited holds these shares on behalf of several investors under a nominee arrangement)

INVESTOR INFORMATION (continued)

Ten-year history of capitalisation

DATE	AUTHORISED (N)	ISSUED AND FULLY PAID CAPITAL (N)	CONSIDERATION
1 August 2005	**6,000,000,000**	3,530,000,000	Merger with STB
22 February 2007	**6,000,000,000**	4,236,000,000	Bonus(1:5)
4 May 2007	**6,000,000,000**	4,290,214,286	Foreign Loan Stock Conversion
25 September 2007	**6,000,000,000**	5,645,139,990	Cash (right and public offering)
18 January 2008	**7,500,000,000**	5,645,139,990	
18 June 2008	**12,500,000,000**	8,622,584,985	Bonus (1:2) (interim)
5 January 2009	**12,500,000,000**	10,778,231,231	Bonus (1:4) (Final)
2 October 2009	**17,500,000,000**	10,778,231,231	
13 May 2010	**17,500,000,000**	12,933,877,477	Bonus (1:5) (Final)
13 May 2011	**17,500,000,000**	16,167,346,850	Bonus (1:4) (Final)
18 May 2012	**22,500,000,000**	16,490,693,782	Bonus (1:50) (Final)
1 July 2015	**22,500,000,000**	18,139,763,161	Rights Issue

Ten-year dividend payment history

Dividend number	Year ended	Date declared	Total amount	Dividend per share (N)
52	31 March 2005	22 July 2005	**1,665,252,000**	0.60
53	30 September 2006	31 January 2007	**6,986,560,000**	1.00
54	30 September 2007	18 January 2007	**13,796,000,000**	1.20
55	30 September 2008	18 June 2008	**2,874,194,995**	0.25
56	30 September 2008	8 January 2009	**12,933,877,478**	0.75
57	31 December 2009	13 May 2010	**2,155,646,246**	0.10
58	31 December 2011	13 May 2011	**1,293,387,748**	0.05
59	31 December 2012	10 June 2013	**16,490,693,783**	0.50
60	31 December 2013	28 April 2014	**16,490,693,783**	0.50
61	31 December 2014	27 April 2015	**3,298,138,757**	0.10
62	30 June 2015 Interim	16 September 2015	**7,255,905,264**	0.20

Record of unclaimed dividend as at 31 December 2015

S/NO	Dividend year	Number of years	Amount declared	Total amount paid to date	Unclaimed dividend
1	2003	12	1,040,782,500	1,040,768,476	14,024
2	2004	11	1,387,710,000	1,386,078,330	1,631,670
3	2005	10	1,665,252,000	1,665,208,739	43,261
4	2006	9	6,986,560,000	6,979,485,857	7,074,143
5	2007	8	13,796,000,000	13,777,743,073	18,256,927
6	2008	7	2,874,194,995	2,866,781,625	7,413,370
7	2008	7	12,933,877,478	12,915,670,219	18,207,258
8	2009	6	2,155,646,246	2,010,286,934	145,359,313
9	2010	5	1,293,387,748	1,173,389,457	119,998,291
10	2012	4	16,490,693,783	14,411,235,021	2,079,458,762
11	2013	3	16,490,693,783	15,612,133,985	878,559,797
12	2014	2	3,437,056,758	3,007,199,242	429,857,515
13	2015	1	7,255,905,264	6,242,071,524	1,013,833,741

Credit rating summary

As at 31 December 2015	Fitch	GCR	Agusto
Short-term rating	B	A1+ (NG)	A+ (NG)
Long-term rating	B+	AA- (NG)	A+ (NG)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of United Bank for Africa Plc will hold at the Eko Hotels and Suites, Plot 1415, Ademola Adetokunbo Street, Victoria Island, Lagos State on Friday, 8 April 2016 at 10:00 AM to transact the following business:

ORDINARY BUSINESS

1 To receive the Audited Accounts for the year ended 31 December 2015 together with the reports of the Directors, Auditors and the Audit Committee thereon

2 To declare a dividend

3 To elect/re-elect Directors

4 To authorise the Directors to fix the remuneration of the Auditors

5 To elect members of the Audit Committee

SPECIAL BUSINESS

6. To consider and, if thought fit, pass the following as Special Resolutions:

(a) That the Share Capital of United Bank for Africa Plc be and is hereby reduced by the cancellation of approximately 2,299,978,358 (two billion, two hundred and ninety-nine million, nine hundred and seventy-eight thousand, three hundred and fifty-eight) Ordinary Shares of 50k (Fifty Kobo) each held under the cancelled Employee Share Ownership Scheme managed by the Staff Share Investment Trust ("In Dissolution").

(b) That the Directors be and are hereby authorised to take all actions necessary to effect the cancellation of the shares and reduction of Share Capital.

NOTES

1. PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be duly stamped at the Stamp Duties office and returned to the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos Nigeria, not less than 48 hours prior to the time of the meeting.

2. DIVIDEND WARRANTS

If the dividend recommended by the Directors is approved, dividend warrants will be posted on Tuesday, 12 April 2016 to all shareholders whose names are registered in the Company's Register of Members as at the close of business on Tuesday, 29 March 2016.

3. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Wednesday, 30 March 2016 to Tuesday, 5 April 2016, both dates inclusive, for the purpose of paying a dividend.

4. AUDIT COMMITTEE

The Audit Committee consists of three shareholders and three Directors. Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least twenty one days before the Annual General Meeting.

Dated 1 March 2016.

By Order of the Board.

Bili A Odum
Group Company Secretary

57 Marina, Lagos

NOTE: Securities holders (shareholders) of UBA Plc are entitled to ask questions both orally and written form before, during and after the Annual General Meeting.

SHAREHOLDER DATA FORM

C005

Africa Prudential Registrars Plc

RC NO: 649007

SHAREHOLDER E-SERVICE APPLICATION FORM

(*= Compulsory fields)

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. SPOUSE' NAME:
5. *MOTHER'S MAIDEN NAME:
6. *E-MAIL:
7. ALTERNATE E-MAIL:
8. *MOBILE No.: 9. SEX: MALE FEMALE
10. PHONE No. (HOME):
11. *POSTAL ADDRESS:
12. *CSCS CLEARING HOUSE No.:
13. NAME OF STOCKBROKER: 14. OCCUPATION:
15. NATIONALITY:
16. NEXT OF KIN:

E-SHARE REGISTRATION ACTIVATION MANDATE *(Please tick the box below ✓)*

Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease. ☐

BANK DETAILS FOR E-DIVIDEND MANDATE

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/ lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. *ACCOUNT NAME:
18. *BANK ACCOUNT NUMBER: *Must be NUBAN* 19. *BANK:
20. *AGE OF ACCOUNT: *Must be confirmed by the bank*

*BANK'S AUTHORISED SIGNATURE & STAMP

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature: ____________________ Signature : ____________________ *for joint/corporate accounts only*

Please tick against the company(ies) where you have shareholding

CLIENTELE

1. AFRICA PRUDENTIAL REGISTRARS PLC ☐
2. ABBEY BUILDING SOCIETY PLC ☐
3. AFRILAND PROPERTIES PLC ☐
4. A & G INSURANCE PLC ☐
5. ARM PROPERTIES PLC ☐
6. A.R.M LIFE PLC ☐
7. ADAMAWA STATE GOVERNMENT BOND ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPPA AND D'ALBERTO PLC ☐
13. CEMENT COY OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. COMPUTER WAREHOUSE GROUP ☐
17. EBONYI STATE GOVERNMENT BOND ☐
18. GOLDEN CAPITAL PLC ☐
19. INFINITY TRUST SAVINGS & LOANS ☐
20. INTERNATIONAL BREWERIES PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. NEM INSURANCE PLC ☐
25. NEXANS KABLEMETAL NIG. PLC ☐
26. OMOLUABI SAVINGS AND LOANS PLC ☐
27. PERSONAL TRUST & SAVINGS LTD ☐
28. P.S MANDRIDES PLC ☐
29. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
30. PREMIER BREWERIES PLC ☐
31. RESORT SAVINGS & LOANS PLC ☐
32. ROADS NIGERIA PLC ☐
33. SCOA NIGERIA PLC ☐
34. TRANSCORP PLC ☐
35. TOWER BOND ☐
36. THE LA CASERA CORPORATE BOND ☐
37. UAC OF NIG. PLC ☐
38. UBA BALANCED FUND ☐
39. UBA BOND FUND ☐
40. UBA CAPITAL PLC ☐
41. UBA EQUITY FUND ☐
42. UBA MONEY MARKET FUND ☐
43. UNITED BANK FOR AFRICA PLC ☐
44. UNIC INSURANCE PLC ☐
45. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
46. UTC NIGERIA PLC ☐
47. WEST AFRICAN GLASS IND PLC ☐

OTHERS: ____________________

LAGOS: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: +234 (0)7080606400 | **ABUJA**: 11, Lafia Close, Area 8, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Oluobasanjo Road, (2nd floor), Port Harcourt, Rivers State. Tel: 084-303457
E-MAIL: info@africaprudentialregistrars.com | **WEBSITE**: www.africaprudentialregistrars.com

Africa Prudential Registrars

ADMISSION FORM

PLEASE RETAIN THIS SECTION TO FACILITATE YOUR ADMISSION TO THE MEETING

ADMISSION FORM

ANNUAL GENERAL MEETING

United Bank for Africa Plc RC 2457

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Annual General Meeting of the Company to be held as follows:

DATE: 8 April 2016

TIME: 10:00 am

VENUE: EKO Hotel, Lagos

Name of Shareholder:

Address:

Account number: Number of shares held:

Proxy ☐ Shareholder ☐

Please tick appropriate box before admission to the meeting

Bili A Odum

Company Secretary

Shareholder's signature:

This card is to be signed at the venue in the presence of the Registrar.

Africa Prudential Registrars Plc Africa Prudential Registrars Plc 2208, Ikorodu Road, Palmgrove Lagos	**Registrar's stamp**

PROXY FORM

I/We,

Shareholder's name:

Address:

Number of shares held:

being the registered holder(s) of the ordinary shares of **United Bank for Africa Plc** hereby appoint*

(block letters please)

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Eko Hotels and Suites, Plot 1415, Ademola Adetokunbo Street, Victoria Island, Lagos State on Friday, 8 April 2016 or at any adjournment thereof.

Dated this day of 2016

Shareholder's signature:

NOTE:

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. This proxy form has been prepared to enable you exercise your vote if you cannot personally attend. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notorial certified copy thereof must reach the Registrar, Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time of holding the meeting.
2. If executed by a corporation, the proxy form should be sealed with the common seal or under the hand of some officers or an attorney duly authorised.
3. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
4. Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked*) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the meeting.
5. This proxy will be used only in the event of poll being directed, or demanded.
6. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently N500.00) from the Stamp Duties Office, and not adhesive postage stamps.

   Please indicate by marking "X" in the appropriate space, how you wish your votes to be cast on the resolutions set out here, unless otherwise instructed, the proxy will vote or abstain from voting at his or her discretion.
7. The proxy must produce the admission form sent with the report and accounts to obtain entrance at the meeting.

This proxy form is solicited on behalf of the Board of Directors and is to be used at the Annual General Meeting to be held on Friday, 8 April 2016.

RESOLUTIONS	For	Against	Abstain
Ordinary business			
1. To receive the audited accounts for the year ended 31 December 2014, together with the reports of the Directors, Auditors and the Audit Committee thereon			
2. To declare a dividend			
3. To elect/re-elect Directors*			
4. To authorise the Directors to fix the remuneration of the Auditors			
5. To elect members of the Audit Committee			
Special business			
To consider and, if thought fit, pass the following as Special Resolutions:			
(a) That the share capital of United Bank for Africa Plc be and is hereby reduced by the cancellation of approximately 2,299,978,358 (two billion, two hundred and ninety-nine million, nine hundred and seventy-eight thousand, three hundred and fifty-eight) Ordinary Shares of 50 kobo (Fifty Kobo) each held under the cancelled Employee Share Ownership Scheme managed by the Staff Share Investment Trust ("In Dissolution").			
(b) That the Directors be and are hereby authorised to take all actions necessary to effect the cancellation of the shares and reduction of share capital.			

*Note: The Directors seeking election/re-election are: (1) Mrs Foluke Abdulrazaq, (2) Mr Yahaya Zekeri and (3) Mrs Owanari Duke.

This proxy form should NOT be completed and/or sent to the registered office of the Registrars if the member would be attending the meeting in person.

ADMISSION CARD

Before posting the above form, please tear off this part and retain for admission at the meeting.

UNITED BANK FOR AFRICA PLC (RC 2457)
ANNUAL GENERAL MEETING

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Annual General Meeting of the Company to be held at the Eko Hotels and Suites, Plot 1415, Ademola Adetokunbo Street, Victoria Island, Lagos State at 10:00 am on Friday, 8 April 2016.

Please tick appropriate box before admission to the meeting	☐	*Proxy*
	☐	*Shareholder*

Name and address of Shareholder:

Account number:

Number of shares held:

Shareholder's signature:

This card is to be signed at the venue in the presence of the Registrar.

Bili A Odum
Group Company Secretary

57 Marina, Lagos

CORPORATE INFORMATION

Registered Office

UBA House
57 Marina
Lagos, Nigeria

Company registration

RC: 2457

COMPANY SECRETARY

Bili Odum

AUDITORS

PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island
Lagos, Nigeria

REGISTRARS

Africa Prudential Registrars Limited
220B IKorodu Road
Palmgrove Bus Stop
Palmgrove, Lagos, Nigeria
Phone +234-1-8752604
www.africaprudentialregistrars.com

SHAREHOLDER INFORMATION

The Bank maintains an investor relations section on its website (www.ubagroup.com/ir), which provides access to share price data, management biographies, copies of annual reports, presentations on interim reports, credit rating reports and other useful investor information.

CONTACT US:

For all enquiries on shareholding, financial and business update, please contact our investor relations desk as follows:

Abiola Rasaq
Head Investor Relations

UBA House (14th Floor)
57 Marina, Lagos
Tel: +234 1 2808 349
Email: abiola.rasaq@ubagroup.com

Bili Odum
Group Company Secretary

UBA House (18th Floor)
57 Marina, Lagos
Tel: +234 1 2807 012
Email: bili.odum@ubagroup.com

You can also visit the investor relations section of our website for more information. www.ubagroup.com/ir.

SUBSIDIARIES WITH CONTACT DETAILS

NAME OF COUNTRY	HEAD OFFICE ADDRESS	TELEPHONE NUMBERS
Ghana	Heritage Towers Near Cedi House Ambassadorial Enclave Off Liberia Road, West Ridge, Accra, Ghana	Office: +233 302 683526-30
Liberia	Broad/Nelson Street Monrovia	Office: +231 77113330-4
Sierra Leone	15 Charlotte Street, Freetown	Office: +232-22-228099
Cote d'Ivoire	Abidjan Plateau Boulevard Botreau-Roussel Immeuble Kharrat 2ème Etage, 17 BP 808, Abidjan 17	Office: +225-20-312221-2
Burkina Faso	Banque Internationale du Burkina (BIB) 1340 Avenue Dimdolobsom 01 BP 362, Ouagadougou	Office : +226 50 300000
Cameroon	Boulevard De la Liberté Akwa B.P. Douala 2088 Douala, Cameroon	Office: +237-33-433683
Benin Republic	Continental Bank du Benin (CBB) Boulevard Inter-Etrat Carrefour des Irois Banques Avenue Pape Jean-Paul II Cotonou	Office: +229 21 31 24 24 +229 21 31 51 77
Uganda	Spear House, 22A Jinja Road PO Box 7396, Kampala, Uganda	Office: +256 417 715102 +256 417 715100
Senegal	Zone 12, Lot D, Route des Almadies Dakar, Senegal	Office : +221 33 869 20 00
Kenya	1st Floor, Apollo Center Ring Road, Vale Close, Westlands	Office: +254-20-3612000-2
Chad	UBA Tchad Avenue Charles de Gaulle PO Box 1148, N'djamena, Tchad	Office: +235 252 19 53 +235 252 19 54
Tanzania	30C/30D Nyerere Road Dar es Salaam, Tanzania	Office: +255 222 86 3452-3
Gabon	282 Avenue Marquis de Compiegne BP 12035, Libreville, Gabon	Office: +241 740624 +241 0572 9898
Zambia	Stand 22768, Thabo Mbeki Road Lusaka, Zambia	Office: +260 211 255 951-3
Guinea Conakry	BP 1198 Conakry Rue chateau d'eau , Marché Niger – Kaloum	Office: +224-68356868
Mozambique	UBA Moçambique, SA Praça 16 Junho-Malanga-Maputo Moçambique	Office: + 258-21408340258
Congo DRC	1853 Avenue de la liberation Kinshasa Gombe DR Congo	Office: +243992006651
Congo Brazaville	87, Avenue William Guynet Face Rond Point City Centre	Office: +242069236098 +242053644635

UBA SUBSIDIARIES

UBA PENSIONS CUSTODIAN

30 Adeola Hopewell Street
Victoria Island
Lagos, Nigeria
Phone +234-1-271-8000
Fax +234-1-271-8009
www.ubapensions.com

UBA CAPITAL (EUROPE)

3rd Floor, 2 – 4 King Street
London SW1Y 6QL
United Kingdom
Phone +44-20-7766-4606
Fax +44-20-7766-4601
www.ubacapital.com

UBA FX MART LIMITED

11th Floor
UBA House
57 Marina
Lagos
Phone +2341-2808-446
Fax +2341-2808-677

United Bank for Africa Plc
Head Office: 57 Marina, Lagos, Nigeria.
Tel: +234-1-2808822
Website: www.ubagroup.com