UBA

2017
ANNUAL REPORT AND ACCOUNTS

Contents

MISSION

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

VISION

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

WHO WE ARE

With the bank's migration from universal banking to monoline commercial banking in line with regulatory requirement, UBA provides Commercial Banking, Pension Custody and related financial services to its over 14 million corporate, commercial and retail customers, served through various channels.

CORPORATE PROFILE

United Bank for Africa Plc (UBA) is a leading pan-African financial services group with presence in 20 African countries, as well as the United Kingdom, the United States of America and France.

UBA was incorporated in Nigeria as a limited liability company after taking over the assets of the British and French Bank Limited, which had been operating in Nigeria since 1949. The United Bank for Africa merged with Standard Trust Bank in 2005 and from a single country operation founded in 1949 in Nigeria - Africa's largest economy - UBA has become one of the top providers of banking and other financial services on the African continent. The bank provides services to over 14 million customers globally, through one of the most diverse service channels in sub-Saharan Africa with over 1,000 branches and customer touch points and a robust online and mobile banking platform.

The shares of UBA are publicly traded on the Nigerian Stock Exchange (NSE) and the bank has a well-diversified shareholder base, which includes foreign and local institutional investors, as well as individual shareholders.

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

Market
UBA has over fourteen million customers in retail, commercial and corporate market segments spread across 23 countries, consisting of Nigeria, 19 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 2017, there were 1,000 branches and customer touch points across Africa. 2,300 ATMs and over 13,500 PoS machines fully deployed.

Staff
As at 31 December 2017, the Group had over 20,000 direct and support staff.

Our shared values

ENTERPRISE	Own the task | Go the extra mile, solve problems Show initiative | Break barriers | Be innovative
EXCELLENCE	Be responsive and passionate | Surpass customer's expectations always Maintain quality standards | Be meticulous - make it simple always Be professional - integrity, friendly and genuine
EXECUTION	Get it done | Get it done now Get it done very well | Always have the end in mind

GLOBAL FOOTPRINT

UBA
United Bank for Africa

Africa... United by One Bank

We know our way around finance in Africa

United Bank for Africa Plc is one of Africa's leading financial institutions, offering banking services to over 14 million customers through diverse global channels.
With presence in 20 African countries and 3 global financial centres; London, New York and Paris, UBA is connecting people and businesses through retail and corporate banking, innovative cross-border payments and trade finance.

- Africa
- New York
- London
- Paris

Web: www.ubagroup.com Email: cfc@ubagroup.com *Africa's global bank*

UBA
United Bank for Africa

EXCELLENT SERVICE…DELIVERED!

Our Core Values: The 3 EEEs

E

ENTERPRISE

- Own The Task
- Go The Extra Mile, Solve Problems
- Show Initiative
- Break Barriers
- Be Innovative

E

EXCELLENCE

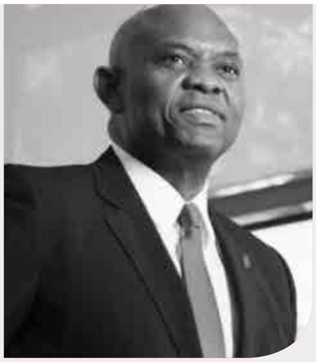
- Be Responsive and Passionate
- Surpass Customer's Expectations Always
- Maintain Quality Standards
- Be Meticulous - Make It Simple Always
- Be Professional - Integrity, Friendly and Genuine

E

EXECUTION

- Get It Done
- Get It Done Now
- Get It Done Very Well ...Always Have The End In Mind

UBA GROUP LEADERSHIP



Tony O. Elumelu, CON
Chairman

Tony Elumelu is an economist, investor, and philanthropist. He chairs the privately held investment firm, Heirs Holdings and Nigeria's largest quoted conglomerate Transcorp. Mr Elumelu invests across Africa and his investments are primarily 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.

Tony sits on several global public and social sector boards including the United Nations Sustainable Energy for All Initiative (SE4ALL) and USAID's Private Capital Group Partners Forum (PCG).

He is the Chairman of leading African financial services group, the United Bank for Africa (UBA), with presence in 20 African countries, and offices in Paris, London and New York.

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.

Amongst his numerous roles, he serves as Co-Chair of the Aspen Institute Strategy Group on Global Food Security, sits on the Global Advisory Board of the Washington DC based the Wilson Centre, and is a member of the Global Advisory Council of the Harvard Kennedy School's Centre for Public Leadership. Tony is a member of the World Economic Forum Community of Chairmen.

AMB. Joe Keshi, OON
Vice Chairman

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

Ambassador Joe C. Keshi is currently the Vice Chairman of UBA Group. He is also the Chairman of Afrigrowth Foundation, Director General BRACED Commission, responsible for economic cooperation and integration among the core six south south states of Nigeria. Co-chairman, Board of Patrons, Educational Cooperation Society and a member, Board of Trustees Lifestyle Medical Practitioners Association of Nigeria.

Before joining the Bank, Ambassador Keshi had a distinguished career in the diplomatic service of the Federal Republic of Nigeria ending up as the top career diplomat of the country, when he served as the head of the ministry in the capacity of the Permanent Secretary. He had also served as the Permanent Secretary, Cabinet Secretariat responsible for the meetings of the Federal Executive Council, presided over by the President. During the course of his 35 years diplomatic career, Ambassador Keshi served in about eight countries and various capacities, including, Charge D 'Affairs, Embassy of Nigeria, The Netherlands, Consul General, Nigerian Consulate, Atlanta, USA, and held a number of management positions in the Ministry of Foreign Affairs of the Federal Republic of Nigeria. He was a member of various Nigerian delegation and participated in a number of bilateral, political and multinational economic negotiations including, being a member of an international team that negotiated the Peace Agreement that ended the ten years civil war in Sierra Leone.

Ambassador Keshi earned his Bachelors of Science degree in Political Science from the University of Ibadan, Nigeria, Diploma in International Relations and Diplomacy from the Nigeria Institute of International Affairs, Lagos, Nigeria and his Master's degree in Public Administration and Development (with policy analysis, as area of policy concentration) from the Institute of Social Studies, the Hague, the Netherlands, (Erasmus University). He is also a fellow of the Kennedy School of Public Administration and fellow of the Harvard Business School.

Kennedy Uzoka
Group Managing Director/CEO

Appointed Executive Director in 2010 and GMD/CEO in 2016

Kennedy Uzoka 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 Communications, Strategy and Business Advisory Services.

Kennedy is currently Group Managing Director/CEO and he is responsible for leading the development and execution of UBA Group's long-term strategy. Prior to his current role, he was Group Deputy Managing Director and CEO, UBA Africa managing the Group's country subsidiaries across 18 countries in Africa, as well as supervising three key strategic support areas in Digital Banking, Information Technology and Personal Banking.

As Deputy Managing Director, he was the Executive in charge of the Group's businesses in New York and London.

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

Directors' Profile (Continued)

Victor Osadolor
Deputy Group Managing Director

Appointed Deputy Group Managing Director in 2016

Victor Osadolor is the Deputy Managing Director, United Bank for Africa (UBA) Group, a Director on the Board of UBA Capital Europe, the Chairman of UBA Pensions Custodians Limited and a Non-Executive Director of African Finance Corporation (AFC).
Victor holds a second class (upper division) B.Sc (Hons) degree in Accounting from the University of Benin. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), an alumnus of Harvard Business School's Advanced Management Program and an honorary life member of the Chartered Institute of Bankers of Nigeria (CIBN).

Until his appointment as the Deputy Group Managing Director of UBA PLC, Victor served as Group Director, Heirs Holdings (HH) Limited between 2014 and 2015. Prior to this, Victor was at different times between 2012 and 2014, the Chief Operating Officer for Corporate and Investment Banking as well as the Chief Strategist for Ecobank Transnational Incorporated (ETI). In these capacities, Victor worked out of Johannesburg, South Africa and Lome, Togo.

Victor in the course of his career spanning over 27years has, at various times before joining Ecobank Transnational Incorporated (ETI), served as Managing Director - UBA-Capital, Deputy Managing Director - UBA (South Bank), Executive Director – Risk & Finance (UBA), Group Chief Finance Officer – UBA, Executive Director –Risk & Compliance (Standard Trust Bank), Deputy Managing Director (CTB), Chief Finance Officer (Ecobank Nigeria), Chief Finance Officer (Guaranty Trust Bank) and Auditor, Coopers & Lybrand (Now PricewaterhouseCoopers). Victor Osadolor is an avid reader, loves playing chess and happily married with children.

Dan Okeke
Executive Director, Abuja and North Central Bank, Nigeria

Appointed Executive Director in 2011

He holds a B.Sc 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 20 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 North Central Bank, Nigeria.

Emeke E. Iweriebor
Executive Director, (East and Southern Africa)

Appointed Executive Director in 2013

He holds a B.Sc in Political Science and M.Sc in Political Science (International Relations), as well as an MBA from the University of Lagos, Nigeria. He has attended several Executive and Leadership Development Programmes organised by the Wharton Business School; the International Institute for Management Development (IMD); the Said Business School, Oxford University, and others.

He has over two decades of banking experience. Emeke is the Regional CEO, East and Southern Africa, with responsibility for building and growing the Bank's business and strengthening governance in UBA's subsidiaries in these sub-regions. Prior to this, he was at various times Regional CEO, Central Africa; CEO UBA Central, East and Southern Africa; and, CEO UBA West Africa. He also ran the Bank's Corporate Banking business, as well as Lagos and Western Nigeria. Emeke was also the pioneer MD/CEO of UBA Cameroon.

Oliver Alawuba
Executive Director, East Bank, Nigeria

Appointed Executive Director in 2016

Mr. Oliver Alawuba has over twenty years work experience in the banking industry and the academia. Oliver was at various times an Executive Director at Finbank Nigeria Plc (now FCMB Plc), MD/CEO of UBA Ghana Ltd, MD/CEO of UBA West Africa, Directorate Head, Public Sector and Personal Banking and Regional CEO, UBA Africa - Anglophone. He is presently the the Executive Director, East Bank, Nigeria.

Oliver has B.Sc and M.Sc degrees in Food Science and Technology and MBA in Banking and Finance. He is an alumnus of the AMP and SEP programmes of the prestigious Insead Business School, France and London Business School respectively. He is also a Fellow of Nigerian Institute of Management and Honorary Senior Member of Chartered Institute of Bankers of Nigeria.

Directors' Profile (Continued)

Uche Ike

Executive Director, Risk Management, Governance and Compliance

Appointed Executive Director in 2016

He holds a B.Sc degree in Accountancy, and a Master of Business Administration. 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, Enterprise Risk Management, Fraud Management and Regulatory Compliance.

In his current role, he is responsible 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.

Puri Ibrahim

Executive Director, North Bank, Nigeria

Appointed Executive Director in 2016

Mr Puri possesses a Masters of Banking and Finance degree obtained from the Bayero University, Kano and has over 29 years continuous banking experience. He joined UBA in 2006 and has held the following roles in the Bank; Directorate Head North, Head, Wholesale Banking North, Regional Director, Abuja and Regional Bank Head, North Central and North East.

Prior to joining UBA, he worked with Savannah Bank Plc and Universal Trust Bank holding management roles such as Regional Business Controller, North and Head, Large Corporates North. In recognition of his excellent work ethic and leadership skills, he bagged the award for Customer Service Excellence, Turnaround Manager of the Year and Most Effective Team Lead.

He has attended several trainings in and outside the country Including Executive Leadership, Corporate Governance, Structured Finance, Advanced Credit Analysis, Corporate Finance and Derivatives, Marketing and Relationship Management, Negotiation Skills, etc.

Chukwuma Nweke

Executive Director, Group Chief Operation Officer

Appointed Executive Director in 2016

He holds a B.Sc 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.

Ayoku A. Liadi

Executive Director, Lagos and West Bank, Nigeria

Appointed Executive Director in 2016

He holds a B.Sc 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 and Financial Control.

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

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

Directors' Profile (Continued)

Rose Okwechime
Non-Executive Director

Re-appointed Non-Executive Director in July 2012

She holds a Masters degree in Business Administration, specialising in Banking and Finance. Currently the Managing Director of Abbey Mortgage Bank 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 alumna of the International Institute of Management Development (IMD) in Lausanne, Switzerland and Harvard Business School, Boston, USA. She is a recipient of many awards, including the Woman of Excellence Award.

Kola Jamodu, CFR
Non-Executive Director

Appointed Non-Executive Director in 2007

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

An alumnus of the Harvard Business School, Boston, USA, and a former Minister of Industry of the Federal Republic of Nigeria. Chief Jamodu is a Past President, Manufacturers Association of Nigeria (MAN). He is currently the Chairman of the Boards of Nigerian Breweries Plc and PZ Cussons Nigeria Plc. He is a recipient of National Merit Awards including Member of the Order of the Federal Republic of Nigeria (MFR), Officer of the Order of the Federal Republic of Nigeria (OFR) and Commander of the Order of the Federal Republic of Nigeria (CFR). He is also a recipient of the National Productivity Merit Award (NPMA).

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 honors) degree in History (London) from the then University College, 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 was the Consultant-Coordinator of the American Business Council, 2007-2017, and is currently the Chairman of the African Cancer Center, Lagos.

Foluke K. Abdulrazaq
Non-Executive Director

Appointed Non-Executive Director in 2007

She holds an M.Sc 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

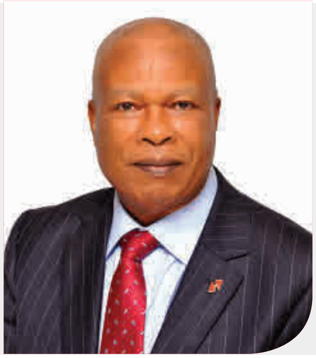
She also has vast public service experience, having served as Commissioner in the Ministries of Finance and Women Affairs in Lagos State and it is to her credit that during her tenure, the broad policies that led to the State's Accelerated Revenue Generation Programme (ARGP) were formulated. She was also the Chairman of the State's Tenders' Board, a member of the Federal Accounts Allocation Committee (FAAC) and the State's Executive Council. Foluke has held several major board positions including Julius Berger. A council member of the Bank Directors Association of Nigeria (BDAN) and a member of the Institute of Directors (IOD). She is a recipient of the 'Lagos State Women of Excellence 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.

Directors' Profile (Continued)

Ja'afaru Paki
Non-Executive Director

Appointed Non-Executive Director in 2008

He obtained a DSc degree in Business Administration from Bradley University, USA. He has had a distinguished career working at Mobil Oil Nigeria, the Nigerian National Petroleum Corporation (NNPC) and Unipetrol Nigeria where he served as Managing Director/CEO between 1999 and 2001. He has held directorships in several organisations, including Kaduna State Housing and Property Development Authority, Kaduna State Industrialisation Board, African Petroleum, and Stallion Property and Development Company. He was Special Assistant on Petroleum Matters to Nigeria's former President, Chief Olusegun Obasanjo, (2003– 2007). He was also 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.



Yahaya Zekeri
Non-Executive Director

Appointed Non-Executive Director in 2010

He is a Chartered Accountant and Seasoned Banker with over 35 years' banking experience garnered across leading financial institutions. He is an Associate Member, Chartered Institute of Bankers, London (ACIB) and an Associate Member, Institute of Chartered Accountants of Nigeria (ICAN). He is also a Fellow, Association of Chartered Certified Accountants, London (FCCA).

He attended various development courses at the Manchester Business School, as well as Columbia University Business School. He is a member of two board committees (Board Credit Committee and Nomination and Governance Committee). He is an alumnus of the University of East London.

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, Philanthropist and specialist in SME's development and sustainable livelihood.

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

Samuel Oni, FCA
Non-Executive Director
Appointed Non-Executive Director in 2015

High Chief Samuel Oni is a Chartered Accountant with a distinguished career that spanned well over 35years. Having qualified as a Graduate Member of the Association of Chartered Certified Accountants in 1980, he held the position of Senior Accountant/Company Secretary in various establishments, including New Foods & Drinks Company Ltd. Abiola & Sons Bottling Company, and Kwara Breweries Ltd. He joined Kwara State Government and was deployed to Kwara State Agricultural Development Project as the Financial Controller.

In October, 1993, High Chief Oni, transferred his Services to the Central Bank of Nigeria (CBN) and assumed the position of an Assistant Director. He became a Commissioned Examiner and rose through the ranks in CBN and was appointed the Director of Bank Examination Department in 2003. He also served as the Director of Other Financial Institutions and Internal Audit Departments between 2005 and 2008. In 2009, he became the Director of Banking Supervision Department where he played a prominent role during the intervention process of the CBN that restored stability in the banking system, following the Financial Crisis of 2008/2009.

He voluntarily retired from the CBN in June 2011, having completed the eight years as a Director in line with the Tenure Policy for all Directors in Government Ministries, Agencies and Parastatals. He attended both local and overseas training, workshops and seminars during his career. He holds a Master's degree in Business Administration from the University of Ilorin and a Fellow of both the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Nigeria. He is also member of the Charterd Institute of Taxation of Nigeria and an honorary member of Chartered Institute of Bankers of Nigeria.

MANAGEMENT TEAM

Ugo Nwaghodoh
Group Chief Finance Officer

Ugo holds a B.Sc degree from the University of Ibadan, Nigeria and an M.Sc degree in Finance and Management from Cranfield University, England. He is a fellow of the Institute of Chartered Accountants of Nigeria, Associate of the Chartered Institute of Taxation of Nigeria (CITN), a member of the Cranfield Management Association and a Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN).

He is a Seasoned Financial Analyst and Accountant with over 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 a decade experience with renowned firms of Deloitte and PricewaterhouseCoopers in Nigeria and Kenya.

Bili Odum
Group Company Secretary

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

He has held high-level strategic positions in top financial service institutions in Nigeria, with responsibilities that encompass Asset Management, Structured Finance, Legal Advisory, Corporate Governance, Human Resources Management, Administration, Knowledge Management and Business Communication.

Rao Anant
Group Head, Consumer and Digital Banking

Anant holds a Master of Commerce degree and an MBA from Sri Sathya Sai Institute of Higher Learning in India. He is a Banking Operations and Financial Technology Professional for last two decades and joined UBA in 2008. Prior to being the Director, Customer Fulfillment Centre, he was at different times, Head, Strategy and Business Transformation and Director, Global Shared Services Centre. He was responsible for setting up of the state-of-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 and also managed Consumer and Corporate Banking and Technology Operations for various countries under EMEA, Asia Pacific 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.

Muyiwa Akinyemi
General Manager, Corporate Bank

Muyiwa holds a B.Sc 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 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 audit and financial services firms.

Muyiwa was trained in leading institutions, including Harvard Business School, Witts Business School, South Africa, amongst others.

MANAGEMENT TEAM (Continued)

Emmanuel Onokpasa
Group Treasurer

Emmanuel holds a B.Sc (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 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 including Financial Markets, Operations, International Trade, Business Strategy and Structured Finance.

Emmanuel has had a distinguished career serving at different times as Group Treasurer at Diamond bank and FinBank (now part of FCMB) after having a stint in Consulting, Auditing and Taxation Practice.

Emem Usoro
Head, Strategic Business Group, Lagos

Emem is currently a Group General Manager. She holds a B.Sc degree in 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.

Emem is a member of the Chartered Institute of Bankers of Nigeria (CIBN) and has over 20 years banking experience. She has strong capabilities in Relationship Management, Effective Communication and Business Development with track record of winning and executing high-powered transactions. She has won several high performance awards over the years of her career and has strong competencies in Corporate, Commercial and Public Sector 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. Upon joining UBA, Emem was the Regional Bank Head, Akwa Ibom and Cross River Bank, from there she became the Directorate Head for Abuja Bank, where she was saddled with the strategic responsibility of sustainably growing revenues, customer base and profitability of the region. She is now the Regional Director, Lagos Island 2 Region.

Gboyega Sadiq
Group Chief Internal Auditor

Gboyega holds a first class (Honours) degree in Accounting from the Obafemi Awolowo University Ile-Ife and is a Fellow 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 25 years in Operations and Control and more recently Audit. Before joining UBA, he had worked at Citibank Nigeria Ltd. and Access Bank Plc where he occupied senior roles.

Franklyn Bennie
Group Chief Compliance Officer

Franklyn holds a B.Sc degree in Business Administration from Ahmadu Bello University Zaria and MBA from 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 Startup, 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; 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.

MANAGEMENT TEAM (Continued)

Adesola Yomi-Ajayi
Group Head, Global Financial Institutions

Adesola has a first degree from Obafemi Awolowo University, Ile-Ife and an MBA from the Aberdeen Business School. Sola is a highly experienced banker with over 22 years banking experience cutting across Business Development (managing Corporate and Institutional relationships), Structured Lending, Transaction Banking, Commercial Banking, Correspondent Banking and Banking Operations.

Adesola is currently the Group Head, Global Financial Institutions for UBA Group operating out of our London office, and has responsibility for managing UBA's relationships with Banks, Development Financial Organisations and Export Credit Agencies. In addition, she is responsible for originating and negotiating foreign currency debt funding for the Group, as well as forging and managing UBA's strategic alliances across the globe.

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

Razak Shittu
General Manager, Energy Bank

Razak holds a B.Sc and MBA Business Administration Degrees from the University of Ilorin. He has over 29 years' experience in banking, spanning Development Financing, Operations, and Oil and Gas. He has attended several local and international training including HBS, 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.

Samuel Adikamkwu
Group General Counsel

Samuel holds an LLB degree from the Bendel State University (now Ambrose Alli University), Ekpoma, Edo State Nigeria and an LLM 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 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 had attended several courses within and outside Nigeria.

Ebele Ogbue
General Manager, Energy Bank

Ebele holds a B.Sc (Honours) degree in Accounting from the University of Lagos and an MBA (IT and 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.

MANAGEMENT TEAM (Continued)

Abiola Bawuah
Regional CEO, West Africa 1

Abiola Bawuah is the Regional CEO, West Africa 1, overseeing the Group's subsidiaries in Ghana, Benin Republic, Cote D'Ivoire, Liberia and Sierra Leone. Previously, she was the Managing Director/CEO of UBA Ghana, with enormous experience in retail banking and marketing. In 2013, she left Zenith Bank Ghana; where she was the Executive Director; having previously held the positions of the General Manager, Marketing and Group Head, Retail Banking; and joined UBA Ghana as Deputy Managing Director the same year. Mrs. Bawuah also worked with Standard Chartered Bank as the Head of Sales; with CAL Bank as Relationship Manager; Strategic African Securities as an authorized dealing broker and with the then Bentsi-Enchi and Letsa; now Bentsi-Enchil, Letsa and Ankomah law firm as an investment officer.

Bawuah holds a BSc in Actuarial Science from the University of Lagos, Nigeria, an LLB from the University of London, a diploma in Marketing from GIMPA and EMBA (Finance) from the University of Ghana. She also has numerous leadership qualifications from Harvard Business School, Columbia, University of New York, INSEAD and Institut Villa Pierrefeu in Switzerland.

Patricia Aderibigbe
Group Head, Human Resources

Patricia is responsible for UBA Group's Human Resource function across its 20 African countries and its other international subsidiaries. With the Bank's transformation agenda, which continues to place the customer at the heart of all that we do, ensuring our people are fully engaged and highly productive, remains top priority for the human resources department. This has necessitated repositioning HR for the digital age, and a focus on exceptional employee experience.

A dynamic and passionate people leader, Patricia's background is firmly rooted in Human Resources, Organisation and Leadership Development, Executive Coaching, as well as Business Operations, spanning over two decades, gained from working in 18 countries in Europe.

She holds two Masters Degrees - in English Literature and Employment Relations and Law from the University of Ibadan and Kingston University UK respectively. Her first degree is in English and Literature from the University of Benin.

Patricia is a Fellow of the Chartered Institute of Personnel and Development, a life member of the Institute of Directors, UK and served as a member of the UK employment tribunals for about 15 years.

Abubakar Bello
Head, Strategic Business Group 4, Northern Nigeria.

Abubakar holds a Bachelor of Agriculture degree from Ahmadu Bello University Zaria, Nigeria, a Master Degree in Business and Commercial Law; and MBA from Bayero University Kano, Nigeria. He is an Honorary Senior Member (HCIB) of the Chartered Institute of Bankers of Nigeria (CIBN), an Associate of the Institute of Chartered Economists of Nigeria (ICEN) and a Pioneer Member of the Institute of Planning, Nigeria (IPN).

He has wealth of experience in Banking and Management which spans various areas of Banking, Managing Commercial, Retail, Corporate and Public Sector clients, and has served in strategic leadership and management roles.

Abubakar commenced his banking career with the defunct FSB International Bank Plc after a stint in consulting at Afri-Projects Consortium. He has served at different times as Group Head Private Sector, Zenith Bank Plc; and Regional Head, Access Bank Plc.

Dupe Olorunjo
Divisional Head, Corporate Bank

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 Alumna of Lagos Business School; and Cranfield University UK.

She is a Seasoned Corporate Banker with experience in Corporate Finance and Specialised 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.

MANAGEMENT TEAM (Continued)

Feyi Ogoji
Head, Strategic Business Group, Western Nigeria

Feyi serves as Regional Director, Oyo and West Central of United Bank For Africa. He holds a B.Sc degree in Accounting and an MBA degree, both from University of Lagos. He is a Chartered Accountant and a Fellow of the Institute of Chartered Accountants on 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 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 also functioned as Divisional Head, Operations, Divisional Director, Customer Service, Head, Internal Control and Reconciliation. He has attended several local and international courses.

Amie Ndiaye Sow
Regional CEO, West Africa 2

Amie has over two decades banking experience, spanning business development, risk management and broader executive management functions. As the Regional CEO, West Africa 2, Amie oversees the Group's subsidiaries in Senegal, Guinea and Mali. Prior to her current role, she was the Managing Director/CEO, UBA Senegal, one of the Group's flagship subsidiaries that won "Bank of the Year" Award of the Banker's Magazine (Financial Times) for six consecutive years.

Amie is renowned for her wealth of experience in corporate banking, structured finance and SMEs lending and relationship management across the CEMAC sub-region. She has strong relationships in West, Central and East Africa and has deep knowledge of the banking sector and the broader economy of these countries. Amie has three Masters degrees in Economics, Banking & Insurance, and Public Finance from leading universities in Senegal.

Mudasiru Sanusi
Group Head, Group Internal Control

Sanusi holds a B.Sc in Accounting from Ahmadu Bellow University, Zaria. He is Fellow of the Institute of Chartered Accountants of Nigeria, and an alumnus of the Harvard Business School. He has over 28 years of banking experience spanning Banking Operations, Financial Control, Customer Service and Marketing. Sanusi has played various roles across the UBA Group and was the pioneer COO of UBA Ghana and CEO UBA Zambia.

He is currently the Group Head, Internal Control, where he has overall responsibility for ensuring compliance with management policies/procedure, strategic thinking and providing top management support.

Kubi Momoh
Group Head, Risk Management

Kubi is a Chartered Accountant, RIMAN Associate, and holds a first degree in Accounting from Ahmadu Bello University, Zaria. Her banking career spans close to three decades. She started work as an Operations Staff before moving into Risk Management and Treasury, plus a stint in Trade Products. Kubi joined UBA in 2006. Prior to becoming the Group Head, Risk Management at UBA Plc, she was the Chief Risk Officer in another financial institution, during which time she was also a Non-Executive Director on the Board of an insurance company.

In her current position, she has responsibility for Operational, Market, Information Technology and Credit Risk Management across the UBA Group, ensuring that the risk profile aligns with the Group's risk appetite, asset quality standards, capital allocation and strategic growth targets. In addition to the duty to ensure the quality of the risk asset portfolio and business continuity, she is driving the Group's forward looking practice on risk management, a culture which enhances UBA's adaptability to emerging market and technology trends. Kubi is an industry knowledge resource, leveraging formal trainings in reputable global institutions and hands-on experience. She is renowned for her in-depth analysis, being a financial tele-analyst on macro trends.

MANAGEMENT TEAM (Continued)

Martin Che
Regional CEO, CEMAC Africa

Martin holds a BSc degree from the University of Yaoundé, Cameroon and an MBA in Banking and Finance from the School of Business of the University of Wales, Bangor.

Martin is a seasoned banker with 20 years' work experience. He is a business development professional with skills set in credit risk, financial risk, relationship management, banking operations and business management.

Prior to his current role, he was at different times Managing Director/Chief Executive Officer, Director of Institutional Banking & Project Finance; Regional Director of Institutional and Retail Banking, Head of Multinational and Regional Corporates, Business Office Manager and Credit Analyst. Before joining UBA Cameroon in 2008, he had one decade experience with Ecobank Cameroon and Union Bank of Cameroon Ltd.

Bola Atta
Group Head, Marketing and Corporate Communications

Bola Atta was voted one of the top 40 Nigerians under 40 in 2008. She was also celebrated as one of the 100 most influential women in Nigeria in March 2015. A graduate of Economics with MBA in Marketing, she has over 25 years of experience in diverse fields ranging from Banking, Business, Communications, Publishing, Entertainment and the Media. Approximately 17 out of these 25+ years have been in high level management and entrepreneurship, enabling her gain expertise in each of these varied fields of work. She has worked in private enterprise and with government agencies both in Nigeria and South Africa using her expertise in public relations and increasing her wide network within Africa. In 2003, she was invited by the African Leadership Institute in partnership with the UNDP to work on a panel for the development of scenarios for South Africa in 2020. This week long seminar brought together young leaders from all parts of Africa to map out scenarios for the future not only of South Africa, but of the entire continent. It has since evolved into the Bishop Tutu Fellows for young African Leaders.

Former Editor-in-chief of Africa's leading publication, True Love magazine, Atta who is the Executive producer of the acclaimed Africa's Next Top Model series, now works as the Group Head of Communications for the United Bank for Africa. Her role involves, but is not limited to, directing the development and execution of global marketing and communications initiatives for the Bank as well as managing brand delivery and consistency across all markets and for all products line. In furtherance of her duties, she recently attended the High Potential Leadership Programme at the Harvard Business School.

STRATEGY AND BUSINESS REVIEW

Chairman's Statement

CEO's Report

CHAIRMAN'S STATEMENT

Introduction

Distinguished Fellow Shareholders,

It is my pleasure to present the annual report of our Bank, United Bank for Africa Plc, for the 2017 financial year.

I would like to remind you that our purpose in Africa is to be a catalyst for growth in the markets where we operate, providing the leverage for businesses to grow and accelerating economic prosperity. It is our culture to do business in a way that helps our customers to succeed and communities to prosper. We hope to see Africans fulfill their dreams. Our aspiration for Africa is shared prosperity that guarantees everyone has access to necessities and basic luxuries required to live a good, healthy life. This commitment is what distinguishes our sustainable approach to business as well as our corporate social responsibilities, as a corporate citizen in Africa. I am convinced that as we empower Africans, through innovative offerings, affordable to everyone, we will seamlessly deliver superior and sustainable returns to shareholders.

Whilst we are mindful of shareholders' appetite for immediate return on investment, we are equally committed to investing in the future of this financial services group, to achieve our collective goal of building not just a "good company" but a "great African institution, with global competitiveness". It is this mindset that drives our investment in people and digital strategies. It is encouraging that these strategies are increasingly differentiating our offerings, setting up our business for even greater future successes and entrenching our leadership in Nigeria as well as some of our core markets. More importantly, it is a sustainable approach to growing our business over the foreseeable future, even as banking gets increasingly commoditized and competitive.

My fellow shareholders, I am more than ever optimistic about the future of our business. The enterprise and execution approach of our new management have been impeccable. These invaluable capabilities are the core ingredients for business success. My colleagues and I, who represent you, as Directors on the Board, are highly committed to supporting Management towards achieving our collective aspirations;

o Lead in Nigeria, as the go-to-Bank, across all segments of the market;

o In the rest of Africa, be the preferred partner bank to individuals, high net-worth clients and their businesses, regional and multinational corporates as well as governments and their institutions;

o And be renowned as the natural conduit for donor, trade and capital flows from the global financial centres, leveraging our expertise and network on the continent.

Notably, the global economy, and indeed Africa is regaining momentum. Interestingly, five of the ten fastest growing economies in the world are in Africa, and more importantly, we are present in four of these countries. I am pleased that our business is well positioned to leverage

emerging opportunities arising from the economic recovery in most African countries. We are increasingly gaining market share across all our chosen markets, leveraging innovative technologies and pioneering "future banking" to deepen market penetration.

Ladies and gentlemen, our investment in UBA Group continues to deliver superior returns. In 2017, our stock outperformed most peers on the Nigerian Stock Exchange, rallying 129%. In addition to the capital

CHAIRMAN'S STATEMENT (CONTINUED)

appreciation, the Board declared an interim dividend and have also proposed a final dividend. Notwithstanding the challenging operating environment and increasing competition from both traditional peers and emerging fintech companies, I am more than ever convinced about the sustainability of this impressive return profile of our investment in UBA. The Board is committed to giving relevant support to Management on this worthwhile journey of wealth creation, for the benefit of all shareholders. I equally enjoin all shareholders to give all forms of support to the Board and Management. We must always remember that, this is our Bank and we must do everything necessary to ensure its continued progress. We must do business, and refer friends and families to do business with UBA, across all our chosen markets and channels.

Operating Environment

Across the globe, 2017 was a year of recovery and improved confidence. Even so, economic recovery was fragile; trade, manufacturing and infrastructural activities firmed up, leading to improved private and public sector investments. As uncertainties over fiscal change in the United States subsided, global demand picked up. Also, earlier concerns on the impact of 'Brexit' on the United Kingdom and broader Europe abated, thus reinforcing global growth recovery. The sustained recovery of commodity prices spurred growth in most African countries, given the significance of commodity exports on the continent. Except for cocoa and coffee price, which remained weak due to glut, most commodity prices rallied through 2017; the price of copper, crude oil, gold and cotton rallied 31%, 18%, 14% and 13% respectively. On the back of higher commodity exports at improved prices, most African countries had stronger foreign currency earnings and broader fiscal revenues. Thus, local currencies were relatively stable and inflation eased, giving room to monetary policy accommodation in many of the African countries where we operate. Public sector finances improved, as reflected in lower budget deficits and stronger infrastructure financing.

Overall, ease of doing business improved slightly in Sub-Saharan Africa (SSA) in 2017. Notably, the World Bank Doing Business report recognized the improving business environment in SSA, with three of the top-ten countries that improved globally being SSA countries; Malawi, Nigeria and Zambia. Precisely, Nigeria moved up 24 notches to rank 145th in the 2018 World Bank Doing Business report . We laud the government for the positive reforms that resulted in this improved ranking, as we will continue to advocate for relevant reforms towards improving the business environment in Africa. Interestingly, consensus outlook on Africa's economic growth is constructive, with six of the fastest growing economies in the world, being in Africa and more importantly UBA Group operates in four of these "growth frontiers"; Ghana (8.3%), Cote D'Ivoire (7.2%), Senegal (6.9%) and Tanzania (6.8%). This outlook further justifies our investment strategy and geographic diversification. More so, it reinforces my confidence in the prospect of our business over the medium to long term, as we tirelessly explore latent and new opportunities across our chosen markets on the continent.

UBA Financial Performance

It is an honour to present the financial performance of our Group, for the financial year ended December 31, 2017.

I am excited by the improved productivity of our Group, as reflected across all key performance metrics. This performance is a product of hard-work, enterprise and continuous improvement in business conduct. I also consider this impressive result as an "early stage return" on our tenacious investment in people, technology, processes and structures over the past few years. It reflects the Board's commitment to strong governance, sustainable business principles and disciplined adherence to risk management best practices.

At a period of fragile economic recovery, our Group grew top-line by 20% year-on-year to an unprecedented ₦462 billion. The impressive headline was achieved through enhanced customer service, improved sales and cross selling strategy, reinvigorated speed to market in innovative offerings and broader balance sheet efficiency. Notwithstanding the lagged impact of 2016 Naira devaluation on operating cost in Nigeria, which still represents two-third of our operations, the Group grew profit before tax to ₦105 billion, an impressive 16% growth over our performance in 2016. This strong profitability reflects the increasing contribution of our African subsidiaries, where we continue to gain market share and deepen penetration. Our Group's profitability in the year also reflects efficiency gains from Management's initiatives on processes and treasury management. I am particularly pleased by the strength of our Group. The balance sheet grew 16% year-on-year to cross the N4 trillion mark and our BASEL II capital adequacy ratio of 20% remains one of the highest in the industry and far ahead of the 15% minimum regulatory requirement in Nigeria. Reflecting the benefit of our prudent risk management culture, asset quality metrics remained competitive.

Notable Developments in the Year

- **Debut USD500 million Eurobond:** I would like to congratulate Management for the successful issue of a debut USD500 million Eurobond on the international capital market. The Offer, which was the highest for any Nigerian-headquartered bank was 240% oversubscribed, rated by both S&P and Fitch, and priced closely to the Sovereign Eurobond issued around same period. This is a further demonstration of our Group's ability to attract funding, from both local and global investors, who trust our Management's ability to execute on our strategies and deliver strong results. More importantly, investors are confident in the medium to long term prospect of our business model.

- **Expansion to Mali:** Following diligent feasibility studies and serial business invitations from our regional customers in Senegal, we got the approval of the Central Bank of Nigeria to expand our operations in the West African Economic and Monetary Union (also called UEMOA) to Mali. Notably, all our operations in UEMOA (Benin, Burkina Faso, Core D'Ivoire and Senegal) are profitable and this new addition will give us presence in five of the eight congruent markets in the UEMOA region. Whilst maintaining a lean, cost efficient model in Mali, the Group is deploying our resources and strong relationships with cross-border customers in the region to accelerate growth and profitability of this upcoming business.

CHAIRMAN'S STATEMENT (CONTINUED)

- **African Bank of the Year:** In recognition of our Group's innovation, enterprise and contribution to the development of Africa's financial services and broader economy, the reputed Financial Times of the United Kingdom, through its Banker Magazine, awarded the "African Bank of the Year 2017" to UBA Plc. In addition, UBA subsidiaries in Chad, Congo Brazzaville, Gabon and Senegal emerged the "Best Bank of the Year 2017", in their respective markets.

- **S&P debut rating:** Standard and Poor's, popularly known as S&P, a foremost global rating agency initiated a public credit rating on our Group, with a debut rating of "B", with stable outlook. This premier rating from S&P is the highest for any Nigerian-headquartered bank and it is at par with S&P's rating on the Nigerian Sovereign, which sets a ceiling for the credit rating of an entity operating in Nigeria. The rating was assigned to our Group on the strength of our balance sheet, franchise, credibility and diversified business model.

- **Premium listing on the NSE:** The shares of UBA Plc was admitted to the Premium Board of the Nigerian Stock Exchange (NSE), having met all the relevant requirements, which include corporate governance, liquidity and minimum market capitalization. I am pleased to notify you that your Board was one of the first few, amongst companies listed on the NSE, to seamlessly pass the corporate governance assessment, jointly conducted by NSE and Convention on Business Integrity (CBi) at the initiation of the Corporate Governance Rating System (CGRS).

- **Cancellation of Shares held by the Staff Share Investment Trust Scheme (SSIT):** In line with your resolution at the 2016 Annual General Meeting, the Board worked with the Management to effect the cancellation of 2.08 billion units of ordinary shares of the Bank, previously held under SSIT. This exercise has reduced the shares outstanding of our Bank to 34.2 billion units (from 36.3 billion units). This creates value for shareholders, through increased earnings per share and stronger prospect for dividend growth.

- **Redemption of our maiden Naira Bond:** Our maiden ₦20 billion Naira-denominated seven-year bond, which was raised on the Nigerian capital market in 2010, matured on 30 September, 2017. I am pleased to inform you that our bank has redeemed the debt. Through the life of the bonds, we adhered strictly to the terms of the issue, thus reinforcing the confidence that investors have in our Bank.

Outlook

Expectations of monetary policy normalization in the United States and anticipatory reduction of stimulus in the Euro area may slowdown capital flows to Africa. Also, commodity price rally may not be as strong in 2018, thus signaling modest outlook for foreign currency earnings and fiscal revenues for some of the African economies. Nonetheless, burgeoning internal demand as well as private and public sector investments are expected to strengthen economic momentum. Renewed commitment of most African governments towards business-friendly reforms should further reduce the cost of doing business on the continent and open up new opportunities for growth.

More importantly, at UBA Group, our enterprise and execution culture will continue to strengthen our competitive edge and sustain our market share gain across the diverse economies where we operate. More than ever, we are extracting synergies across our African platform, thus giving us the benefit of scale and scope economies. We are forging partnerships with relevant fintech companies to deepen market penetration in the most cost efficient manner. Our technology strategy is hinged on value creation and lifestyle banking for our esteemed customers. We are leveraging our investment in technology to personalize our offerings to both retail and corporate customers. We are offering solutions to payments, remittance, collections and cash management challenges of corporate and institutional customers.

For my colleagues and I on the Board, we are very optimistic, even as we recognize the ever increasing competition in the market. We are confident in the ability and execution capabilities of Management to deliver on our set goals. The Board, in our responsibility, will sustain our proactive oversight and strategic guidance, particularly in the areas of risk management, process and service efficiency, human capital and technology investments. We will continue to ensure sound corporate governance in line with our Group's principles of being a role model for African businesses as well as commitment to international best practices. Summarily, fellow shareholders, I enjoin you to welcome 2018 as our year of consolidated gains and stronger return on investment. We have started well in the year and I am convinced the momentum will even get stronger as we continue to unleash our strategies.

Appreciation

On behalf of the Board, I would like to express our sincere gratitude to our esteemed customers, who have been the force behind our success. Our unwavering commitment is to continuously deliver excellent service to you at all times and ensuring that your objectives are met through our innovative offerings.

I would like fellow shareholders to join me in appreciating the dedication and enterprise of my colleagues on the Board. It is indeed a privilege for UBA Plc to have the current composition of Board members, whose wealth of experience has been of invaluable benefit to our Group. To the Management and Staff, I say a big thank you for your diligence in remaining true to our pledge of delivering excellent service to our customers and superior return to shareholders. The reward for good work is more work, so do not just keep up this strong performance, rather improve on it. Like you know, our philosophy is that the "Best" can always be "Better"! We are confident in your ability to beat competition and we will provide all relevant support, as may be required.

Thank you.

Tony O. Elumelu, CON
Chairman of the Board.
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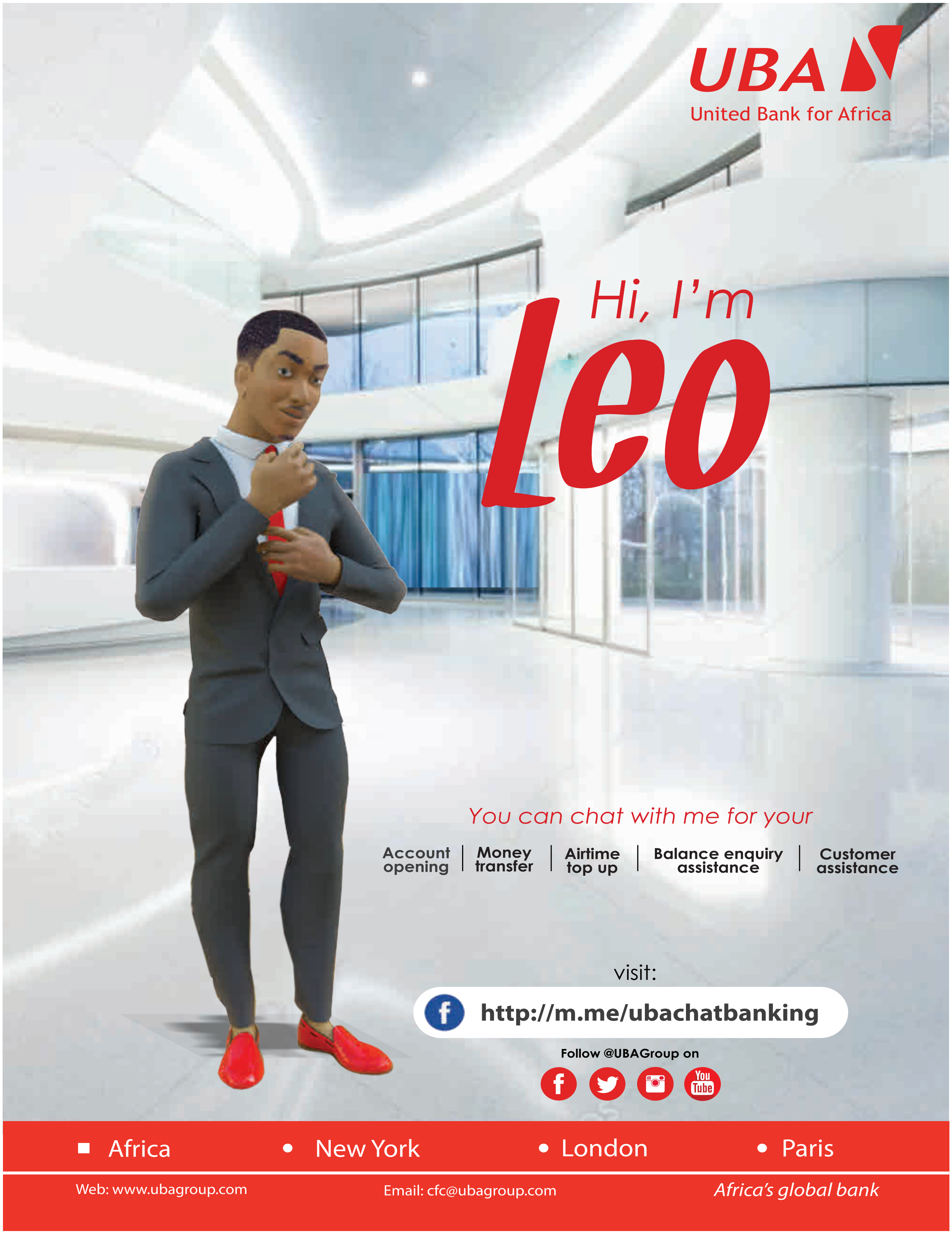
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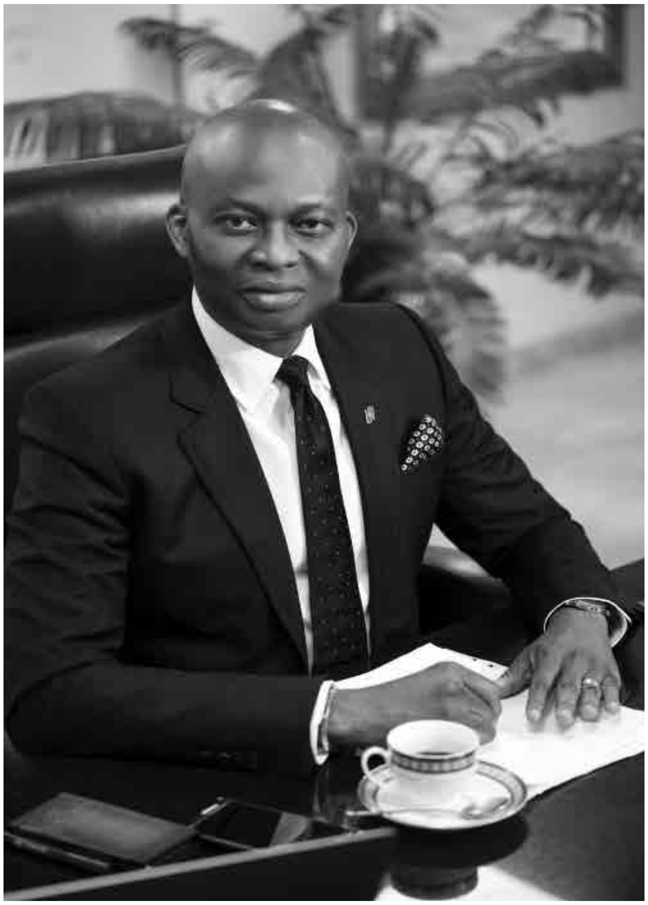
CEO'S REPORT



Introduction

Distinguished Shareholders

It is my pleasure to present to you, our Group's performance for the 2017 financial year. I would like to start this report by expressing my high sense of gratitude to all shareholders for the confidence you repose in my team and I, by supporting us with your hard earned capital. I equally appreciate the unflinching support of the Board of Directors of our Group as well as all the Directors of our subsidiaries, who are represented here by the respective Chairmen and Managing Directors of the subsidiaries. My colleagues and I, who manage the daily affairs of the Group, are constantly energized by the commitment of the Non-Executive Directors towards achieving our ambitious goals at both the subsidiary and group levels.

Like I noted in my maiden report to shareholders last year, we are very mindful of our responsibility to consistently deliver superior and sustainable returns to you. Our share price, which is perhaps a proxy measure of how the market rates our performance, has once again beaten the banking sector index and the overall market benchmark, NSE All Share Index. I am pleased to report that our stock rallied 129% in 2017, complementing our consistent interim and final cash dividend to shareholders. We are committed to our ultimate responsibility of creating sustainable wealth for shareholders. It is my staunch belief that the global investment community will progressively reward our consistent performance and place a premium on our shares, particularly as both domestic and foreign investors increasingly appreciate the competitive edge and prospect of our business.

Even as we are businessmen with profit orientation, we are steadfast in our dedication to customers' success, community development and the broader growth of the economies where we operate. We continually make critical investments in people, systems and service channels to meet the anticipated needs of our customers. This proactive approach to customer service and offerings is beginning to differentiate our franchise, earning us a new leadership reputation. We are guided by our exceptional heritage and discipline of conducting business in a sustainable way that promotes communal progress. Driven by our aspiration to democratize banking, we are leveraging new technologies to deepen our penetration across Africa, offering novel banking channels that align with our customers' lifestyle. Our primary focus is to empower people, businesses, as well as private and public institutions to fulfil their financial transactions in the most convenient, fast and cost efficient way. As we unleash our new technologies and human capital resources to the market, I am optimistic about the future of our business and the capability to sustainably deliver superior value to all stakeholders.

Dear esteemed shareholders, I would now like to provide a brief background to our Group's financial performance in 2017, with reference to a number of macroeconomic and industry developments that defined the operating environment.

Operating Environment

It was a year of recovery for Africa, as stable commodity prices complemented monetary and fiscal measures in stimulating economic activities. Although the non-oil sector remained relatively weak, Nigeria recorded positive GDP growth of 0.8%. Ghana posted 9.3% GDP growth and the East African economies recovered from the impact of 2016 drought. Apart from the prices of cocoa and coffee which remained weak, most commodity prices rallied through 2017; the price of copper and crude oil surged 31% and 18% respectively just as the price of gold and cotton rallied 14% and 13% respectively in the year.

Current account and external reserves positions improved as a result of stronger foreign currency earnings from commodity exports, coupled with foreign portfolio inflows. The enhanced foreign currency liquidity ultimately stabilized the local currency of most African markets in which we operate. The Cedi, Shilling and Metical were relatively stable, weakening barely 5%, 0.5% and 0.4% respectively throughout the year. Inflation rate continues to moderate across most of our chosen markets

CEO'S REPORT (CONTINUED)

in Africa. Nigeria's headline inflation, which peaked in January 2017 at 18.7%, moderated to 15.4% in December 2017 and has eased further to 14.3% in February 2018. In Ghana, inflation rate dropped from 15.4% in 2016 to 11.8% in December 2017, with a benign outlook of single digit inflation before the end of 2018. In Kenya, where headline inflation rose to 11.7% in May 2017, consumer prices have stabilized, with inflation now hovering 4.5%. Countries in the UEMOA and CEMAC regions maintain low single digit inflation, particularly as the currency peg continues to underpin inflation rate. We are hopeful that we have put behind us, the high cost of doing business which characterized most of 2017 financial year.

Overall, the macroeconomic and business environment is gradually improving across a number of our markets and we look forward to sustaining this positive development in the business environment. It is worth mentioning that the *World Bank Doing Business 2018 Report* recognized the improving business environment in SSA, with three of the top-ten countries that improved globally being SSA countries; Malawi, Nigeria and Zambia. We operate in two of these countries; Nigeria of course is our core market and we have operations in Zambia. Nigeria moved up 24 notches to rank 145th in the 2018 World Bank Doing Business report. We expect this positive development will improve the fundamentals of our SMEs and corporate customers, going forward, especially as the fiscal efforts, towards making Africa more business friendly, are sustained.

In spite of the positive macroeconomic indices recorded, credit growth was relatively slow across most countries for different reasons, as banks were cautious on risk asset creation. Whilst the lending rate cap stifled credit growth in Kenya, the need to resolve public sector exposures moderated most banks' appetite for loan book expansion in Ghana. In Nigeria, public sector borrowing partly crowded out private sector growth, especially as banks were cautious of the lagged and tailwind impact of the recession and Naira devaluation on businesses and the broader operating environment. Thankfully, the coast is clearer now and the outlook for credit growth is quite benign in a number of our markets. Even as Nigerian banks will be relatively conservative on lending on the run-up to the 2019 elections, we expect credit growth to be stronger this year, compared to 2017, given the improved macroeconomic environment and lower public sector borrowing. The imminent removal of rate cap and recent accommodative stance of the Central Bank should stimulate credit in Kenya, just as the burgeoning economy in Ghana give impetus to banks to lend more this year.

Growth, driven by sustainable principles

Notwithstanding intense competition and the lagged impact of recession in Nigeria, we grew gross earnings by 20% year-on-year to N462 billion, reflecting improved staff productivity. Notably, we leveraged enhanced customer service and predictive analytics to grow our share of existing customers' wallet, as we continue to make value propositions that fulfill customers' aspirations. With a reinvigorated sales strategy, we added almost a million new customers. Our investments in people, technology, and process efficiency are deepening our competitive edge and broadening our earnings capacity. We grew the non-funded income by 12.5% to N118 billion, largely driven by annuity-based offerings, thus reinforcing the quality and sustainability of our earnings growth. It is exciting that our offerings are gaining strong momentum accross Africa, as our franchise is being renowned for innovation and service excellence. Our prepaid cards are now being used to activate farming subsidies and other social intervention programmes in a number of countries, an efficient and transparent approach that blocks leakages and ensures effective delivery of subsidies to the target population. In Uganda, we are automating utility and tax collections. Our focus is to ease payments and remittances whilst also helping the government to stem leakages. From East to West, Central Africa to Southern Africa, we are leveraging our speed to market and innovation to drive efficiency in payments, collections, remittance and cash management. We grew commissions on transactional services and trade related income by 54% and 73% respectively, with both income lines representing almost a third of our fees and commission income in the year. Whilst the total non-interest income represents barely 29% of our gross earnings, we are optimistic that our novel investments in alternative channels will support the growth of these income lines, which we believe should contribute 40% of our gross earnings in the medium term.

At a time when private sector credit and deposits shrunk in Nigeria, I am particularly excited that we grew our net loan portfolio and total deposit book by 9.4% and 10.5% respectively. Leveraging the successful issuance of our debut Eurobond and growing deposit base, we grew the balance sheet by 16% to cross the ₦4 trillion mark. This positive trajectory reinforces the market share gain of our subsidiaries, as we grow the businesses to become systemically important in all our countries of operation. More so, we are in a vantage position to grow, with strong BASEL II capital adequacy ratio of 20% and 22% at the Bank and Group levels respectively. Our balance sheet liquidity ratio of 50% and relatively low 60% loan-to-deposit ratio reinforce our capacity to grow.

Re-energized for the next growth phase

In our determination to become an undisputable leader in Nigeria and become a systemically important player in all of our countries of operation in Africa, I cannot overemphasize the role of technology in our strategy. To entrench our leadership, we are pioneering technology disruption and innovation, redefining banking through new digital offerings. We do not want to react to competition and market disruptions, rather, we aim to be the game changer. It is on this note that we are pioneering new initiatives in lifestyle banking, offering new products and services that align with our customers' preferences and daily lifestyle. We recently pioneered "Leo", the Virtual Banking Robot, in partnership with Facebook, giving us the opportunity to serve our customers through Facebook chat: a simple, easy and fast way of meeting customers' need. It brings banking to their fingertips. Just say what you want and Leo, our Virtual Banking Robot, will act on it immediately. Within two weeks of launching Leo, we opened and reactivated over 60,000 accounts through this platform. The customer acquisition rate has been phenomenal and customers are increasingly adopting it as a preferred channel to meet their banking needs. To further enhance the security and user experience on our mobile banking platform, we recently added

CEO'S REPORT (CONTINUED)

finger print and retina recognition access. This further personalizes the mobile banking platform for every single customer and saves customers the stress of memorizing different passwords to log into their account. The probability of two individuals having the same finger print is very remote, thus significantly reducing the risk of password compromise that often expose customers to the risk of phishing and broader online banking fraud events. The thrust of our digital banking strategy is to consistently offer tailored solutions that anticipate and meet customers' preferences, delivering services that make life easier and better for Africans as well as African businesses and institutions.

Having stabilized all our African subsidiaries, we are now in a new growth mode. It's a profit maximization mode, targeted at being a systemically important bank in all of our countries of operation. To this end, we have streamlined our leadership along congruent markets to deepen our focus, enhanced cross-selling initiatives and taken decision makers within the Group closer to our customers. Within this leaner structure, there is greater emphasis on synergy extraction across our Group, from sales to operations, treasury and product development. This has enhanced our speed to market, customer service and value creation. There is notable efficiency gains from the renewed attention to the value propositions that define our geographic diversification. More so, it has been a lucrative approach towards extracting scale economies and taking full advantage of the diverse opportunities in our chosen markets. The Group's geographic spread strengthens our competitive edge in many trade and investment corridors in Africa, particularly as we are the only Sub-Saharan African bank with a deposit taking license in the United States, thus positioning us as an efficient gateway for both capital and donor flows to Africa. With the authorization of the Prudential Regulation Authority, we are upbeat on our Group's capacity to further fulfill our customers' increasing appetite for cross border transactions, using our recently expanded UK franchise, UBA (UK) Limited.

Appreciation

I would like to use this opportunity to appreciate the unflinching support of our esteemed customers, whose loyal patronage has been the source of our success over the years. I reiterate our commitment to excellent service and value creation for all customers at all times, as we do not take your patronage for granted. On behalf of the Management, I wish to express our profound gratitude to all stakeholders for their support throughout the year. We are very grateful to the Board for the strong oversight and governance on the Group. I must acknowledge that the guidance of our Board has been a veritable source of sustainable growth for the Group. I appreciate my colleagues, all staff of UBA Group, for the commitment to our promise of delivering value to all stakeholders. We have made tremendous progress in our journey, but like you all know, we still have a lot of grounds to cover. Therefore, we cannot afford to relent; we need to constantly do more because the journey has only just begun!

Conclusion

Notwithstanding the ever increasing competition from traditional peers and emerging Fintechs, we are approaching 2018 with strong optimism. We will increasingly leverage our pan-African platform to deepen and formalize intra-Africa trade, especially as we extract cross border synergies across our Group operation.

Whilst we are focused on growing our market share, we will remain committed to our sustainable banking principles and risk management practices. I am more than ever convinced in the prospect of this great institution and the prospect for wealth creation for all stakeholders.

Distinguished shareholders, once again, I thank you for your support and confidence in our ability to run this great institution. We take pride in your confidence in us and I assure everyone that we will not disappoint you.

Thank you.

Kennedy Uzoka
Group Managing Director/CEO
FRC/2013/IODN/00000015087

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY REPORT

Sustainability Report

In United Bank for Africa (UBA) Plc, we remain committed to the sustainable growth and development of the Nigerian economy and the broader African continent; the overall progress of the populace; and the physical wellbeing of the earth. As a leading financial services institution, we understand and are committed to playing our role towards infrastructure development, women empowerment, economic diversification, capacity building and inclusive growth and development. We understand our responsibility in ensuring that our products, investments and business activities do not harm the environment. We continue to work with our customers, subsidiaries, associates, investees, partners, vendors, contractors and other third parties to ensure that they understand and comply with relevant environmental policies, laws and regulations.

As we progress in our vision of building a globally competitive brand that will exceed expectations of current and future generations, we are increasingly mindful of our sustainable banking roles and responsibilities.

At the heart of everything we do, and every approach we take, our Bank's vision and mission stand supreme. In our journey to bequeath a bigger and stronger institution to our future generations, we diligently take to heart our undying commitment to be a role model for African businesses. As we continue on this exciting journey, we consciously hold firmly onto our sustainability agenda. We actively monitor the evolution in the market, with keen focus on social, ecological and regulatory developments across our chosen markets. This awareness empowers us to appropriately respond to emerging trends in sustainable banking. We keep abreast of the needs, concerns, and expectations of stakeholders, so that we can respond appropriately, in the light of our business objectives.

PROGRESS ON THE NIGERIA SUSTAINABLE BANKING PRINCIPLES (NSBP)

In 2014, the Central Bank of Nigeria and all Chief Executives of Nigerian banks, committed to the implementation of the Nigerian Sustainable Banking Principles (NSBP). By January 2015, all banks operating in the country were expected to have commenced the implementation of the nine principles in the day-to-day business operations.

As a responsible corporate citizen, UBA remains committed to actualizing the developmental objectives of these principles. Our newly developed sustainability policy, strategy and framework have entrenched the Nigerian Sustainability Banking Principles (NSBP) into the DNA of our business. Below outlines our progress in NSBP implementation in the financial year 2017.

Principle 1: E&S Risk Management (Business)

UBA's Commitment
To integrate environmental and social considerations into decision making process, purposely to avoid, minimize or offset the negative impacts of our operations on the environment.

Our Progress
As a major financial services provider, UBA's investments and financial intermediation cut across all sectors of the economy, including oil and gas, real estate, agriculture, construction amongst others. Our Credit policies have been designed to ensure that UBA does not fund projects that compromise the environment. The policies are campaigns against projects with no relevant pollution controls, illegal activities, forced or child labour and other forms of human right violations. As a pre-requisite to considering loan applications, the Bank requests for Environmental Impact Analysis/Assessment of projects or businesses that seek financing. We engage our customers to know the purpose of the project to ensure that it is not in the exclusion list and can demonstrate that they have implemented sustainability principles in their existing operation or planned operation. We take measures to avoid, mitigate and minimize the risks identified. The Environmental and Social Risk Management System (ESRMS) of the bank is based on Equator principles, the IFC performance standards and other global sustainability principles. The ESRMS is the anchor for our approach to credit evaluation.

Principle 2: E&S Risk Management (Operations)

UBA's Commitment
To avoid, minimize or offset the negative impacts of our Business operations on the environment and local communities in which we operate and, where possible, promote positive impacts.

Our progress
The Bank has put in place various initiatives to ensure that our internal business operations have the minimum possible adverse impact on environmental resources. Throughout our business operations, UBA shuns all forms of environmental pollution, while encouraging resource efficiency.

We continuously seek greener and renewable sources of energy to reduce our environmental pollution arising from our operations through energy consumption. We have increased the number of business offices powered by alternative sources of energy (e.g. solar energy and Inverters). The bank is taking substantial strides towards ensuring that our contribution to global carbon emissions footprint is lowered. The Bank also makes effort to prevent resource wastage through reduced water

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

consumption and reduced usage of other environmental resources such as paper. We are increasingly leveraging technology to reduce business travel, where possible. To reduce greenhouse emission arising from air and road travels. We have increased our video conference facilities and user group telephone lines. We have established blogs to aid communication across the network. In addition to installing energy saving bulbs, the light fittings are motion censored, thus ensuring that lightings are automatically off whenever there is no staff within a programmed workspace.

Principle 3: Human Rights

UBA's Commitment

To respect Human rights in our business operations and activities.

Our progress
UBA demonstrates respect for human rights and all related charters on the subject matter. Our Bank's documented Human Resource Policy places premium on human rights and aligns with the Universal Declaration of Human Rights. We demonstrate our respect for the rights of all people, through our gender-inclusive, equal opportunities and non-discriminatory workplace culture. The Bank remains committed to the protection of human rights in the workplace and will continue to provide a level playing field, giving equal platform for all to thrive. UBA is an equal opportunity employer that does not condone any form of discrimination in its workplace and in its relations with external parties on the basis of race, ethnicity, religion, gender, (dis)ability and marital status.
Employees are free to air their views through various media, as enshrined in the internal communication policy. In addition to the bank's routine complaint resolution channels, which include dedicated e-mails for internal complaints and whistle blowing, the Bank holds quarterly human capital clinics across its businesses offices and the head office.

Principle 4: Women's Economic Empowerment

UBA's Commitment

To promote women economic empowerment, through a gender inclusive workplace culture in our business operations and seek to provide products and services designed to empower women, through our business activities.

Our progress
In recent years, the proportion of women employees in UBA has been on the upward trend. As at the end of 2017 financial year, the female gender represented 47% of the workforce, compared to 46% in the previous year. In our business operations, we seek to provide products and services designed specifically for women. Women continue to have access to deserving opportunities within the organisation, including but not limited to considerations for business and project financing. The bank's credit window is gender friendly and open to women where the applications meet the Bank's Risk Acceptance Criteria.

Principle 5: Financial Inclusion

UBA's Commitment

To promote financial inclusion; seeking to provide financial services to individuals and communities that traditionally have had limited or no access to the formal financial sector.

Our progress
UBA supports efforts at promoting financial inclusion and literacy. We are committed to empowering the financially excluded groups with information and knowledge on the various types of financial products and services that are available. This is in a bid to accelerate the Central Bank of Nigeria's National Financial Inclusion Strategy (NFIS). In 2012, the bank developed the Freedom Savings account, which discounts transaction charges to customers and also offers a number of incentives to deepen financial inclusion amongst the unbanked population. Furthermore, we are leveraging our investment in digital banking offerings and channels to reach out remotely to existing and potential customers, who perhaps would have otherwise been excluded from financial services. These products attract customers, who do not previously use banking services by providing them easy access to banking services, especially through their mobile phones.

Principle 6: Environmental and Social Governance

UBA's Commitment

To implement robust and transparent Environmental and Social (E & S) practices in our respective institutions and assess the governance practice of our clients.

Our Progress
The Bank has established an E & S governance structure, in support of its sustainable banking policies and practices. This details clear roles, lines of responsibility and processes for assessing, categorising and managing our environmental risks. We continue to monitor compliance and also educate customers, vendors and other third parties to imbibe the basic E&S principles and practices in their business operations.

Principle 7: Capacity building

UBA's Commitment
To develops sector capacity necessary to identify, assess and manage the environmental and social risks and opportunities, associated with our business activities.

Our Progress
Training serves as a vehicle for the development and transfer of requisite skills, with the aim of building an empowered, knowledgeable and experienced workforce. We therefore strive to offer our employees opportunities to enhance their professional growth and development, and assist them to attain their full potential and live their career dreams. Our training includes informal on-the-job training as well as formal classroom and virtual learning platforms, including the bank's Learning Management System (LMS). Employees are encouraged to avail themselves of every opportunity presented via any of these training platforms to acquire relevant skills.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

Following the outcome of team engagements and on-the-job assessments, via staff appraisals and line management feedbacks, training needs are identified and this feedback is built into employees' training plans. Employees are subsequently nominated to attend relevant training courses, organised by the bank's academy as well as training programmes facilitated by reputable local and global institutions. The Bank also has a knowledge exchange session, where middle and senior management facilitate leadership training sessions and exchange knowledge and experiences on topical subjects on leadership.

Principle 8: Collaborative Partnership

UBA's Commitment
To collaborate across the sector and leverage international partnership to accelerate our collective progress. Promote the financial services sector in a way is that is consistent with international standards and Africa's development needs.

Our Progress
On our journey to building an enduring pan-African institution relevant for inclusive growth in Africa, we appreciate the need to work and collaborate with other sustainability-leading institutions, both locally and internationally. These partnerships have helped our Bank to stay abreast of best practices in corporate sustainability.

Principle 9: Reporting

UBA's Commitment
To regularly review and report our progress on sustainability principles

Our Progress
UBA complies with the bi-annual NSBP implementation reporting requirements. Since 2012, we have also published our Sustainable Banking report in addition to the Corporate Social Responsibility report as part of our annual audited financial report.

PRODUCTS, SERVICES AND DELIVERY CHANNELS

UBA provides its services through a variety of channels, including its network of branches and ATMs across the various locations where it operates. The bank has one of the most robust digital banking channels, including internet and mobile banking platforms as well as point of sale terminals. As a part of its commitment to the sustainability principles, UBA continues to leverage technology to develop offerings that are environmentally friendly. One of such products is the Magic Banking USSD (Unstructured Supplementary Service Data) solution which enables customers perform basic banking transaction. This service is geared towards all customer segments and all mobile device types regardless of data availability. The menu for this service can be accessed by dialling *919#

The Bank partnered with Facebook to develop a chatbot (code named LEO), an artificial intelligent virtual banker that interfaces with customers via Facebook chat to carry out varying transactions at the comfort of the customers.

CUSTOMER ENGAGEMENT AND SERVICE EXPERIENCE

- In 2017, UBA made incremental investments in traditional and alternative operating channels to enhance the robustness of our customer engagement.
- The Virtual Sales Force (VSF) Unit of the Bank was established to manage the telemarketing activities and improve on the quality of customer engagement. This generated a deposit of N2.8 billion in 2017 and over 3,478 dormant/ inactive accounts were reactivated.
- Transitioned the Customer Fulfillment Centre (CFC) into an end-to-end resolution channel for all complaints.
- Promoting awareness on Service Standards using campaigns, videos and sensitization e-mails to staff.
- Implemented enhancements aimed at improving usability/navigation of the Group Response Portal (GRP) thereby increasing adoption rate across the Group and languages; French, Portuguese and Swahili, have been included in the GRP.
- Implemented the revamping of the Email Management Module for better customer engagement and responsiveness, aiding employee productivity and efficiency.
- Implemented the New Live - Chat Module, to improve the user experience and also eliminate the license restriction hitherto in place, thereby improving the availability rate of the Live chat for customers through the Online and Mobile Channels.
- Implemented the Self - service option for our customers for all routine requests such as – the new cheque book, block card, debit card, stop a cheque etc. They can also channel complaints for failed ATM transactions, airtime top up, etc.
- Implemented the revamping of the Interactive Voice Response (IVR) by extending its capabilities. IVR Capabilities already developed and deployed include: balance enquiry, mini statement request, funds transfer, T-pin change, new account opening, account block, stop cheque and block card requests.
- Implemented a Comprehensive Visitor Management System for an end - to - end management of visitors to the UBA head office.
- Developed and deployed a world-class standard knowledge management portal as a knowledge reservoir to help CFC staff and other staff at large,

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

with prompt information on products, services and processes.

- Deployed a new Twitter handle (@UBACares) to qualitatively and seamlessly engage customers.
- Implemented the Conversocial - a state of the art Social Media Customer Service Solution, for effective handling of all Social Media interactions across all the channels. Conversocial provides a complete view of customers' interactions across all the social media channels with robust MIS and Analytics capabilities.
- Implementing a Virtual Queueing solution whereby customers waiting in the call queue will be asked to drop off from the queue, while UBA will inform them once their call is ready to be taken. This will enhance the call waiting experience for the customers and also help customers to focus on other tasks while their position in the queue is assured.
- Implemented a state of the art Video chat and co - browsing solution for helping customers and prospects to chat live on video and help in co – browsing. This solution simplifies the process of navigating the website and also helps in trouble - shooting. This will be extended to the Internet banking, Business direct and Mobile Banking applications
- Implemented a call back and data capture solution on the UBA website to capture leads and provide an instant call back to customers willing to engage with the bank, thereby creating opportunities to engage current and potential customers visiting our web site.

In conclusion, the journey to achieving a better managed global environment is the responsibility of all stakeholders. As a responsible corporate citizen, we embrace this obligation. We are committed to ensuring that sustainable banking remains "our way of business".

Embracing a sustainable business culture is our way of investing in our own corporate future. Our profitability, competitiveness, future relevance and sustainability are hinged on the socio-economic and ecological wellbeing of the market where we play. Because no business can perform better than the overall social, economic and physical condition of the environment where it operates, we will continue to nurture our people and planet, in the best interest of our business and all our stakeholders.

SOME CORPORATE SOCIAL ACTIVITIES OF UBA FOUNDATION

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. Another ongoing initiative of the Foundation is 'Read Africa'

L-R: ED, 2nd place winner, Deborah Chinwendu; GMD/CEO, Kennedy Uzoka, 1st place winner, Samuela Sam- Orlu, MD/CEO, UBA Foundation, Bola Atta; 3rd place winner, Yahofon Ettah Essieni at the grand finale and prize giving ceremony of the 2017 National Essay Competition.

The 2017 National Essay Competition

The 2017 National Essay Competition was held in Nigeria, Ghana and Senegal producing a total of nine winners and thirty-six finalists. 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, Samuela Sam-Orlu of British Nigerian Academy, Abuja was the winner of the N1,000,000.00 prize. Deborah Chinwendu of Enal International Schools, Abuja came second and won N750,000.00, while the third prize went to Yahofon Ettah Essien of Nigerian Christian Institute, Akwa Ibom who won N500,000.00. The students received their prizes in the form of educational grants to study in any African University of their choice.

In Ghana, Jason Emmanuel Ghansah of Presbyterian Boys Secondary School was the winner of the competition and won the coveted $5000 prize. Miss Appiah Mame Ekua of Wesley Girls High School was the first runner up with a prize of $3500 and the 2nd runner up was Yasmeen Quartey, also of Wesley Girls High School, who won $2500. 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.

The competition also launched in Senegal in November 2017 with winners to be announced early 2018.

Read Africa

'Read Africa' is an annual initiative of the Foundation designed to rekindle the dwindling culture of reading amongst the African Youth. In 2017, the foundation procured and distributed 20,000 copies of the book 'Fishermen' by Chigozie Obioma to the Bank's English speaking subsidiaries (Nigeria included) for donation to secondary schools. The bank also donated book bags, stationery and food to the school children during the Read Africa sessions.

L-R: 2nd place winner, Appiah Mame Ekua, 1st place winner, Jason Emmanuel Ghansah and 3rd place winner, Yasmeen Quartey at the grand finale of the 2017 National Essay Competition in Ghana

MD/CEO, UBA Foundation, Bola Atta reading a portion of the book with the students at John Fitzgerald Kennedy High School in Dakar, Senegal .

Environment and economic empowerment

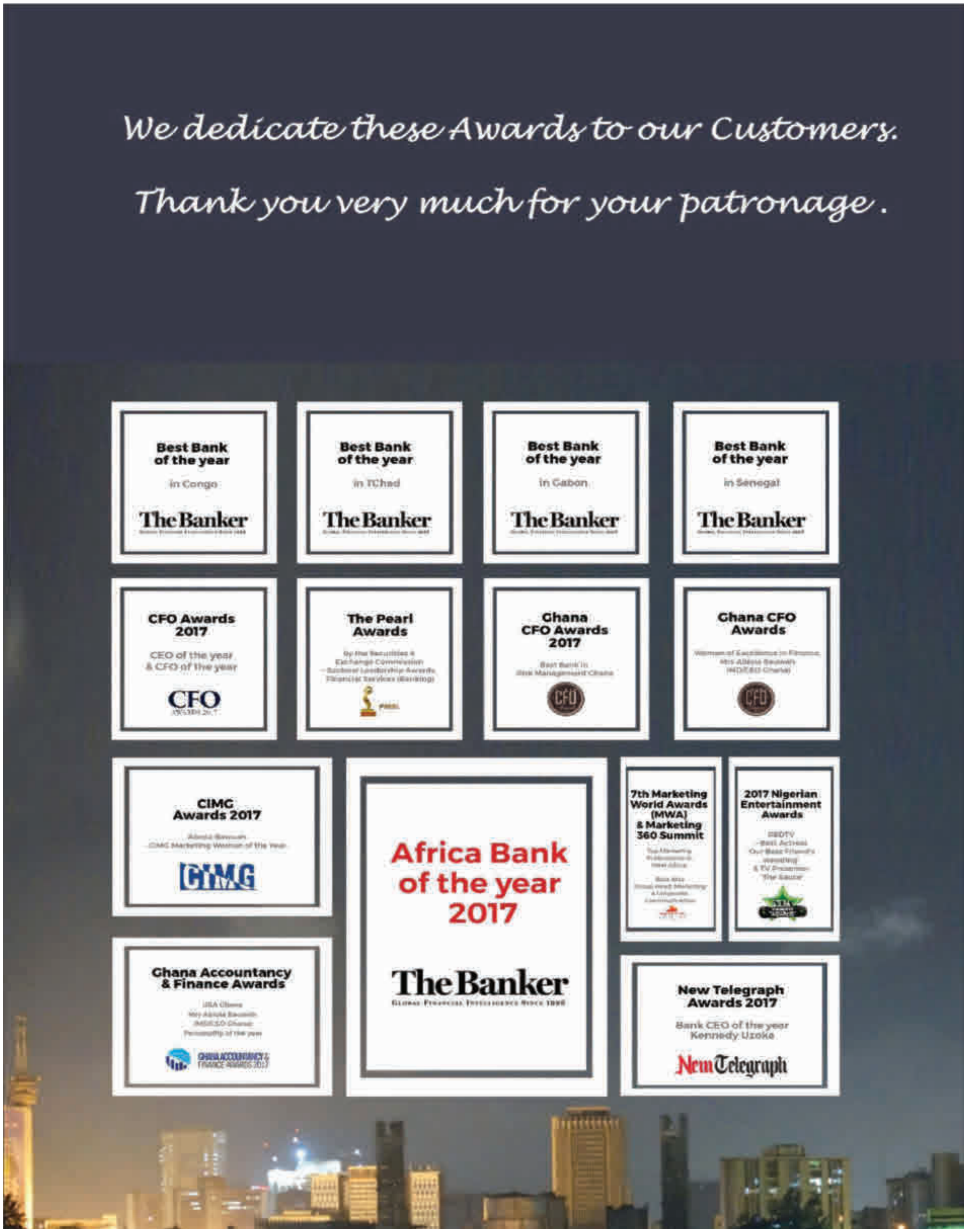
UBA Foundation maintains gardens and roundabouts. These gardens beautify the parts of the city where they are located. They also provide employment to the gardeners/cleaners that maintain the gardens and their surroundings

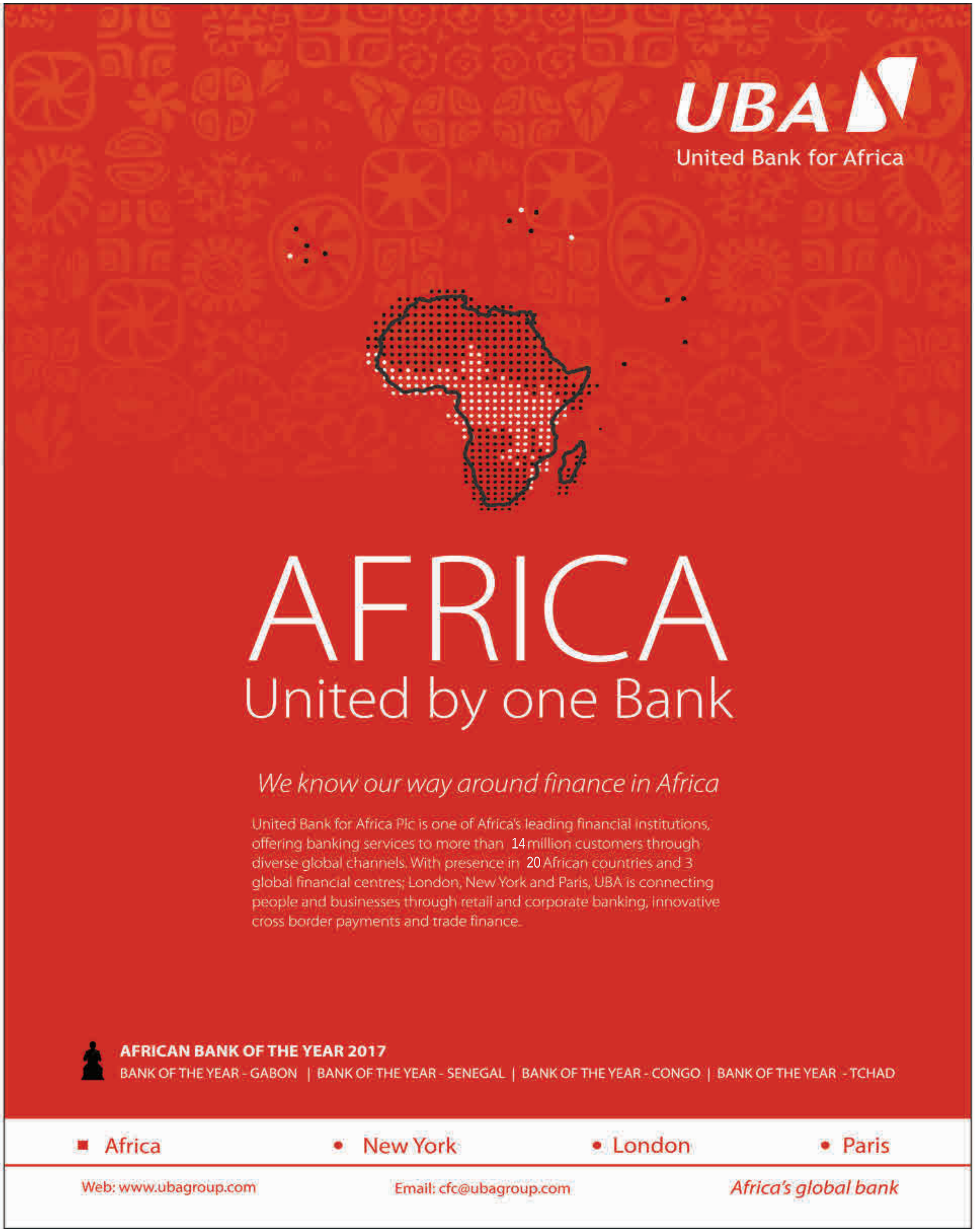
The foundation also began the construction of a 300 seater school hall, 3 science laboratories and a 50 bed student hostel at St Pius Grammar School in Delta state.
The Foundation employs over 25 under privileged young people who are encouraged to further their education during the time that they are not at work. Most of them who started out with Senior Secondary School Certificates have either concluded their degree programs or are in the process.

Some other activities of the Foundation includes,

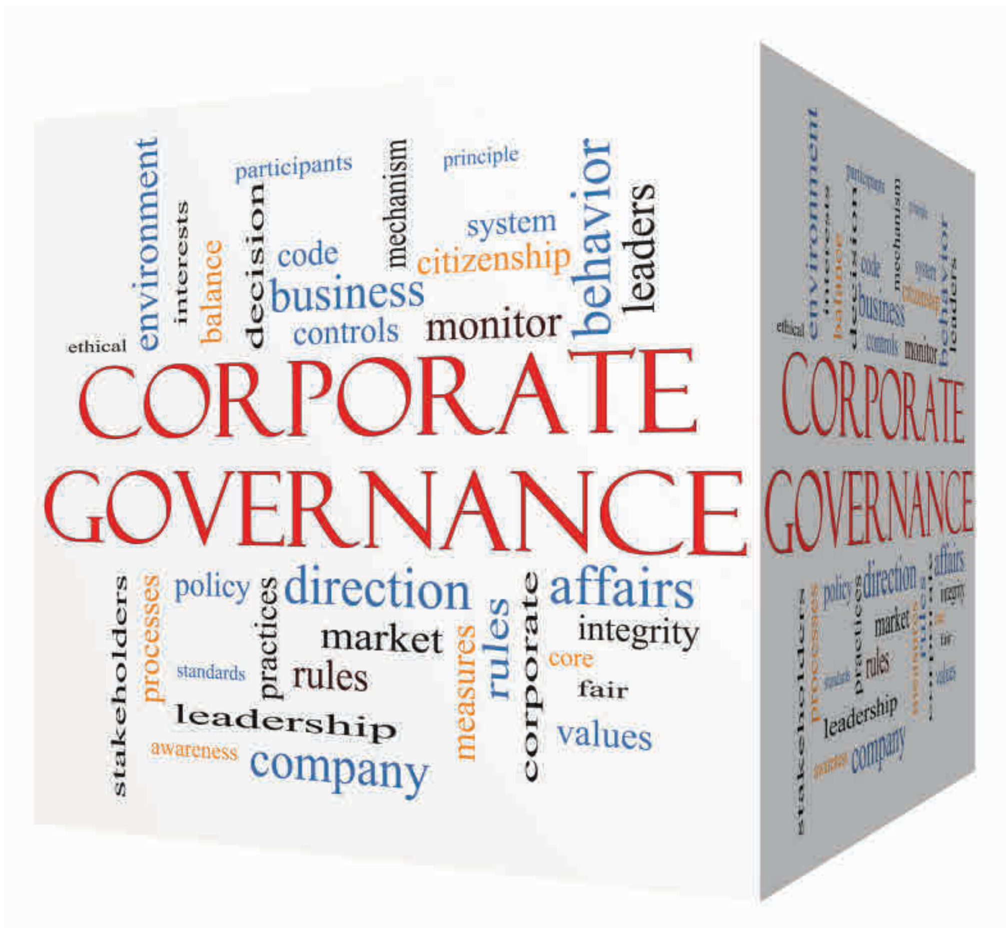
- Financial support to the Nigerian Stock Exchange for derivatives training
- Support to Edo State Investment Summit
- Financial support to the Medicaid Cancer Foundation
- Support to Hayat Foundation
- Financial support to Kaduna State University
- Support to Benue state, in respect of the Flood incidence in 2017.

Our Accolades for 2017




UBA
United Bank for Africa
AFRICA
United by one Bank
We know our way around finance in Africa
United Bank for Africa Plc is one of Africa's leading financial institutions, offering banking services to more than 14 million customers through diverse global channels. With presence in 20 African countries and 3 global financial centres; London, New York and Paris, UBA is connecting people and businesses through retail and corporate banking, innovative cross border payments and trade finance.
AFRICAN BANK OF THE YEAR 2017
BANK OF THE YEAR - GABON | BANK OF THE YEAR - SENEGAL | BANK OF THE YEAR - CONGO | BANK OF THE YEAR - TCHAD
Africa
New York
London
Paris
Web: www.ubagroup.com
Email: cfc@ubagroup.com
Africa's global bank

GOVERNANCE



Directors' Report
Corporate Governance Report
Report of the Statutory Audit Committee
Board Evaluation Report
Statement of Directors' Responsibilities

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2017.

1. Results at a Glance

	Group		Bank	
	2017 ₦ million	2016 ₦ million	2017 ₦ million	2016 ₦ million
Profit Before Tax	105,264	90,642	53,837	57,649
Tax	(26,674)	(18,378)	(11,399)	(10,108)
Profit After Tax	78,590	72,264	42,438	47,541
Other Comprehensive Income	27,769	65,886	15,668	26,896
Total Comprehensive Income	106,359	138,150	58,106	74,437
Total Comprehensive Income attributable to:				
– Equity holders of the Bank	99,972	130,783	58,106	74,437
– Non-Controlling Interest	6,387	7,367	-	-
Total Comprehensive Income	106,359	138,150	58,106	74,437

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 ₦0.65 per share (31 December 2016: ₦0.55 per share) from the retained earnings account as at 31 December 2017. This proposed final dividend is in addition to the ₦0.20 per share paid as interim dividend. The total dividend of ₦0.85 per share is subject to approval by shareholders at the next 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 Monday, 9th day of April 2018. The Register will be closed on Tuesday, 10th day of April 2018.

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 01 August 2005 and acquired Continental Trust Bank Limited on 31 December 2005.

4. Major Activities and Business Review

UBA Plc is engaged in the business of banking and provides Corporate, Commercial, Consumer and International Banking, Trade Services, Treasury and Digital Banking, Pension and Custodial -services are offered through subsidiaries. UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the CEO's report.

DIRECTORS' REPORT (continued)

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. Kennedy Uzoka	Executive Director (GMD/CEO)
4	Mr. Victor Osadolor	Executive Director (DMD)
5	Mr. Dan Okeke	Executive Director
6	Mr. Emeke Iweriebor	Executive Director
7	Mr. Oliver Alawuba	Executive Director
8	Mr. Uche Ike	Executive Director
9	Mr. Ayoku Liadi	Executive Director
10	Mr. Puri Ibrahim	Executive Director
11	Mr. Chukwuma Nweke	Executive Director
12	Chief Kola Jamodu, CFR	Non-Executive Director
13	Mrs. Rose Okwechime	Non-Executive Director
14	Mr. Yahaya Zekeri	Non-Executive Director
15	Mrs. Foluke Abdulrazaq	Non-Executive Director
16	Mrs. Owanari Duke	Non-Executive Director
17	High Chief Samuel Oni, FSA	Non-Executive Director
18	Mr. Adekunle Olumide, OON	Non-Executive Director
19	Alhaji Ja'afaru Paki	Non-Executive Director

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. Rose Okwechime
2. Amb. Joe Keshi, OON
3. High Chief Samuel Oni, FCA

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.

DIRECTORS' REPORT (continued)

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 2017		31 Dec 2016	
S/N	Name	Direct holding	Indirect holding	Direct holding	Indirect holding
1	Mr. Tony O. Elumelu, CON	189,851,584	2,083,024,416	189,851,584	1,883,024,416
2	Amb. Joe Keshi, OON	433,499	-	433,499	-
3	Mr. Kennedy Uzoka	37,173,909	-	37,173,909	-
4	Mr. Victor Osadolor	16,583,126	-	16,583,126	-
5	Mr. Dan Okeke	30,279,136	-	30,279,136	-
6	Mr. Emeke Iweriebor	7,034,071	-	5,073,123	-
7	Mr. Oliver Alawuba	462,000	-	12,000	-
8	Mr. Uche Ike	10,936,395	-	10,120,395	-
9	Mr. Ayo Liadi	1,080,000	-	1,080,000	-
10	Mr. Puri Ibrahim	981,118	-	-	-
11	Mr. Chukwuma Nweke	1,059,860	-	1,059,860	-
12	High Chief Samuel Oni, FCA	2,065	-	2,065	-
13	Mr. Adekunle Olumide, OON	3,282,556	-	3,282,556	-
14	Chief Kola Jamodu, CFR	657,415	128,311	657,415	64,510
15	Alhaji Ja'afaru Paki	-	23,924,983	-	23,924,983
16	Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	10,000,000	11,120,000
17	Mr. Yahaya Zekeri	499,999	-	499,999	-
18	Mrs. Rose Okwechime	-	20,113,961	-	30,113,961
19	Mrs. Owanari Duke	86,062	-	86,062	-

Details of Directors' indirect shareholdings are as follows;

S/N	Name of Director	Company(ies)	Indirect holding	Total Indirect Holding
1	Mr. Tony O. Elumelu, CON	HH Capital	140,843,816	
		Heirs Alliance	200,000,000	
		Heirs Holdings	1,742,180,600	2,083,024,416
2	Mrs Rose Okwechime	Infant Jesus Academy	20,113,961	20,113,961
3	Chief Kola Jamodu, CFR	Jamkol Inv. Limited	128,311	128,311
4	Mrs Foluke Abdulrazaq	Bridge House College	11,120,000	11,120,000
5	Alhaji Ja'afaru Paki	Nymex Inv. Limited	23,924,983	23,924,983

DIRECTORS' REPORT (continued)

8. Analysis of shareholding

The details of shareholding of the Bank as at 31 December 2017 is as stated below:

Headline	No. of Shareholders			Holdings		
Range	Count	Cummulative count	Count (%)	Aggregate holdings	Cummulative holdings	Aggregate holdings(%)
1-1000	28,864	28,864	10.62	13,597,428	13,597,428	0.04
1,001-5,000	120,361	149,225	44.27	301,020,543	314,617,971	0.88
5,001-10,000	45,472	194,697	16.73	310,872,621	625.490,592	0.91
10,001-50,000	55,435	250,132	20.39	1,155,971,800	1,781,462,392	3.38
50,001-100,000	10,843	260,975	3.99	728,328,939	2,509,791,331	2.13
100,001-500,000	8,555	269,530	3.15	1,716,475,523	4,226,266,854	5.02
500,001-1,000,000	1,137	270,667	0.42	782,909,264	5,009,176,118	2.29
1,000,001-5,000,000	903	271,570	0.33	1,746,402,697	6,755,578,815	5.11
5,000,001-10,000,000	110	271,680	0.04	763,555,433	7,519,134,248	2.23
10,000,001-50,000,000	101	271,781	0.04	2,041,466,374	9,560,600,622	5.97
50,000,001-100,000,000	12	271,793	0.00	737,601,551	10,298,202,173	2.16
100,000,001-500,000,000	39	271,832	0.01	10,781,026,765	21,079,228,938	31.52
500,000,001-1,000,000,000	14	271,846	0.01	8,416,264,807	29,495,493,745	24.61
1,000,000,001 and above	3	271,849	0.00	4,703,927,621	34,199,421,366	13.75
	271,849		100.0	34,199,421,366		100

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

According to the Register of Shareholders as at 31 December 2017, no shareholder held more than 5% of the share capital of the Bank except the following:

Shareholders	Holding	Holding (%)
Stanbic Nominees	3,723,685,927	10.9%
Consolidated Trust Funds	1,778,022,687	5.2%
Heirs Holdings	1,742,180,600	5.1%

10. Trading in the shares of UBA

A total of 5,616,957,130 units of UBA shares were traded on the Nigerian Stock Exchange in 2017, representing 16.4% of the shares outstanding. The stock gained 129% in the period, closing the year at ₦10.30 (from ₦4.50 as at 01 January 2017).

11. Acquisition of own shares

In line with the resolution of shareholders at an Annual General Meetings held on Friday, April 08 2016, to cancel the unvested shares held under the Staff Share Investment Trust Scheme (SSIT), the Bank cancelled 2,080,104,955 (Two Billion, Eighty Million, One Hundred and Four Thousand, Nine Hundred and Fifty Five) units of its ordinary shares previously held by SSIT. The shares were crossed to the Bank on the floor of the Nigerian Stock Exchange on 18 July 2017 and subsequently cancelled from the outstanding shares of the Bank, following all relevant approvals of the Central Bank of Nigeria, the Securities and Exchange Commission and the Nigerian Stock Exchange. This share cancellation reduced the outstanding shares of the Bank from 36,279,526,321 units to 34,199,421,366 units.

DIRECTORS' REPORT (continued)

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. In accordance with the NSE Rule Book and Amendments to the Listing Rules, UBA observes closed periods, within which affected persons/corporates are restricted from trading on the shares of the Bank.

There was no case of violation within the period under review.

12. Donations

As a part of our commitment to the development of host communities, the environment and broader economy within which we operate, across the Group, a total of ₦832,765,303 (Eight Hundred and Thirty Two Million, Seven Hundred and Sixty Five Thousand, Three Hundred and Three Naira Only) was given out as donations and charitable contributions during the 2017 financial year (Bank:: ₦649,653,598). The beneficiaries of the donations are as follows:

Beneficiary/Project	Amount (N)
Nigerian Police Force	300,000,000
Internally Displaced Persons (IDPs) in the North East	100,000,000
Lagos State Security Trust Fund	50,000,000
Nigerian Police Broadcasting Service	40,000,000
Victims of Flood in Benue State	30,000,000
Federal Ministry of Finance	25,000,000
University of Lagos	17,634,667
Nigerian Economic Summit Group	15,000,000
National Youth Service Corps	10,005,000
2017 Workshop on the Nigerian Power Sector	10,000,000
Kaduna State 2017 Economic and Investment Summit	10,000,000
Kano State Market Fire Disaster Fund	10,000,000
Financial Literacy and Public Enlightenment Project	9,367,181
Kano State 2017 Economic and Investment Summit	7,000,000
Kaduna State University	3,120,000
Edo State 2017 Investment Summit	3,000,000
Ministry of Women Affairs and Social Development	2,000,000
Babcock University	1,500,000
Kebbi State Ministry of Sports	1,401,750
Others	4,625,000
Sub-Total	**649,653,598**
Rest of Africa	
Mudslide Victims in Sierra Leone	165,580,000
Ghana League Clubs Association 'President Cup' Football Competition	16,349,321
BEM Management School, Senegal	303,816
University of Bamenda, Cameroun	287,447
Nyaka AIDS Orphans Project, Uganda	275,194
Education - Foreign Students in Congo, DRC	132,464
Women with disabilities in Congo, DRC	107,627
Fortportal Senior Secondary School, Uganda	75,836
Sub-Total	**183,111,705**
Total Donations Across the Group	**832,765,303**

DIRECTORS' REPORT (continued)

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. The Bank has a comprehensive health insurance scheme for staff, through which medical needs of staff and their immediate family members are met. In addition, the Bank provides first aid in all business offices and has a medical facility at the head office.

Fire prevention and firefighting equipment are installed in strategic locations at all business offices, in addition to hosting a full fire service operation at the head office.

The Bank operates a contributory pension plan in accordance with the Pension Reform Act 2004 (amended 2014), wherein the Bank contributes 10% of employees' basic salary, housing and transport allowance to the designated pension fund administration chosen by each employee. As a part of the scheme, the Bank also remit employees' contribution of 8% of the relevant compensation to the same account, as provided by the Pension Reform Act 2004, as amended.

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 formal and informal 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. In addition to the routine online executive chat, where employees interact with the Management to discuss issues of customer and employee satisfaction, the GMD/CEO operates an open door policy and encourages employees to channel suggestions and complaints to him as may be required. The Human Capital Management Division also holds monthly HR clinic to address relevant employee welfare and career satisfaction.

Research and Development

As a part of its daily business, the Bank carries out research into new banking products and services to anticipate and meet customer's need and to ensure excellent service is delivered at all times.

Demographics of our workforce

During the period under review, the Group employed staff across the different businesses and geographies where it operates. Below is the details of the employee demographics:

DIRECTORS' REPORT (continued)

Group staff distribution by nationality and location during 2017 financial year:

Nationality	Location	Head Count
Nigerian	Nigeria	8,792
	Other 18 African Countries	58
	USA	4
	United Kingdom	6
Francophone Africans	Nigeria	5
	Other 18 Africa Countries	1,690
Anglophone Africans	Nigeria	5
	Other 18 Africa Countries	1,254
Mozambique	Mozambique	71
Indians	Nigeria	2
American	New York	28
Europeans	United Kingdom	9
Other Nationalities	United Kingdom	1
Total		**11,925**

Staff distribution by gender during 2017 financial year

Description	Gender	Head Count	% ot Total
Group	Male	6,378	53%
	Female	5,547	47%
	Total	**11,925**	**100%**
Bank	Male	4,702	53%
	Female	4,124	47%
	Total	**8,826**	**100%**

Average gender analysis of the Bank's Board of Directors and Top Management Staff during the period;

Description	Gender	Head Count	% ot Total
Board of Directors	Male	16	84%
	Female	3	16%
	Total	**19**	**100%**
Top Management	Male	62	74%
	Female	22	26%
	Total	**84**	**100%**

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

Description	Male		Female		Total
	Headcount	% of Total	Headcount	% of Total	
Non-Executive Directors	7	70%	3	30%	10
Executive Directors	9	100%	-	-	9
General Managers	14	69%	9	31%	23
Deputy General Managers	17	81%	4	19%	21
Assistant General Managers	31	77%	9	23%	40
Total	**78**	**76%**	**25**	**24%**	**103**

DIRECTORS' REPORT (continued)

14. Fixed assets

Movements in fixed assets during the period are shown on pages 181 and 184. In the opinion of the Directors, the market value of the Bank's property, plant and equipment is not less than the value shown in the financial statement.

15. Post balance sheet events

There are no post balance sheet events which could have had material effect on the financial state of affairs as at 31 December 2017 and the profit for the year ended that date.

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. Valentine Ozigbo - Chairman/Shareholder
2. Mr. Matthew Esonanjor - 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 have indicated their willingness, to 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.

18. Disclosure of customer complaints in the financial statements for the period ended 31 December 2017

	Number		Amount Claimed		Amount Refunded	
Description	2017	2016	2017 (₦'million)	2016 (₦'million)	2017 (₦'million)	2016 (₦'million)
Pending Complaints B/F	6,008	4,252	1,147	3,386		
Received Complaints	494,120	362,511	57,201	41,171		
Resolved Complaint	484,546	360,749	27,309	43,329	319	576
Unresolved Complaint Escalated to CBN	16	6	19,462	81		
Unresolved Complaint Pending with the bank C/F	15,566	6,008	11,577	1,147		
% of Complaint/Transaction Volume	0.19%	0.27%				

BY THE ORDER OF THE BOARD

Bili A. Odum
Group Company Secretary,
57 Marina, Lagos
February 27, 2018
FRC/2013/NBA/00000001954

Complaints and Feedback

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 fourteen million customers in the 23 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 our Employer' 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; and
- Show appreciation at all times.

Complaints 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 Fulfillment Center (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 Fulfillment Centre (CFC) 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 is also available exclusively for receiving customer complaints by post.

Resolution Structure

In order to ensure that customers' complaints, enquiries and requests are promptly resolved, the Bank has put in place a

> "...the Bank has put in place a dedicated complaints management team, (supervised by a senior officer of the Bank), who are responsible for prompt investigation and resolution of customers' complaints within the prescribed timelines."

Complaints and Feedback (continued)

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 is determined if the complaint could be resolved at first level.
- Where the complaint can be resolved at the first level, a resolution is provided to the customer.
- If such complaint cannot be resolved at the first level, the touch point forwards the complaint to Operations Specialists at the Resolution Unit to resolve.
- Upon resolution, the customer is contacted and the required feedback provided to the customer.
- The complaint is then closed in the system.
- Where 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 final outcome communicated to the customer.

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 the development in the industry.

CORPORATE GOVERNANCE REPORT

United Bank for Africa Plc (UBA Plc) holds good governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations. The Directors endorse the principles of best practice Corporate Governance as stated in the "Code of Corporate Governance For Banks and Discount Houses in Nigeria 2014" 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 2017 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:

- Board of Directors
- Board Committees
- Executive Management Committees

As at 31 December 2017, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, eight (8) other Non-Executive Directors, which includes, four (4) Independent Non-Executive Directors and nine (9) Executive Directors (which include the Group Managing Director/CEO and the Deputy Managing Director), 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 19 members, 9 of whom, inclusive of the GMD/CEO are Executive Directors and 10 Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

Responsibility

The roles of the 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 2017, the Board met six (6) 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

There were no appointments and retirements during the course of the 2017 financial year.

Professional Independent Advice

All Directors are aware that they may take independent

CORPORATE GOVERNANCE REPORT(continued)

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 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 2017 financial year. Their report is contained on pages 54 to 60 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 authorization 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. The Bank ensures the protection of statutory and general rights of shareholders at all times, particularly their right to vote at general meetings. All shareholders are treated equally regardless of their equity interest or social status.

The General Meeting of Shareholders is the highest decision-making body of the Bank and meetings are conducted in a fair and transparent manner that gives shareholders the opportunity to express their opinion. The Group publishes quarterly, half-year and annual reports on its website, as well as national newspapers. The Group also provides investor presentations and other relevant communications that provide requisite information to shareholders and the general public, especially as regards the performance, position, strategy and developments in the Group.

Besides, the Group maintains an investor relations unit which routinely attends to shareholders' enquiries and ensures that shareholders' views are appropriately escalated to the Management and Board on a continuous basis. In addition, shareholders are encouraged to continuously 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.

CORPORATE GOVERNANCE REPORT(continued)

Board Audit Committee (BAC)

The Board Audit Committee comprises;

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

* Mrs. Owanari Duke was a member of the Board Audit Committee till 03 July 2017.

Board Risk Management Committee (BRMC)

The Board Risk Management Committee comprises of the following Directors:

- Chief Kola Jamodu, CFR - Chairman
- Mr. Kennedy Uzoka
- Mr. Victor Osadolor
- Alhaji Ja'afaru Paki
- Mrs. Rose Okwechime
- Mr. Adekunle Olumide, OON
- High Chief Samuel Oni, FCA
- Mr. Uche Ike

Meetings are held at least once a quarter and the responsibilities of the Committee include review and recommendation of risk management strategies, policies and risk tolerance for the Board's approval; review of management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and consideration/examination of 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	4	4
2.	Mr. Kennedy Uzoka	4	3
3.	Mr. Victor Osadolor	4	4
4.	Alh. Ja'afaru Paki*	4	2
5.	Mrs. Rose Okwechime	4	4
6.	Mr. Adekunle Olumide	4	4
7.	High Chief Samuel Oni	4	4
8.	Mr. Uche Ike	4	4

* Mr. Ja'afaru Paki had a domestic accident that affected his attendance of the Board and Board Committee meetings.

Board Credit Committee

The Board Credit Committee was until 6 November 2017 made up of four (4) Non-Executive Directors and one (1) Executive Director. The Committee 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:

- Mrs. Foluke Abdulrazaq - Chairman
- Alhaji Ja'afaru Paki
- Mr. Yahaya Zekeri
- Mrs. Owanari Duke
- Mr. Uche Ike

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.

CORPORATE GOVERNANCE REPORT(continued)

S/N	Members	Number of meetings held	Number of meetings attended
1.	Mrs. Foluke Abdulrazaq	5	5
2.	Alh. Ja'afaru A. Paki*	5	2
3.	Mrs. Owanari Duke	5	5
4.	Mr. Yahaya Zekeri	5	5
5.	Mr. Uche Ike **	5	3

* Alh. Ja'afaru A. Paki had a domestic accident that affected his attendance of the Board Credit Committee metting.

** Mr. Uche Ike was a member of the Board Credit Committee until November 6, 2017.

Nominations and Governance Committee

The Nominations and Governance Committee is comprised of four (4) Non-Executive Directors namely:

- Mrs. Rose Okwechime - Chairman
- Mrs. Foluke Abdulrazaq
- Mr. Yahaya Zekeri
- Mrs. Owanari Duke

Meetings are held at least once a quarter and the responsibilities of the Committee include reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors, as well as broad remuneration policy for the Bank.

Finance and General Purpose Committee (FGPC)

S/N	Members	Number of meetings held	Number of meetings attended
1.	Mrs. Rose Okwechime	5	5
2.	Mrs. Foluke Abdulrazaq	5	5
3.	Mr. Yahaya Zekeri	5	5
4.	Mrs. Owanari Duke	5	5

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:

- Mrs. Owanari Duke - Chairman
- Mr. Adekunle Olumide, OON
- Alhaji Ja'afaru Paki
- Mr. Kennedy Uzoka
- Mr. Victor Osadolor

S/N	Members	Number of meetings held	Number of meetings attended
1.	Mrs. Owanari Duke	4	4
2.	Mr. Adekunle Olumide	4	4
3.	Alhaji Ja'afaru Paki*	4	2
4.	Mr. Kennedy Uzoka	4	3
5.	Mr. Victor Osadolor	4	4

* Alh. Ja'afaru A. Paki had a domestic accident that affected his attendance of the APC meeting

Statutory Audit Committee (SAC)

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 review 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 2017 are as follows:

- Mr. Valentine Ozigbo - Chairman/Shareholder
- Mr. Matthew Esonanjor - Shareholder
- Alhaji Umar Al-Kassim - Shareholder
- Mrs. Foluke Abdulrazaq - Non-Executive Director
- Mr. Adekunle Olumide - Non-Executive Director
- Mrs. Owanari Duke - Non-Executive Director

CORPORATE GOVERNANCE REPORT(continued)

Attendance at Board Meetings

Membership and attendance at Board Meetings are set out below:

S/N	Members	Number of meetings held	Number of meetings attended
1.	Tony O. Elumelu, CON	6	6
2.	Joe. C. Keshi, OON	6	6
3.	Kennedy Uzoka	6	6
4.	Victor Osadolor	6	6
5.	Dan Okeke	6	6
6.	Emeke Iweriebor	6	5
7.	Uche Ike	6	6
8.	Oliver Alawuba	6	6
9..	Chukwuma Nweke	6	6
10.	Ayoku Liadi	6	6
11.	Puri Ibrahim	6	6
12.	Chief Kola Jamodu, CFR	6	6
13.	Alhaji Ja'afaru Paki*	6	4
14.	Adekunle Olumide, OON	6	6
15.	Rose Okwechime	6	5
16.	Yahaya Zekeri	6	6
17.	Foluke Abdulrazaq	6	5
18.	High Chief Samuel Oni, FCA	6	5
19.	Owanari Duke	6	5

*Alhaji Ja'afaru Paki had a domestic accident, which affected his attendance of Board meetings during the year.

Executive Management Committees

These are Committees comprising of senior management of the Bank. The committees are also risk-driven, as they are basically set up to identify, analyse, synthesise and make recommendations on risks arising from day-to-day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include:

- the Group Asset and Liability Committee (GALCO),
- the Executive Credit Committee (ECC),
- the Operational Efficiency Committee (OEC) / IT Steering Committee (ITSC),
- the Group Risk Management Committee (GRMC) and
- the Executive Management Committee (EMC).

Directors' Compensation

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 in a month 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 Committee meetings	Paid after each meeting

REPORT OF THE STATUTORY 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 Group financial statements and the responses to the said letter.
- In our opinion, the plan and scope of the audit for the period ended 31 December 2017 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.
- Related party transactions and balances are disclosed in Note 42 to the financial statements 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". This disclosure was reviewed and found to be as analysed in the financial statements as at 31 December 2017.

VALENTINE OZIGBO
Chairman,
Statutory Audit Committee
FRC/2013/ICAN/00000005347

MEMBERS OF THE AUDIT COMMITTEE ARE:

1.	Mr. Valentine Ozigbo	-	Chairman/Shareholder
2.	Mr. Matthew Esonanjor	-	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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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 2017 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 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.

On behalf of the directors:

Kennedy Uzoka
Group Managing Director/CEO
FRC/2013/IODN/00000015087

BOARD EVALUATION REPORT

EY
Building a better working world

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Report of External Consultants on the Board Performance Appraisal of United Bank for Africa Plc

We have performed the procedures agreed with United Bank for Africa Plc ("UBA") in respect of the evaluation of the Board of UBA for the year ended 31 December, 2017 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Code of Corporate Governance (CCG) 2014 for Banks and Discount Houses "CBN CCG". Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures' engagements.

The procedures were performed in accordance with the CBN CCG which mandates an annual evaluation of the Board and individual directors with specific focus on the Board structure and composition, responsibilities, proceedings and relationships, individual director's competences and respective roles in the performance of the Board.

The field work was performed between the 15th of January and 2nd of February, 2018. The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, if any, in the underlying information.

Our approach included the review of UBA's Corporate Governance framework, and all relevant corporate governance policies and procedures. We obtained written representation of the Directors' assessment of the Board across various matrices through questionnaires we administered to the Board members. We also conducted face to face interviews with the Directors and key personnel of the Company. On the basis of our work, the Board of United Bank for Africa Plc has largely complied with the requirements of the CBN CCG during the year ended December 31, 2017.

The outcome of the review and our recommendations have been articulated and included in our detailed report to the Board.

Bunmi Akinde
Partner, Advisory Services
FRC/2012/ICAN/00000000187

February 27, 2018

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the Members of United Bank for Africa Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of United Bank for Africa Plc ("the Bank") and its subsidiaries (together "the Group") as at 31 December 2017 and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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.

What we have audited

United Bank for Africa Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria

INDEPENDENT AUDITOR'S REPORT

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Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers We focused on this area because of the significant value of loans and advances and also because the directors make significant and subjective judgements over the timing, estimation and recognition of the related loan loss reserve. The directors make an assessment for impairment on all significant loans by assessing the loans for impairment triggers individually. On these category of loans, the directors make assumptions regarding the identification of impairment triggers and the magnitude and timing of future cash flows including those arising from pledged collateral. Loans that are not individually tested for impairment and those that have been tested but unimpaired are assessed collectively on a portfolio basis. This assessment is based on the impairment model with significant assumptions for probability of default and loss given default. This matter is considered a key audit matter in both the consolidated and separate financial statements. *See Notes 25 and 4.2(c) to the consolidated and separate financial statements for further information.*	We understood and tested the design and operating effectiveness of the controls over the estimation of loan loss reserves. We performed our tests along the two broad categories of loans and advances i.e. the "specifically assessed portfolio" comprising significant loans; and the "collectively assessed portfolio" comprising individually low value loans and some high value loans which were assessed to be unimpaired. For the specifically assessed portfolio of loans, we applied a risk based testing approach in selecting a sample of customer loans for testing. We reviewed correspondences included in the customer files, account statements and assessed publicly available information on obligors which were considered in determining the existence of impairment triggers. For loans assessed to have impairment triggers, we tested, the calculation of impairment by reviewing the forecast cash flows used in the impairment calculations. In addition, we challenged the directors' assumptions around the amount and timing of cash flows used in the impairment calculations. We then formed our own view as to the recoverable amounts of the loans by discounting these future cash flows using the individual loan's effective interest rates. For the category of loans assessed collectively, we reviewed the impairment model to confirm consistency with prior periods and with our understanding of the business and industry. We tested collective impairment inputs e.g. the Loss Given Default (LGD) and the Probability of Default (PD) by reviewing against historical data and other client information. We then recalculated the collective impairment reserve amount for the portfolio and compared with the directors' estimate.

INDEPENDENT AUDITOR'S REPORT

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Impairment assessment for Goodwill

We focused on this area because of the magnitude of the carrying amount of goodwill and because the goodwill is recognized on Cash Generating Units (CGUs) in different economic environments. This increased the level of subjectivity involved in estimating the carrying amount of the goodwill at the year end date.

In particular, the directors exercise judgement in assessing the "value in use" of the CGUs by estimating future cashflows and making assumptions on the applicable discount rates.

This matter is considered a key audit matter in the consolidated financial statements only.

See Note 31 to the consolidated and separate financial statements for further information.

We obtained the directors' assessment of impairment of the Group's goodwill and challenged the assumptions used in the impairment model. We focused on the appropriateness of the directors' identification of CGUs, their estimation of future cash flows and appropriateness of discount rates applied.

Specifically, we:

- obtained the board approved business plans and related cashflow forecasts for the related CGUs to which goodwill is allocated and challenged the forecast by comparing with the historical performance of the CGU and long term economic outlook; and
- used our internal valuation experts to test the reasonableness of the discount rates, long term growth rates, the applicability of the methodology applied and the mathematical accuracy of the impairment model used by the directors.

Recoverability of deferred tax asset

We focused on this area because of the magnitude of the deferred tax asset and the uncertainties around the directors' judgement in their estimation of the future taxable profits upon which deductible temporary differences or unused tax losses or credits will be applied.

This matter is considered a key audit matter in both the consolidated and separate financial statements.

See Note 32 to the consolidated and separate financial statements for further information.

We adopted a substantive approach to testing the recoverability of the Group's deferred tax asset balance. We obtained the cash flow projections and forecast taxable profits used to support the directors' recognition of the deferred tax asset. We then challenged the cash flow forecasts and deferred tax utilisation computations.

Specifically we,

- tested the cashflow forecast provided by the directors by challenging the assumptions on the growth rate of taxable and non- taxable transaction income vis-à-vis actual historical performance and future performance per current business plan; and
- used our tax specialists to challenge the directors' assessment of the relative useful lives of the components of the deferred tax asset in line with the applicable tax laws. This was used to assess the viability of the directors' plan for the recoverability of the deferred tax asset.

INDEPENDENT AUDITOR'S REPORT

pwc

Valuation of available for sale unquoted equity financial instruments We focused on this area because of the subjective judgments involved in estimating the carrying value of the unquoted equity securities at the year-end date and the relative size of the balance. In particular we focused on unquoted equity investments where the directors' have applied a discounted cashflow (DCF) valuation technique to determine their fair values. This category of investment securities account for 92% of the total portfolio of unquoted equity securities and there is no active market for them. This matter is considered a key audit matter in both the consolidated and separate financial statements. *See Note 26 to the consolidated and separate financial statements for further information.*	We adopted a substantive approach to testing this balance by obtaining and performing audit procedures on the directors' independent valuation of all unquoted equity investment securities performed using the discounted cash flow valuation technique. We challenged the cash flow forecasts used by the directors in their independent valuation of these securities by revalidating with information on the business plans of the investee companies, their historical performance and long term economic outlook. We used our internal valuation experts to test the reasonableness of the discount rates, long term growth rates, applicability of the methodology applied and mathematical accuracy of the valuation models used in the directors' estimate. We used our valuation experts to perform an independent valuation of the investee companies.
Disclosure of the impact of IFRS 9 transition On 1 January 2018, the Group transitioned to financial instruments accounting standard - IFRS 9 which replaced IAS 39. IFRS 9 introduced new requirements around the classification and measurement of financial instruments, potentially resulting in fair value differences. Significant judgement was applied in estimating the impairment allowances under the new expected credit loss (ECL) model. ECL models incorporate forward looking information, reflecting management's view of potential future economic environments. The estimates of ECL also reflects a probability weighted amount determined by evaluating a range of multiple economic scenarios. Disclosure of IFRS 9 impact is considered a key audit matter in the consolidated and separate financial statements. *The estimated transition impact is disclosed in Note 2.1.1(b) of the consolidated and separate financial statements.*	We understood and assessed the group's classification and measurement policy in line with the requirement of IFRS 9. We used our credit modelling experts to: • review the judgements and assumptions supporting management's determination of Probability of Default, Loss Given Default and staging assessment used in the expected credit loss model developed by the directors. • assess the reasonableness of forward looking information incorporated into the impairment calculations. • challenge the multiple economic scenarios chosen and the weighting applied to non-linear losses. We tested on a sample basis the integrity of data used as input to the model We assessed the adequacy of the underlying disclosures related to the impact of the transition.

INDEPENDENT AUDITOR'S REPORT

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Other information

The directors are responsible for the other information. The other information comprises the directors' report, complaints and feedback report, corporate governance report, report of the statutory audit committee, statement of directors' responsibilities, statement of value added and five year financial summary (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and chairman's statement, CEO's report, group financial performance review, consumer and digital banking report, sustainability and corporate social responsibility report, board evaluation report and other corporate information, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

INDEPENDENT AUDITOR'S REPORT

pwc

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

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

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

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

iii) the Bank's statement of financial position and statement of 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 42 to the financial statements; and

v) except for the contraventions disclosed in Note 46 to the financial statements, there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

A1193344
23 March 2018

Engagement Partner: Samuel Abu
FRC/2013/ICAN/00000001495

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Bank	
In millions of Nigerian Naira	*Notes*	**2017**	**2016**	**2017**	**2016**
Interest income	10	325,657	263,970	227,335	177,313
Interest expense	11	(118,025)	(98,770)	(95,093)	(68,525)
Net interest income		**207,632**	**165,200**	**132,242**	**108,788**
Impairment loss on loans and receivables	12	(32,895)	(27,683)	(30,433)	(25,521)
Net interest income after impairment charges		**174,737**	**137,517**	**101,809**	**83,267**
Fees and commission income	13	82,937	73,199	51,530	49,836
Fees and commission expense	14	(16,967)	(13,988)	(11,891)	(11,139)
Net trading and foreign exchange income	15	49,063	43,820	31,210	32,678
Other operating income	16	3,900	2,658	6,188	10,068
Employee benefit expenses	17	(68,972)	(64,614)	(42,343)	(43,501)
Depreciation and amortisation	18	(10,091)	(8,650)	(7,058)	(6,281)
Other operating expenses	19	(109,547)	(79,237)	(75,608)	(57,279)
Share of profit/(loss) of equity-accounted investee	28(a)	204	(63)	-	-
Profit before income tax		**105,264**	**90,642**	**53,837**	**57,649**
Income tax expense	20	(26,674)	(18,378)	(11,399)	(10,108)
Profit for the year		**78,590**	**72,264**	**42,438**	**47,541**
Other comprehensive income					
Items that will be reclassified to the income statement:					
Exchange differences on translation of foreign operations		12,151	38,960	-	-
Fair value reserve (available-for-sale financial assets):					
Net change in fair value during the year	39(d)	15,701	28,114	15,751	28,084
Net amount transferred to the income statement		(83)	(1,188)	(83)	(1,188)
Other comprehensive income for the year, net of tax		27,769	65,886	15,668	26,896
Total comprehensive income for the year		**106,359**	**138,150**	**58,106**	**74,437**
Profit for the year attributable to:					
Owners of Parent		76,046	69,404	42,438	47,541
Non-controlling interest		2,544	2,860	-	-
Profit for the year		**78,590**	**72,264**	**42,438**	**47,541**
Total comprehensive income attributable to:					
Owners of Parent		99,972	130,783	58,106	74,437
Non-controlling interest		6,387	7,367	-	-
Total comprehensive income for the year		**106,359**	**138,150**	**58,106**	**74,437**
Earnings per share attributable to owners of the parent					
Basic and diluted earnings per share (Naira)	**21**	**2.22**	**2.04**	**1.20**	**1.31**

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 2017

		Group		Bank	
In millions of Nigerian Naira	*Notes*	**2017**	**2016**	**2017**	**2016**
ASSETS					
Cash and bank balances	22	898,083	760,930	727,546	610,910
Financial assets held for trading	23	31,898	52,295	31,898	52,295
Derivative assets	33(a)	8,227	10,642	7,911	10,642
Loans and advances to banks	24	20,640	22,765	19,974	23,850
Loans and advances to customers	25	1,650,891	1,505,319	1,173,214	1,090,355
Investment securities:					
- Available for sale	26	593,299	276,758	423,293	244,424
- Held to maturity	26	622,754	693,634	242,185	288,592
Other assets	27	86,729	37,849	77,949	31,192
Investment in equity-accounted investee	28	2,860	2,925	1,770	1,770
Investment in subsidiaries	29	-	-	103,777	70,702
Property and equipment	30	107,636	93,932	89,285	80,252
Intangible assets	31	16,891	14,361	5,846	4,905
Deferred tax asset	32	29,566	33,060	27,178	29,696
TOTAL ASSETS		**4,069,474**	**3,504,470**	**2,931,826**	**2,539,585**
LIABILITIES					
Derivative liabilities	33(b)	123	14	123	14
Deposits from banks	34	134,289	109,080	15,290	30,484
Deposits from customers	35	2,733,348	2,485,610	1,877,736	1,698,859
Other liabilities	36	96,622	110,596	67,104	72,901
Current tax liability	20	7,668	5,134	1,108	522
Borrowings	37	502,209	259,927	502,209	259,927
Subordinated liabilities	38	65,741	85,978	65,741	85,978
Deferred tax liability	32	40	62	-	-
TOTAL LIABILITIES		**3,540,040**	**3,056,401**	**2,529,311**	**2,148,685**
EQUITY					
Share capital	39	17,100	18,140	17,100	18,140
Share premium	39	98,715	117,374	98,715	117,374
Retained earnings	39	154,527	138,623	99,332	110,152
Other reserves	39	240,861	160,714	187,368	145,234
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**511,203**	**434,851**	**402,515**	**390,900**
Non-controlling interests	29(b)	18,231	13,218	-	-
TOTAL EQUITY		**529,434**	**448,069**	**402,515**	**390,900**
TOTAL LIABILITIES AND EQUITY		**4,069,474**	**3,504,470**	**2,931,826**	**2,539,585**

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

The financial statements were approved by the directors on February 27, 2018.

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

Kennedy Uzoka

Kennedy Uzoka
Group Managing Director/CEO
FRC/2013/IODN/00000015087

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

Group

In millions of Nigerian Naira	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-Controlling interest	Total equity
	Attributable to equity holders of the parent										
Balance at 1 January 2017	18,140	117,374	28,799	31,375	58,274	(31,600)	73,866	138,623	**434,851**	13,218	448,069
Profit for the year	-	-	-	-	-	-	-	76,046	**76,046**	2,544	**78,590**
Exchange differences on translation of foreign operations	-	-	8,303	-	-	-	-	-	**8,303**	3,848	**12,151**
Fair value change in available-for-sale financial assets	-	-	-	-	15,706	-	-	-	**15,706**	(5)	**15,701**
Net amount transferred to income statement	-	-	-	-	(83)	-	-	-	**(83)**	-	**(83)**
Total comprehensive income for the year	-	-	8,303	-	15,623	-	-	76,046	**99,972**	6,387	**106,359**
Transfer between reserves	-	-	-	13,861	-	-	10,760	(24,621)	**-**	-	**-**
Transactions with owners:											
Sale of treasury shares	-	-		-	-	654	-	-	**654**	-	**654**
Treasury shares cancelled during the year	(1,040)	(18,659)	-	-	-	30,946	-	(11,247)	**-**	-	**-**
Change in ownership interest in subsidiaries arising from parent's additional investment	-	-	-	-	-	-	-	1,374	**1,374**	(1,374)	**-**
Dividends paid	-	-	-	-	-	-	-	(25,648)	**(25,648)**	-	**(25,648)**
Balance at 31 December 2017	**17,100**	**98,715**	**37,102**	**45,236**	**73,897**	**-**	**84,626**	**154,527**	**511,203**	**18,231**	**529,434**
Balance at 1 January 2016	**18,140**	**117,374**	**(5,654)**	**18,167**	**31,348**	**(32,061)**	**65,450**	**113,063**	**325,827**	**6,794**	**332,621**
Profit for the year	-	-	-	-	-	-	-	69,404	**69,404**	2,860	**72,264**
Exchange differences on translation of foreign operations	-	-	34,453	-	-	-	-	-	**34,453**	4,507	**38,960**
Fair value change in available-for-sale financial assets	-	-	-	-	28,114	-	-	-	**28,114**	-	**28,114**
Net amount transferred to income statement	-	-	-	-	(1,188)	-	-	-	**(1,188)**	-	**(1,188)**
Total comprehensive income for the year	-	-	34,453	-	26,926	-	-	69,404	**130,783**	**7,367**	**138,150**
Transfer between reserves	-	-	-	13,208	-	-	8,416	(21,624)	**-**	-	**-**
Transactions with owners											
Sale of treasury shares	-	-		-	-	461	-	-	**461**	-	**461**
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	(1,692)	**(1,692)**	(410)	**(2,102)**
Dividends paid	-	-	-	-	-	-	-	(20,528)	**(20,528)**	(533)	**(21,061)**
Balance at 31 December 2016	**18,140**	**117,374**	**28,799**	**31,375**	**58,274**	**(31,600)**	**73,866**	**138,623**	**434,851**	**13,218**	**448,069**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2017

Bank

In millions of Nigerian Naira	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total
Balance at 1 January 2017	**18,140**	**117,374**	**26,650**	**58,881**	**-**	**59,703**	**110,152**	**390,900**
Profit for the year	-	-	-	-	-	-	**42,438**	**42,438**
Fair value change in available-for-sale financial assets	-	-	-	15,751	-	-	-	**15,751**
Net amount transferred to income statement	-	-	-	(83)	-	-	-	**(83)**
Total comprehensive income for the year	**-**	**-**	**-**	15,668	-	**-**	**42,438**	**58,106**
Transfer between reserves	-	-	17,723	-	-	8,743	(26,466)	**-**
Transactions with owners:								
Treasury shares purchased during the year	-	-	-	-	(19,699)	-	-	**(19,699)**
Treasury shares cancelled during the year	(1,040)	(18,659)	-	-	19,699	-	-	**-**
Proceeds from rights issue	-	-	-	-	-	-	-	**-**
Dividends paid	-	-	-	-	-	-	(26,792)	**(26,792)**
Balance at 31 December 2017	**17,100**	**98,715**	**44,373**	**74,549**	**-**	**68,446**	**99,332**	**402,515**
Balance at 1 January 2016	18,140	117,374	17,260	31,985	-	52,572	100,900	338,231
Profit for the year	-	-	-	-	-	-	47,541	**47,541**
Fair value change in available-for-sale financial assets	-	-	-	28,084	-	-	-	**28,084**
Net amount transferred to income statement	-	-	-	(1,188)	-	-	-	**(1,188)**
Total comprehensive income for the year	**-**	**-**	**-**	**26,896**	**-**	**-**	**47,541**	**74,437**
Transfer between reserves	-	-	9,390	-	-	7,131	(16,521)	-
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(21,768)	**(21,768)**
Balance at 31 December 2016	**18,140**	**117,374**	**26,650**	**58,881**	**-**	**59,703**	**110,152**	**390,900**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Bank	
In millions of Nigerian Naira	**Notes**	**2017**	**2016**	**2017**	**2016**
Cash flows from operating activities:					
Profit before income tax		105,264	90,642	53,837	57,649
Adjustments for:					
Depreciation of property and equipment	18	8,584	7,397	5,809	5,203
Amortisation of intangible assets	18	1,507	1,253	1,249	1,078
Specific impairment charge on loans to customers	12	24,141	20,896	22,725	16,579
Portfolio impairment charge on loans to customers	12	4,892	4,471	(50)	5,622
Portfolio impairment (reversal)/ charge on loans to banks	12	(334)	167	(334)	171
Write-off of loans and advances	12	9,544	2,340	8,359	2,299
Impairment charge on other assets	12	962	2,024	(37)	1,280
Net fair value loss/(gain) on derivative financial instruments	15	2,524	(9,146)	2,840	(9,146)
Foreign currency revaluation loss/(gain)	15	(952)	(15,139)	(210)	(12,373)
Dividend income	16	(2,449)	(1,803)	(5,621)	(9,498)
(Gain)/Loss on disposal of property and equipment		(21)	190	(21)	214
Write-off of property and equipment	30	90	-	86	-
Write-off of intangible assets	31	-	135	-	135
Net interest income		(207,632)	(165,200)	(132,242)	(108,788)
Share of loss of equity-accounted investee	28	(204)	63	-	-
		(54,084)	**(61,710)**	**(43,610)**	**(49,575)**
Changes in operating assets and liabilities:					
Change in financial assets held for trading		19,583	(35,568)	19,583	(35,568)
Change in cash reserve balance		(68,549)	(100,021)	(88,348)	(68,067)
Change in loans and advances to banks		2,459	(8,332)	4,210	(9,430)
Change in loans and advances to customers		(184,149)	(494,614)	(113,893)	(289,800)
Change in other assets		(36,794)	47,882	(46,510)	2,429
Change in deposits from banks		25,046	48,014	(15,357)	30,134
Change in deposits from customers		247,738	403,906	178,877	71,799
Change in placement with banks		(20,405)	22,171	9,235	(12,004)
Change in other liabilities and provisions		(13,974)	55,178	(5,797)	38,682
Interest received		326,334	262,552	228,012	175,574
Interest paid on deposits from banks and customers		(81,888)	(76,891)	(58,956)	(46,646)
Income tax paid	20(c)	(20,668)	(19,577)	(8,295)	(8,063)
Net cash (used in)/provided from operating activities		**140,649**	**42,990**	**59,151**	**(200,535)**
Cash flows from investing activities:					
Proceeds from sale/redemption of investment securities		800,269	653,030	777,720	634,989
Purchase of investment securities		(1,063,746)	(833,318)	(901,607)	(605,425)
Purchase of property and equipment	30	(25,671)	(15,927)	(15,048)	(7,610)
Purchase of intangible assets	31	(3,268)	(1,359)	(2,179)	(1,036)
Additional investment in subsidiaries		-	-	(33,075)	(4,935)
Additional investment in equity-accounted investee		-	-	-	-
Proceeds from disposal of property and equipment		2,869	4,361	135	2,006
Dividend received		2,449	1,803	5,621	9,498
Net cash (used in)/provided from investing activities		**(287,098)**	**(191,410)**	**(168,433)**	**27,487**

		Group		Bank	
	Notes	**2017**	**2016**	**2017**	**2016**
Cash flows from financing activities					
Interest paid on borrowings and subordinated liabilities		(39,694)	(24,310)	(39,694)	(24,310)
Proceeds from borrowings	37	406,409	212,915	406,409	212,915
Repayment of borrowings	37	(210,001)	(110,209)	(210,001)	(110,209)
Repayment of subordinated liabilities	38	(20,000)	-	(20,000)	-
Proceeds from sale of treasury shares		654	461	-	-
Treasury shares purchased		-	-	(19,699)	-
Dividend paid to owners of the parent		(25,648)	(20,528)	(26,792)	(21,768)
Dividend paid to non-controlling interests*		-	(172)	-	-
Net cash from financing activities		**111,720**	**58,157**	**90,223**	**56,628**
Net decrease in cash and cash equivalents		(34,729)	(90,263)	(19,059)	(116,420)
Effects of exchange rate changes on cash and cash equivalents		82,114	123,450	55,768	62,250
Cash and cash equivalents at beginning of year	22	381,043	347,856	236,416	290,586
Effect of exchange rate fluctuations on cash held					
Cash and cash equivalents at end of year	22	**428,428**	**381,043**	**273,125**	**236,416**

*This amount represents actual cash dividends paid to non-controlling interest holders during the year. This differs from the amount disclosed in the statement of changes in equity which represents accruals for dividends not yet paid.

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

NOTES TO FINANCIAL STATEMENTS

1 GENERAL INFORMATION

United Bank for Africa Plc (the "Group") is a Nigerian registered company with address at 57 Marina, Lagos, Nigeria. The consolidated financial statements of the Group for the year ended 31 December 2017 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.

The financial statements for the year ended 31 December 2017 were authorised for issue by the Board of Directors on February 27, 2018, subject to CBN approval.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis, except for the following:

- Derivative financial instruments which are measured at fair value.
- Financial assets held-for-trading which are measured at fair value.
- Available-for-sale financial instruments which are measured at fair value.

3.2 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 (₦) which is the Bank's functional currency and the Group's presentation currency.

3.3 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 8.

3.4 BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries (including structured entities) are entities controlled by the Group. Control exists when the Group has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over the entity. 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 BASIS OF CONSOLIDATION (continued)

(b) Business combinations

Business combinations are accounted for using the acquisition method.

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

- the fair value of the consideration transferred; plus
- the 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 amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Non-controlling interests are measured at 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. 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.

If the business combination is achieved in stages, the acquisition date carrying value of any previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and 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.

(c) 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.

(d) 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.

(e) 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. 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 of non-controlling interests are also recorded in equity.

(f) 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)

3.4 BASIS OF CONSOLIDATION (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 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 on investments in associates are recognised in the income statement.

3.5 FOREIGN CURRENCY

(a) 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 assets available-for-sale, unrealised exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

(b) 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.

3.6 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)

3.7 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.

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

3.8 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.

3.9 DIVIDEND INCOME

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.10 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

3.11 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)
3.11 FINANCIAL INSTRUMENT (continued)

Subsequent measurement

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

(a) 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'.

(b) 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.

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'.

(c) 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.

(d) 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 Group may not recover substantially all of its initial investment, other than because of credit deterioration.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 FINANCIAL INSTRUMENT (continued)

(d) Loans and receivables (continued)

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 Groups and customers, trade receivables and cash, and Group balances.

(e) 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-training 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

(a) 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 when 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 FINANCIAL INSTRUMENT (continued) IMPAIRMENT OF FINANCIAL ASSETS (continued)

(a) Assets carried at amortised cost (continued)

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 Group'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 Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group 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 relevant procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Groups 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.

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 Group may measure impairment on the basis of an instrument's fair value using an observable market price.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 FINANCIAL INSTRUMENT (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

(b) 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 it is determined 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 of available-for-sale and held-to-maturity investment securities. They are not reclassified to "assets pledged as collateral" in the statement of financial position because they cannot be re-pledged or resold by counterparties. Initial recognition is at fair value while subsequent measurement is at amortised cost for held-to-maturity investment securities and fair value for available-for-sale investment securities.

Offsetting financial instruments

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

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

Sale and repurchase agreements and lending of securities

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 FINANCIAL INSTRUMENT (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

De-recognition of financial instruments (continued)

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 , 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. 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 Group 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 Group 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.

3.12 CASH AND BANK BALANCES

Cash and bank balances include notes and coins on hand, current balances with other banks, balances held with central banks and placements with banks which are used by the Group in the management of its short-term commitments.Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

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

3.13 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

3.15 PROPERTY AND EQUIPMENT

(a) 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.

(b) 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.

(c) 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 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:

Land	Not depreciated
Buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Aircraft	Between 16 and 20 years
Motor vehicles	5 years
Furniture and Fittings	5 years
Computer hardware	5 years
Equipment	5 years
Work in progress	Not depreciated
Lifts*	10 years

*In the financial statements, lifts are not treated as a separate class of property and equipment. They are included as part of Buildings.

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. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 PROPERTY AND EQUIPMENT (continued)

(d) 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.

3.16 INTANGIBLE ASSETS

(a) 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.

(b) 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 period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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.

3.19 DEPOSITS AND DEBT SECURITIES ISSUED

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

Debt securities issued 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.

3.20 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.

Liability is recognised for a levy when the activity that trigger the payment, as identified by the relevant legislation occurs. Where the activities that triggers the payment occur progressively, the Group recognises a levy over the related period. However, where the trigger event requires a minimum threshold, no liability is recognised before the minimum threshold is attained.

3.21 FINANCIAL GUARANTEE CONTRACTS

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

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

3.22 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 EMPLOYEE BENEFITS (continued)

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.

3.23 SHARE CAPITAL AND RESERVES

(a) Share issue costs

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

(b) Dividend on ordinary shares

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

(c) Treasury shares

Where the Group or any member of the Group purchases the Group's shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.24 EARNINGS PER SHARE

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

3.25 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.

3.26 STOCK OF CONSUMABLES

Stock of consumables comprise materials to be consumed in the process of rendering of services, as well as banking accessories held for subsequent issuance to customers. They are measured at the lower of cost and net realisable value. Cost comprises costs of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realisable value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recognised as an expense in the period in which the related revenue is recognised.

3.27 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.28 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 2017.

i) Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.
- The adoption of this amendment did not have any material impact on the amounts recognised in prior or current periods.

(ii) Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g.,gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, this has been disclosed in note 37.

3.29 New Standards and Interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective as at 30 June 2017 are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

a) IFRS 9 Financial Instruments

IIFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement and introduces new guidelines for Classification and Measurement of financial instruments, Impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not early adopted IFRS 9 (and any amendments) in these financial statements and has chosen 1 January 2018 as the initial application date. The Group has elected not to restate the comparatives for 2017 but the day one impact on transition will be reflected in opening equity.

Classification and Measurement

The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories are replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset is measured at FVOCI only if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and also,its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.29 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

a) IFRS 9 Financial Instruments (continued)

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception as fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. The standard permits entities to, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Impairment

IFRS 9 replaces IAS 39's 'incurred loss' approach with a forward-looking 'expected credit loss' (ECL) approach. The Group will record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses will primarily be based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate. The ECL model has three stages. Entities are required to recognise a 12-month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39, and then a lifetime expected loss allowance is recognised.

The Group will use forward looking information including reasonable and supportable forecasts of future economic conditions in the ECL model. IFRS 9 requires consideration of a range of economic scenarios and how they could impact the loss allowance which is subjective and requires judgement. The macroeconomic factors that are being considered include GDP growth rate, interbank FX rates, inflation rate, crude oil prices and population growth rate.

The loss allowance under IFRS 9 will be a probability weighted summation of multiple economic scenarios and the Group expects the impairment losses under IFRS 9 to be more volatile than IAS 39 impairment losses.
"Upon the adoption of IFRS 9, the increase in the Group's allowance for credit loss is estimated to be between N33.5billion and N37.4billion (Bank: between N28.2billion and N31.2billion). The Standard requires this increase to be charged to retained earnings, in the first year of adoption. However, this charge would have little or no impact on the Capital Adequacy Ratio, as the equivalent amount would be transferred from regulatory risk reserve to retain earnings.

Heedge Accounting
IFRS 9 allows entities to continue with the hedge accounting under IAS 39 even when other elements of IFRS become mandatory on 1 January 2018. The new hedging rules are however not expected to impact the Group.

b) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g. IFRS 9, and IFRS 16 Leases).

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.29 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing, as well as any uncertainty of revenue and the corresponding cash flows with customers.

The adoption of IFRS 15 is not expected to have any significant impact on the Group.

c) IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

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 Plc) has adopted an enterprise wide, integrated approach to risk management. The key objectives are as follows:

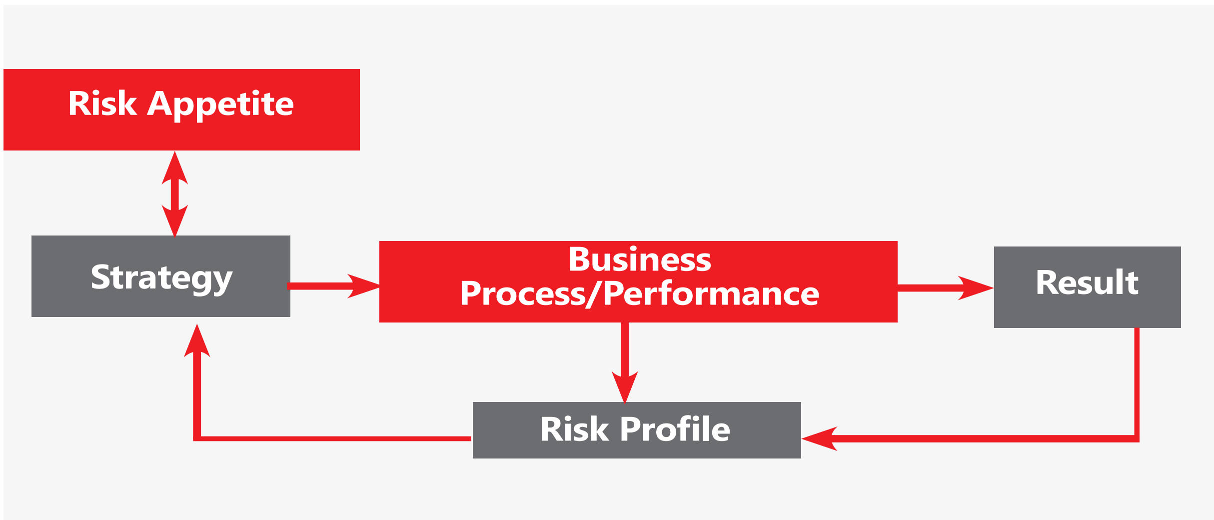
- meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords as adopted by the Central Bank of Nigeria (CBN);
- ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and
- 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.

(a) 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; and
- Establish proper feedback mechanism as input into the strategic risk management process.



4 FINANCIAL RISK MANAGEMENT (continued)
4.1 INTRODUCTION AND OVERVIEW (continued)

(b) RISK MANAGEMENT CULTURE

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

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

- General understanding and uniform application of risk Managment 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 managment is at all levels; and
- Clearly defined risk appetite.

(c) ROLE AND RESPONSIBILITIES

The key players in the risk management framework and their responsibilities are as follows:

Board of Directors

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

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

Board Committees

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:

(i) Executive Management Committee (EMC)

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

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

4 FINANCIAL RISK MANAGEMENT (continued)
4.1 INTRODUCTION AND OVERVIEW (continued)
(c) ROLE AND RESPONSIBILITIES (continued)

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.

(ii) 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. They also:

- 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; and
  - 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; and
- Review all major credit audit issues with a view to adopting learning points for enhancement to the credit process.

(iii) 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.

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 Finance and General Purpose Committee (F&GPC) through EMC for approval; and
- 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 (LGA);
  - Maximum Cumulative Outflow (MCO);
  - Stress Test;
  - Wholesale Borrowing Guidelines; and
  - Contingency Liquidity Plan;
- Review liquidity, interest rate and currency risks and approve risk mitigation proposals subject to ratification by EMC; and
- Set pricing strategies for the Group on assets and liabilities (pool rate, asset and/or liability composition subject to ratification by EMC.

(iv) 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 risk assets 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; and
- Recommends write-offs for approval through the EMC to the Board.

(v) Group Risk Management Committee

The responsibilities of the Group Risk Management Committee are as follows:

- Support the EMC in the discharge of its risk management responsibilities which includes but is not limited to the management of risk, determining risk tolerance levels, risk appetite, risk monitoring, risk assurance and risk disclosures for the Group;
- Review, assess and make recommendations on the integrity and adequacy of the overall risk management function of the Group.;
- Review, assess and make recommendations to the Executive Management Committee regarding policies relating to risk management;

4 FINANCIAL RISK MANAGEMENT (continued)
4.1 INTRODUCTION AND OVERVIEW (continued)
(c) ROLE AND RESPONSIBILITIES (continued)

(v) Group Risk Management Committee (continued)

- Review risk limits and periodic risk and compliance reports and make recommendations to the Executive Management Committee;
- Recommend risk approval limits to Executive Management Committee.
- To review and recommend on an annual basis the update of the risk management policies, frameworks and procedures of the Group,
- Executive Management Committee on any emerging risks that the Group is or could be exposed to and recommend mitigation actions;
- Monitor overall risk management framework to ensure that the framework is uniformly applied in all the entities in the Group.
- Review IT Risk Management and make recommendations in accordance with the risk appetite of the Group.
- Monitor the Basel II Accord Capital Framework implementation and compliance program in the Group.
- Periodic review of the Risk Assets Portfolio and Limits in line with internal and regulatory benchmarks.
- Review and recommend yearly Risk Management staffing model and manpower development programs.

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.

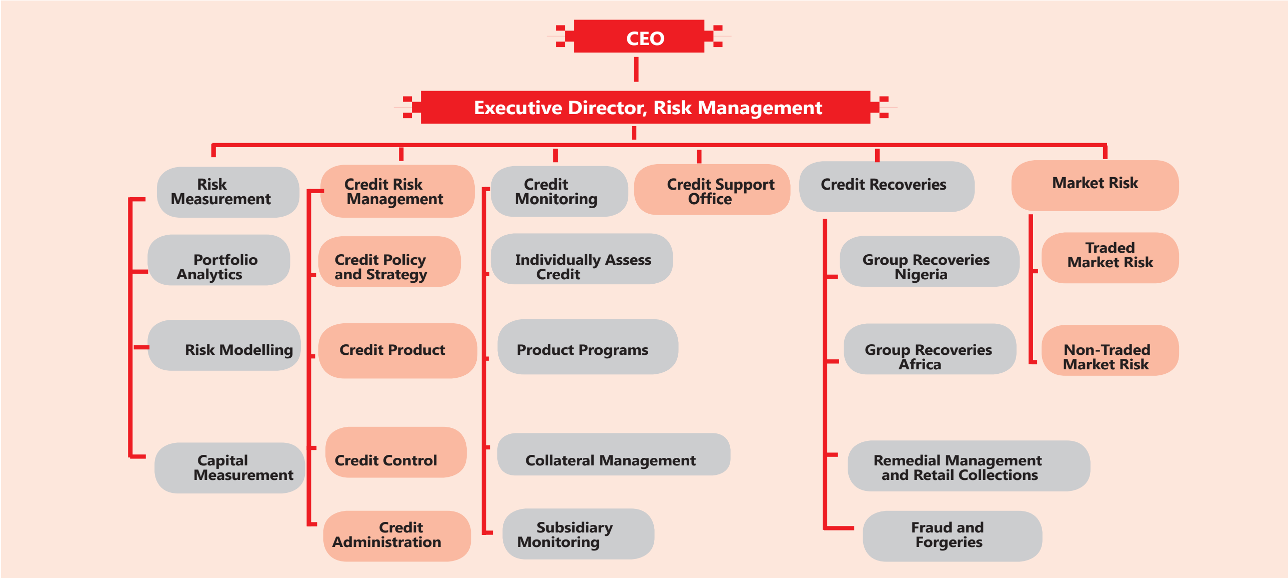
(d) Central Risk Management Functions
Each risk function including Credit, Market, Operational and IT risk has direct responsibility for the development and management of risk management activities. The responsibilities of divisional functions with respect to risk include:
- Develop and maintain policies, 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; and
- 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:
- Identify, assess, control, report and manage the Group's material risks and optimise risk/return decisions;
- Ensure business growth plans are properly supported by effective risk infrastructure; and
- Manage the risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.

(e) 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.

4 FINANCIAL RISK MANAGEMENT (continued)



(f) 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.

(i) 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 liquidity 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.

(ii) 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.

(iii) Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.The Group applies a concentration risk management framework that sets exposure limits as a function of capital across all dimensions of its asset portfolio including geography, sector, obligor, product etc. This is closely monitored to ensure diversification of risk.

4.2 CREDIT RISK

(a) Overview

Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations. Credit represent a significant part of the overall risk exposure of the Group and is largely represented by the loans and advances on the books of the Group. The Group has several policies and frameworks in place for managing credit risk across the Group.

(i) 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.

(ii) Credit Risk Governance

The Board through Board Credit Committee (BCC) is responsible for the overall governance of credit risk and the management of the credit portfolio of the Group. It reviews and recommends credit policies to the Board. The Executive Credit Committee (ECC) sets frameworks and guidelines for credit risk management for the Group and reviews and recommends for approval to the BCC all credit related policies for the Group.

ECC monitors implementation and compliance with credit policy paying particular attention to the following:

- Credit concentration;
- Credit portfolio performance; and
- Credit quality.

With regards to approval of credit facilities, the ECC approves facilities that are above the limit of the GMD, while the BCC approves credit facilities that are above the limit of the ECC. The Board of Directors is the overall approving authority, approving credit facilities that are above the limit of the BCC.

(iii) 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 Group'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.

(iv) Credit Concentration Management

The Group has a Credit Concentration Risk Management 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:

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

(v) 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 customers' 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.

4 FINANCIAL RISK MANAGEMENT (continued)
4.1 INTRODUCTION AND OVERVIEW (continued)

In the estimation of credit risk, the Group estimates the following parameters:
- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (ED)

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

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.

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.

(vi) General Risk Rating Process
The Group adopts a two-dimensional approach to the assessment of credit risk in the Risk Rating Process for all businesses.

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

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

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

The integrity of the Group's portfolio management process is dependent on accurate and timely risk ratings.

(vi) General Risk Rating Process (continued)
Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed when there is a default and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the oustanding balance and/or realise the collateral.
Deterioration in credit risk are identified based on factors such as:
- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

(vii) 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:

4 FINANCIAL RISK MANAGEMENT (continued)

4.1 INTRODUCTION AND OVERVIEW (continued)

UBA Risk Buckets and Definition

Description	Rating Bucket	Range of scores	Risk Range	Risk Range (Description)
Extremely Low Risk	AAA	1.00-1.99	90%-100%	Low Risk Range
Very Low Risk	AA	2.00-2.99	80%-89%	
Low Risk	A	3.00-399	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	8.00-8.99	0%-29%	Unacceptable Risk Range
High Likelihood 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 Group does not lend on unsecured basis to obligors that are below investment grade (BB and above). The Group will not lend to obligors in the unacceptable risk range.

(viii) 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;
- 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.

(ix) 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.

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 CREDIT RISK (continued)

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

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

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 CREDIT RISK (continued)

(b) Credit risk exposure

(i) Maximum exposure to credit risk before collateral held or other credit enhancements

The following table shows the maximum exposure to credit risk by class of financial asset. The Group's maximum exposure to credit risk is represented by the net carrying amounts of the financial assets with the exception of financial and other guarantees issued by the Group for which the maximum exposure to credit risk is represented by the maximum amount the Group would have to pay if the guarantees are called on.

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

In millions of Nigerian Naira	Maximum exposure Group		Maximum exposure Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Cash and bank balances				
Current balances with banks	192,080	180,071	160,664	150,140
Unrestricted balances with Central Banks	128,318	89,721	41,235	27,788
Money market placements	64,846	42,927	50,278	51,101
Restricted balances with central banks	445,238	376,689	430,004	341,656
Financial assets held for trading				
Treasury bills	31,237	47,638	31,237	47,638
Bonds	661	4,657	661	4,657
Derivative assets	8,227	10,642	7,911	10,642
Loans and advances to banks:				
Term Loan	20,640	22,765	19,974	23,850
Loans to individuals				
Overdraft	20,154	40,082	11,389	33,367
Term loan	74,975	74,815	21,761	25,024
Loans to corporate entities and others				
Overdraft	319,530	278,512	183,961	172,537
Term Loan	1,213,500	1,095,643	933,371	843,160
Others	22,732	16,267	22,732	16,267
Available-for-sale investment securities				
Treasury bills	457,653	155,315	310,199	147,153
Bonds	41,630	40,790	19,738	17,233
Held-for-maturity investment securities				
Treasury bills	193,439	240,559	-	-
Promissory notes	-	281	-	281
Bonds	429,315	452,794	242,185	288,311
Other assets	69,651	18,095	67,577	20,723
Total	**3,733,826**	**3,188,263**	**2,554,877**	**2,221,528**
Loans exposure to total exposure	45%	48%	47%	50%
Debt securities exposure to total exposure	31%	30%	23%	23%
Other exposures to total exposure	24%	22%	30%	27%

4 FINANCIAL RISK MANAGEMENT (continued)

4.2 CREDIT RISK (continued)

(b) Credit risk exposure

(i) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

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

	Group		Bank	
In millions of Nigerian Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Performance bonds and guarantees	303,400	388,884	120,742	135,127
Letters of credits	323,347	202,122	273,061	168,600
	626,747	**591,006**	**393,803**	**303,727**
Bonds and guarantee exposure to total exposure	48%	66%	31%	44%
Letters of credit exposure to total exposure	52%	34%	69%	56%

Credit risk exposures relating to loan commitment are as follows:

In millions of Nigerian naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Loan commitment to corporate entities and others				
Term Loan	130,100	108,014	130,100	108,014
	130,100	**108,014**	**130,100**	**108,014**

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

4.2 Credit risk (continued)

(ii) Credit concentration - location

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. The amounts stated are net of impairment allowances.An analysis of concentrations of credit risk at the reporting date is shown below:

31 December 2017	**Group**				**Bank**			
In millions of Nigerian Naira	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	31,148	160,932	192,080	-	165	160,499	160,664
- Unrestricted balances with Central Banks	41,235	87,083	-	128,318	41,235	-	-	41,235
- Money market placements	17,012	35,501	12,333	64,846	17,012	1,590	31,676	50,278
- Restricted balances with central banks	430,004	15,234	-	445,238	430,004	-	-	430,004
Financial assets held for trading:								
- Treasury bills	31,237	-	-	31,237	31,237	-	-	31,237
- Government bonds	661	-	-	661	661	-	-	661
Derivative assets	7,867	316	44	8,227	7,867	-	44	7,911
Loans and advances to banks								
- Corporates	15,729	-	4,911	20,640	15,729	4,245	-	19,974
Loans and advances to customers:								
Individuals:								
- Overdrafts	11,389	8,765	-	20,154	11,389	-	-	11,389
- Term loans	21,761	53,214	-	74,975	21,761	-	-	21,761
Corporates:								
- Overdrafts	183,961	135,569	-	319,530	183,961	-	-	183,961
- Term loans	933,371	280,129	-	1,213,500	933,371	-	-	933,371
- Others	22,732	-	-	22,732	22,732	-	-	22,732
Investment securities:								
- *Held-to-maturity*								
- Treasury bills	-	193,439	-	193,439	-	-	-	-
- Bonds	226,693	198,007	4,615	429,315	226,693	15,492	-	242,185
- *Available-for-sale*								
- Treasury bills	310,199	147,454	-	457,653	310,199	-	-	310,199
- Bonds	17,279	15,291	9,060	41,630	17,279	-	2,459	19,738
Other assets	58,724	10,400	527	69,651	58,724	8,853	-	67,577
Total financial assets	**2,329,854**	**1,211,550**	**192,422**	**3,733,826**	**2,329,854**	**30,345**	**194,678**	**2,554,877**
Commitments and guarantees								
- Performance bonds and guarantees	120,742	182,658	-	303,400	120,742	-	-	120,742
- Letters of credits	246,222	28,830	48,295	323,347	246,222	-	26,839	273,061
Total commitments and guarantees	**366,964**	**211,488**	**48,295**	**626,747**	**366,964**	**-**	**26,839**	**393,803**

4 FINANCIAL RISK MANAGEMENT (continued)
4.2 CREDIT RISK (continued)
(b) Credit risk exposure (continued)
(ii) Credit concentration - location (continued)

31 December 2016	**Group**				**Bank**			
In millions of Nigerian Naira	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	17,343	162,728	180,071	-	555	149,585	150,140
- Unrestricted balances with Central Banks	27,788	61,933	-	89,721	27,788	-	-	27,788
- Money market placements	8,959	20,472	13,496	42,927	8,959	1,226	40,916	51,101
- Restricted balances with central banks	341,656	35,033	-	376,689	341,656	-	-	341,656
Financial assets held for trading:								
- Treasury bills	47,638	-	-	47,638	47,638	-	-	47,638
- Government bonds	4,657	-	-	4,657	4,657	-	-	4,657
Loans and advances to banks								
- Corporates	22,752	-	13	22,765	22,752	1,098	-	23,850
Derivative assets	10,565	-	77	10,642	10,565	-	77	10,642
Loans and advances to customers:								
Individuals:								
- Overdrafts	33,367	6,715	-	40,082	33,367	-	-	33,367
- Term loans	25,024	49,791	-	74,815	25,024	-	-	25,024
Corporates:								
- Overdrafts	172,537	105,975	-	278,512	172,537	-	-	172,537
- Term loans	843,160	252,483	-	1,095,643	843,160	-	-	843,160
- Others	16,267	-	-	16,267	16,267	-	-	16,267
Investment securities:								
- *Held-to-maturity*								
- Treasury bills	-	240,559	-	240,559	-	-	-	-
- Bonds	264,940	173,466	14,388	452,794	264,940	14,231	9,140	288,311
- Promissory notes	281	-	-	281	281	-	-	281
- *Available-for-sale*								
- Treasury bills	147,153	8,162	-	155,315	147,153	-	-	147,153
- Bonds	17,233	23,557	-	40,790	17,233			17,233
Other assets	11,609	6,126	360	18,095	11,609	9,114	-	20,723
Total financial assets	**1,995,586**	**1,001,615**	**191,062**	**3,188,263**	**1,995,586**	**26,224**	**199,718**	**2,221,528**
Commitments and guarantees								
Performance bonds and guarantees	135,127	253,757	**-**	388,884	135,127	-	-	135,127
Letters of credits	147,383	14,937	39,802	202,122	147,383	-	21,217	168,600
Total commitments and guarantees	**282,510**	**268,694**	**39,802**	**591,006**	**282,510**	**-**	**21,217**	**303,727**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 CREDIT RISK (continued)

(b) Credit risk exposure (continued)

(iii) Credit concentration - Industry (continued)

31 December 2016

Group	Agriculture	Construction and Real estate	education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and energy	Transportation and Storage	Total
Cash and bank balances:													
Current balances with banks	-	-	-	180,071	-	-	-	-	-	-	-	-	180,071
Unrestricted balances with Central Banks	-	-	-	89,721	-	-	-	-	-	-	-	-	89,721
Money market placements	-	-	-	42,927	-	-	-	-	-	-	-	-	42,927
Restricted balances with central banks	-	-	-	376,689	-	-	-	-	-	-	-	-	376,689
Financial assets held for trading:													
Treasury bills	-	-	-	-	-	-	47,638	-	-	-	-	-	47,638
Government bonds	-	-	-	-	-	-	4,657	-	-	-	-	-	4,657
Derivative assets	-	-	-	10,642	-								10,642
Loans and advances to banks	-	-	-	22,765	-	-	-	-	-	-	-	-	22,765
Loans and advances to customers:													
Individuals:													
Overdrafts	-	-	-	-	40,082	-	-	-	-	-	-	-	40,082
Term loans	-	-	-	-	74,815	-	-	-	-	-	-	-	74,815
Corporates:													
Overdrafts	27,548	14,266	1,986	1,908	4,343	37,449	18,911	3,430	58,813	85,838	19,870	3,355	278,512
Term loans	29,842	140,138	17,057	65,522	22,542	111,835	49,355	92,673	151,098	277,198	137,066	1.317	1,095,643
Others	-	-	-	-	-	1,847	-	-	14,246	15	-	-	16
Investment securities:													
Held-to-maturity													
Treasury bills	-	-	-	-	-	-	240,559	-	-	-	-	-	240,559
Promissory notes	-	-	-	281	-	-	-	-	-	-	-	-	281
Bonds	-	-	-	25,701	-	-	426,675	-	209	-	-	209	452,794
Available-for-sale													
Treasury bills	-	-	-	-	-	-	155,315	-	-	-	-	-	155,315
Bonds	-	-	-	-	-	-	40,790	-	-	-	-	-	40,790
other assets	-	-	-	8,759	9,336	-	-	-	-	-	-	-	18,095
Total fnancial assets	**57,535**	**154,418**	**19,043**	**824,986**	**151,118**	**151,131**	**984,695**	**96,103**	**224,366**	**363,051**	**156,936**	**4,881**	**3,188,263**
Commitments and guarantees													
Performance bonds and guarantees	2	139,819	1,678	7	62	94,787	809	15,236	89,803	32,532	13,962	187	388,884
Letters of credits	584	440	-	130	700	24,061	-	-	166,603	9,250	284	70	202,122
Total commitments and guarantees	**586**	**140,259**	**1,678**	**137**	**762**	**118,848**	**809**	**15,236**	**256,406**	**41,782**	**14,246**	**257**	**591,006**

iii) 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. The amounts stated are net of impairment allowances.

Group

31 December 2017 In millions of Nigerian Naira	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
Cash and bank balances:													
Current balances with banks	-	-	-	192,080	-	-	-	-	-	-	-	-	192,080
Unrestricted balances with Central Banks	-	-	-	128,318	-	-	-	-	-	-	-	-	128,318
Money market placements	-	-	-	64,846	-	-	-	-	-	-	-	-	64,846
Restricted balances with central banks	-	-	-	445,238	-	-	-	-	-	-	-	-	445,238
Financial assets held for trading:													
Treasury bills	-	-	-	-	-	-	31,237	-	-	-	-	-	31,327
Government bonds	-	-	-	-	-	-	661	-	-	-	-	-	661
Derivative assets	-	-	-	8,227	-								8,227
Loans and advances to banks	-	-	-	20,640	-	-	-	-	-	-	-	-	20,640
Loans and advances to customers:													
Individuals:													
Overdrafts	-	-	-	-	20,154	-	-	-	-	-	-	-	20,154
Term loans	-	-	-	-	74,975	-	-	-	-	-	-	-	74,975
Corporates:													
Overdrafts	17,066	20,200	2,036	10,066	3,307	61,295	24,041	8,576	65,360	86,910	17,209	3,464	319,530
Term loans	27,186	80,775	17,470	83,305	10,376	202,272	114,107	71,618	179,313	272,779	153,397	902	1,213,500
Others	-	-	-	-	-	1,516	-	-	19,927	1,289	-	-	22,732
Investment securities:													
Held-to-maturity													
Treasury bills	-	-	-	-	-	-	193,439	-	-	-	-	-	193,439
Promissory notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	12,534	416,455	-	-	-	158	-	-	168	429,315
Available-for-sale													
Treasury bills	-	-	-	-	-	-	457,653	-	-	-	-	-	457,653
Bonds	-	-	-	-	-	-	41,630	-	-	-	-	-	41,630
Other assets	-	-	-	34,070	35,581	-	-	-	-	-	-	-	69,651
Total financial assets	**44,252**	**100,975**	**19,506**	**999,324**	**560,848**	**265,083**	**862,768**	**80,194**	**264,758**	**360,978**	**170,606**	**4,534**	**3,733,826**
Commitments and guarantees													
Performance bonds and guarantees	116,938	41,944	1	3,177	2,731	22,649	25	817	63,914	39,475	11,727	2	303,400
Letters of credits	51,178	4,754	-	-	761	4,714	-	7,127	162,664	84,782	6,352	1,015	323,347
Total commitments and guarantees	**168,116**	**46,698**	**1**	**3,177**	**3,492**	**27,363**	**25**	**7,944**	**226,578**	**124,257**	**18,079**	**1,017**	**626,747**

(b) Credit risk exposure (continued)

Bank 31 December 2017 In millions of Nigerian Naira	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
Cash and bank balances:													
Current balances with banks	-	-	-	160,664	-	-	-	-	-	-	-	-	160,664
Unrestricted balances with Central Banks	-	-	-	41,235	-	-	-	-	-	-	-	-	41,235
Money market placements	-	-	-	50,278	-	-	-	-	-	-	-	-	50,278
Restricted balances with central banks	-	-	-	430,004	-	-	-	-	-	-	-	-	430,004
Financial assets held for trading:													
Treasury bills	-	-	-	-	-	-	31,237	-	-	-	-	-	31,327
Government bonds	-	-	-	-	-	-	661	-	-	-	-	-	661
Derivative assets	-	-	-	7,911	-								7,911
Loans and advances to banks	-	-	-	19,974	-	-	-	-	-	-	-	-	19,974
Loans and advances to customers:													
Individuals:													
Overdrafts	-	-	-	-	11,389	-	-	-	-	-	-	-	11,389
Term loans	-	-	-	-	21,761	-	-	-	-	-	-	-	21,761
Corporates:													
Overdrafts	13,926	18,598	1,657	2,195	2,751	28,952	18,911	3,737	41,841	33,313	16,459	1,621	183,961
Term loans	11,659	43,897	16,519	65,838	9,779	171,126	48,491	64,204	138,692	238,973	123,534	659	933,371
Others	-	-	-	-	-	1,516	-	-	19,927	1,289	-	-	22,732
Investment securities:													
Held-to-maturity													
Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
Promissory notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	12,534	-	-	229,325	-	158	-	-	168	242,185
Available-for-sale													
Treasury bills	-	-	-	-	-	-	310,199	-	-	-	-	-	310,199
Bonds	-	-	-	-	-	-	19,738	-	-	-	-	-	19,738
Other assets	-	-	-	42,280	25,297	-	-	-	-	-	-	-	67,577
Total financial assets	**25,585**	**62,495**	**18,176**	**832,913**	**70,977**	**201,594**	**658,562**	**67,941**	**200,618**	**273,575**	**139,993**	**2.448**	**2,554,877**
Commitments and guarantees													
Performance bonds and guarantees	-	41,943	-	3,177	2,731	9,518	25	550	11,634	39,475	11,687	2	120,742
Letters of credits	1,341	4,754	-	-	761	4,714	-	7,127	162,215	84,782	6,352	1,015	273,061
Total commitments and guarantees	**1,341**	**46,697**	**-**	**3,177**	**3,492**	**14,232**	**25**	**7,677**	**173,849**	**124,257**	**18,039**	**1,017**	**393,803**

(b) Credit risk exposure (continued)
(iii) Credit concentration - Industry (continued)

31 December 2016

Group	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
Cash and bank balances:													
Current balances with banks	-	-	-	180,071	-	-	-	-	-	-	-	-	180,071
Unrestricted balances with Central Banks	-	-	-	89,721	-	-	-	-	-	-	-	-	89,721
Money market placements	-	-	-	42,927	-	-	-	-	-	-	-	-	42,927
Restricted balances with central banks	-	-	-	376,689	-	-	-	-	-	-	-	-	376,689
Financial assets held for trading:													
Treasury bills	-	-	-	-	-	-	47,638	-	-	-	-	-	47,638
Government bonds	-	-	-	-	-	-	4,657	-	-	-	-	-	4,657
Derivative assets	-	-	-	10,642	-								10,642
Loans and advances to banks	-	-	-	22,765	-	-	-	-	-	-	-	-	22,765
Loans and advances to customers:													
Individuals:													
Overdrafts	-	-	-	-	40,082	-	-	-	-	-	-	-	40,082
Term loans	-	-	-	-	74,815	-	-	-	-	-	-	-	74,815
Corporates:													
Overdrafts	27,548	14,266	1,986	1,908	4,343	37,449	19,706	3,430	58,813	85,838	19,870	3,355	278,512
Term loans	29,842	140,138	17,057	65,522	22,542	111,835	49,355	92,673	151,098	277,198	137,066	1.317	1,095,643
Others	145	14	-	-	-	1,847	-	-	14,246	15	-	-	16 ,267
Investment securities:													
Held-to-maturity													
Treasury bills	-	-	-	-	-	-	240,559	-	-	-	-	-	240,559
Promissory notes	-	-	-	281	-	-	-	-	-	-	-	-	281
Bonds	-	-	-	25,701	-	-	426,675	-	209	-	-	209	452,794
Available-for-sale													
Treasury bills	-	-	-	-	-	-	155,315	-	-	-	-	-	155,315
Bonds	-	-	-	-	-	-	40,790	-	-	-	-	-	40,790
Other assets	-	-	-	8,759	9,336	-	-	-	-	-	-	-	18,095
Total financial assets	**57,535**	**154,418**	**19,043**	**824,986**	**151,118**	**151,131**	**984,695**	**96,103**	**224,366**	**363,051**	**156,936**	**4,881**	**3,188,263**
Commitments and guarantees													
Performance bonds and guarantees	2	139,819	1,678	7	62	94,787	809	15,236	89,803	32,532	13,962	187	388,884
Letters of credits	584	440	-	130	700	24,061	-	-	166,603	9,250	284	70	202,122
Total commitments and guarantees	**586**	**140,259**	**1,678**	**137**	**762**	**118,848**	**809**	**15,236**	**256,406**	**41,782**	**14,246**	**257**	**591,006**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(b) Credit risk exposure (continued)

(iii) Credit concentration - Industry (continued)

31 December 2016

Bank In millions of Nigerian Naira	Agri-culture	Con-struc-tion and Real Estate	Edu-cation	Finance and In-surance	Gen - eral	General Com-merce	Gov-ern-ments	Infor-ma-tion and Com-muni-cation	Manu-factur-ing	Oil and Gas	Power and Energy	Trans-por-tation and Stor-age	Total
Cash and bank balances:													
Current balances with banks	-	-	-	150,140	-	-	-	-	-	-	-	-	150,140
Unrestricted balances with Central Banks	-	-	-	27,788	-	-	-	-	-	-	-	-	27,788
Money market placements	-	-	-	51,101	-	-	-	-	-	-	-	-	51,101
Restricted balances with central banks	-	-	-	341,656	-	-	-	-	-	-	-	-	341,656
Financial assets held for trading:													
Treasury bills	-	-	-	-	-	-	47,638	-	-	-	-	-	47,638
Government bonds	-	-	-	-	-	-	4,657	-	-	-	-	-	4,657
Derivative assets	-	-	-	10,642	-								10,642
Loans and advances to banks	-	-	-	23,850	-	-	-	-	-	-	-	-	23,850
Loans and advances to customers:													
Individuals:													
Overdrafts	-	-	-	-	33,367	-	-	-	-	-	-	-	33,367
Term loans	-	-	-	-	25,024	-	-	-	-	-	-	-	25,024
Corporates:													
Overdrafts	21,205	11,453	1,540	508	5,155	19,621	18,829	653	39,779	38,134	14,493	1,167	172,537
Term loans	19,624	51,908	16,662	63,127	21,009	78,793	36,457	82,653	127,887	231,678	112,457	905	843,160
Others	145	14	-	-	-	1,847	-	-	14,246	15	-	-	16,267
Investment securities:													
Held-to-maturity													
Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
Promissory notes	-	-	-	281	-	-	-	-	-	-	-	-	- 281
Bonds	-	-	-	25,701	-	-	262,192	-	209	-	-	209	288,311
Available-for-sale													
Treasury bills	-	-	-	-	-	-	147,153	-	-	-	-	-	147,153
Bonds	-	-	-	-	-	-	17,233	-	-	-	-	-	17,233
Other assets	-	-	-	16,496	4,227	-	-	-	-	-	-	-	20,723
Total fnancial assets	**40,974**	**63,375**	**18,202**	**711,290**	**88,782**	**100,261**	**534,159**	**83,306**	**182,121**	**269,827**	**126,950**	**2,281**	**2,221,528**
Commitments and guarantees													
Performance bonds and guar-antees	-	53,966	1,677	-	1	29,788	808	588	2,915	31,458	13,798	128	135,127
Letters of credits	584	440	-	-	701	8,142	-	-	149,129	9,250	284	70	168,600
Total commitments and guarantees	**584**	**54,406**	**1,677**	**-**	**702**	**37,930**	**808**	**588**	**152,044**	**40,708**	**14,082**	**198**	**303,727**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)

(c) Credit Quality
The Group manages the credit quality of its financial assets using internal credit ratings. It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The credit quality of the Group's loans and advances are categorised as follows:

Neither past due nor impaired
These are loans and securities where contractual interest or principal payments are not past due.

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.

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.

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 2017, the carrying amount of loans with renegotiated terms was ₦89.87 billion (December 2016 : ₦22.64 billion). There are no other financial assets with renegotiated terms as at 31 December 2017 (December 2016: nil).

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.

a) 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.

b) Individual assessment
The Group reviews and revises impairment triggers for each loan asset portfolio to ensure that a trigger identifies a possible 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 CREDIT RISK (continued)

(c) Credit quality (continued)

i) The table below shows the credit quality by class of asset for all financial assets exposed to credit risk.

31 December 2017

	Group				Bank			
In millions of Nigerian Naira	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash and bank balances								
Current balances with banks	192,080	-	-	192,080	160,664	-	-	160,664
Unrestricted balances with Central Banks	128,318	-	-	128,318	41,235	-	-	41,235
Money market placements	64,846	-	-	64,846	50,278	-	-	50,278
Restricted balances with central banks	445,238	-	-	445,238	430,004	-	-	430,004
Financial assets held for trading								
Treasury bills	31,237	-	-	31,237	31,237	-	-	31,237
Government bonds	661	-	-	661	661	-	-	661
Derivative assets	8,227	-	-	8,227	7.911	-	-	7,911
Loans and advances to banks	20,685	-	-	20,685	20,031	-	-	20,031
Loans and advances to customers								
Individuals								
Overdrafts	10,442	4,653	8,480	23,575	9,440	2,256	1,960	13,656
Term loans	73,885	1,999	2,519	78,403	22,350	-	505	22,855
Corporates								
Overdrafts	178,698	102,662	51,565	332,925	114,738	71,825	1,497	188,060
Term loans	1,193,602	5,410	52,189	1,251,201	905,724	-	51,330	957,054
Others	22,801	-	-	22,801	22,801	-	-	22,801
Investment securities:								
Held-to-maturity								
Treasury bills	193,439	-	-	193,439	-	-	-	-
Bonds	429,315	-	-	429,315	242,185	-	-	242,185
FGN Promissory notes	-	-	-	-	-	-	-	-
Available-for-sale								
Treasury bills	457,653	-	-	457,653	310,199	-	-	310,199
Bonds	41,630	-	-	41,630	19,738	-	-	19,738
Other assets	69,651	-	3,328	72,979	67,577	-	2,216	69,793
Gross financial assets	**3,562,408**	**114,724**	**118,081**	**3,795,213**	**2,456,773**	**74,081**	**57,508**	**2,588,362**
Allowance for impairment on financial assets is as follows:								
Specific allowance								
Loans and advances to customers								
Individuals	-	-	3,806	3,806	-	-	2,466	2,466
Corporates	-	-	21,382	21,382	-	-	16,192	16,192
Other assets	-	-	3,328	3,328	-	-	2,216	2,216
	-	**-**	**28,516**	**28,516**	**-**	**-**	**20,874**	**20,874**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(c) Credit quality (continued)

Portfolio allowance

31 December 2017	Group				Bank			
In millions of Nigerian Naira	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Loans and advances to customers								
Individuals	2,821	222	-	3,043	836	59	-	895
Corporates	27,271	2,512	-	29,783	10,765	894	-	11,659
Loans and advances to banks	45	-	-	45	57	-	-	57
	30,137	**2,734**	**-**	**32,871**	**11,658**	**953**	**-**	**12,611**
Total impairment allowance on financial assets	**30,137**	**2,734**	**28,516**	**61,387**	**11,658**	**953**	**20,874**	**33,485**
Net amount	**3,532,271**	**111,990**	**89,565**	**3,733,826**	**2,445,115**	**73,128**	**36,634**	**2,554,877**
31 December 2016								
Cash and bank balances:								
Current balances with banks	180,071	-	-	180,071	150,140	-	-	150,140
Unrestricted balances with Central Banks	89,721	-	-	89,721	27,788	-	-	27,788
Money market placements	42,927	-	-	42,927	51,101	-	-	51,101
Restricted balances with central banks	376,689	-	-	376,689	341,656	-	-	341,656
Financial assets held for trading:								
Treasury bills	47,638	-	-	47,638	47,638	-	-	47,638
Government bonds	4,657	-	-	4,657	4,657	-	-	4,657
Derivative assets	10,642	-	-	10,642	10,642	-	-	10,642
Loans and advances to banks	23,047	-	-	23,047	24,145	-	-	24,145
Loans and advances to customers:								
Overdrafts to individuals	39,158	3,780	5,571	48,509	7,937	2,719	30,530	41,186
Term loans to individuals	73,986	1,771	2,724	78,481	24,456	724	540	25,720
Corporates:								
Overdrafts	231,393	33,581	28,471	293,445	152,603	23,576	3,856	180,035
Term loans	1,053,624	41,486	23,740	1,118,850	803,853	32,924	19,934	856,711
Others	16,444	-	-	16,444	16,444	-	-	16,444
Investment securities:								
Held-to-Maturity Treasury bills	240,559	-	-	240,559	-	-	-	-
Held-to-Maturity Bonds	452,794	-	-	452,794	288,311	-	-	288,311
Promissory notes	281	-	-	281	281	-	-	281
Available-for-sale Treasury bills	155,315	-	-	155,315	147,153	-	-	147,153
Available-for-sale Bonds	40,790	-	-	40,790	17,233	-	-	17,233
Other assets	18,095	-	3,555	21,650	20,723	-	2,259	22,982
Gross financial assets	**3,097,831**	**80,618**	**64,061**	**3,242,510**	**2,136,761**	**59,943**	**57,119**	**2,253,823**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(c) Credit quality (continued)

In millions of Nigerian Naira	Group				Bank			
Portfolio allowance Allowance for impairment on financial assets is as follows:	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Specific allowance								
Loans and advances to customers:								
Individuals	-	-	9,019	9,019	-	-	8,291	8,291
Corporates	-	-	12,802	12,802	-	-	8,816	8,816
Other assets	-	-	3,555	3,555	-	-	2,259	2,259
	-	**-**	**25,376**	**25,376**	**-**	**-**	**19,366**	**19,366**
Portfolio allowance								
Loans and advances to customers:								
Individuals	2,929	145	-	3,074	203	21	-	224
Corporates	22,566	2,949	-	25,515	11,523	887	-	12,410
Loans and advances to banks	282	-	-	282	295	-	-	295
	25,777	**3,094**	**-**	**28,871**	**12,021**	**908**	**-**	**12,929**
Total impairment allowance on financial assets	**25,777**	**3,094**	**25,376**	**54,247**	**12,021**	**908**	**19,366**	**32,295**
Net amount	**3,072,054**	**77,524**	**38,685**	**3,188,263**	**2,124,740**	**59,035**	**37,753**	**2,221,528**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 CREDIT RISK (continued)

(c) Credit quality (continued)

(ii) The internal credit rating of financial assets that are neither past due nor impaired at the reporting date is as follows:

Group 31 December 2017 In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Cash and bank balances:								
Current balances with banks	-	192,080	-	-	-	192,080	-	192,080
Unrestricted balances with Central Banks	128,318	-	-	-	-	128,318	-	128,318
Money market placements	-	64,846	-	-	-	64,846	-	64,846
Restricted balances with central banks	445,238	-	-	-	-	445,238	-	445,238
Financial assets held for trading:								
Treasury bills	31,237	-	-	-	-	31,237	-	31,237
Government bonds	661	-	-	-	-	661	-	661
Derivative	8,133	94	-	-	-	8,227	-	8,227
Loans and advances to banks	-	20,685	-	-	-	20,685	(45)	20,640
Loans and advances to customers:								
Individuals								
Overdrafts	-	-	10,442	-	-	10,442	(285)	10,157
Term loans	-	-	73,885	-	-	73,885	(2,536)	71,349
Corporates						-		-
Overdrafts	-	537	149,712	28,449	-	178,698	(5,106)	173,592
Term loans	60,827	70,552	843,785	218,438	-	1,193,602	(22,096)	1,171,506
Others	-	-	9,295	13,506	-	22,801	(69)	22,732
Investment securities:								
Held-to-maturity								
Treasury bills	193,439	-	-	-	-	193,439	-	193,439
Bonds	401,271	27,717	327	-	-	429,315	-	429,315
Promissory notes	-	-	-	-	-	-	-	-
Available-for-sale						**-**		**-**
Treasury bills	457,653	-	-	-	-	457,653	-	457,653
Bonds	41,630	-	-	-	-	41,630	-	41,630
Other assets	-	-	-	-	69,651	69,651	-	69,651
	1,768,407	**376,511**	**1,087,446**	**260,393**	**69,651**	**3,562,408**	**(30,137)**	**3,532,271**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(c) Credit quality (continued)

Group
31 December 2016

In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Cash and bank balances								
Current balances with banks	-	180,071	-	-	-	180,071	-	180,071
Unrestricted balances with Central Banks	89,721	-	-	-	-	89,721	-	89,721
Money market placements	-	42,927	-	-	-	42,927	-	42,927
Restricted balances with central banks	376,689	-	-	-	-	376,689	-	376,689
Financial assets held for trading								
Treasury bills	47,638	-	-	-	-	47,638	-	47,638
Government bonds	4,657	-	-	-	-	4,657	-	4,657
Derivative assets	9,504	1,138	-	-	-	10,642	-	10,642
Loans and advances to banks	-	23,047	-	-	-	23,047	(282)	22,765
Loans and advances to customers:								
Individuals								
Overdrafts	28,965	-	8,271	-	1,922	39,158	(169)	38,989
Term loans	-	-	56,289	-	17,697	73,986	(2,760)	71,226
Corporates								-
Overdrafts	2,845	27,494	200,961	93	-	231,393	(9,708)	221,685
Term loans	31,906	91,667	930,051	-	-	1,053,624	(12,681)	1,040,943
Others	-	7,350	9,094	-	-	16,444	(177)	16,267
Investment securities:								
Held-to-maturity								
Treasury bills	240,559	-	-	-	-	240,559	-	240,559
Bonds	408,813	42,540	1,441	-	-	452,794	-	452,794
Promissory notes	281	-	-	-	-	281	-	281
Available-for-sale								
Treasury bills	155,315	-	-	-	-	155,315	-	155,315
Bonds	40,790	-	-	-	-	40,790	-	40,790
Other assets	-	-	-	-	18,095	18,095	-	18,095
	1,437,683	**416,234**	**1,206,107**	**93**	**37,714**	**3,097,831**	**(25,777)**	**3,072,054**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 CREDIT RISK (continued)

(c) Credit quality (continued)

Bank

31 December 2017

In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Cash and bank balances:								
Current balances with banks	-	160,664	-	-	-	160,664	-	160,664
Unrestricted balances with Central Banks	41,235	-	-	-	-	41,235	-	41,235
Money market placements	-	50,278	-	-	-	50,278	-	50,278
Restricted balances with central banks	430,004	-	-	-	-	430,004	-	430,004
Financial assets held for trading:								
Treasury bills	31,237	-	-	-	-	31,237	-	31,237
Government bonds	661	-	-	-	-	661	-	661
Derivative assets	7,817	94	-	-	-	7,911		7,911
Loans and advances to banks	-	20,031	-	-	-	20,031	(57)	19,974
Loans and advances to customers								-
Individuals								-
Overdrafts	-	-	9,440	-	-	9,440	(248)	9,192
Term loans	-	-	22,350	-	-	22,350	(588)	21,762
Corporates								-
Overdrafts	-	537	94,959	19,242	-	114,738	(2,225)	112,513
Term loans	60,827	70,464	600,025	174,408	-	905,724	(8,471)	897,253
Others	-	-	9,295	13,506	-	22,801	(69)	22,732
Investment securities:								-
Held-to-maturity								-
Treasury bills	-	-	-	-	-	-	-	-
Bonds	214,141	27,717	327	-	-	242,185	-	242,185
Promissory notes	-					-	-	-
Available-for-sale								-
Treasury bills	310,199	-	-	-	-	310,199	-	310,199
Bonds	19,738	-	-	-	-	19,738	-	19,738
Other assets	-	-	-	-	67,577	67,577	-	67,577
	1,115,859	**329,785**	**736,396**	**207,156**	**67,577**	**2,456,773**	**(11,658)**	**2,445,115**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 CREDIT RISK (continued)

(c) Credit quality (continued)

Bank
31 December 2016
In millions of Nigerian Naira

In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Cash and bank balances:								
Current balances with banks	-	150,140	-	-	-	150,140	-	150,140
Unrestricted balances with Central Banks	27,788	-	-	-	-	27,788	-	27,788
Money market placements	-	51,101	-	-	-	51,101	-	51,101
Restricted balances with central banks	341,656	-	-	-	-	341,656	-	341,656
Financial assets held for trading:						-		-
Treasury bills	47,638	-	-	-	-	47,638	-	47,638
Government bonds	4,657	-	-	-	-	4,657	-	4,657
Derivative assets	9,504	1,138	-	-	-	10,642	-	10,642
Loans and advances to banks	1,098	23,047	-	-	-	24,145	(295)	23,850
Loans and advances to customers:								
Individuals:								
Overdrafts	-	-	7,937	-	-	7,937	(51)	7,886
Term loans	-	-	24,456	-	-	24,456	(152)	24,304
Corporates:								
Overdrafts	2,855	27,494	122,161	93	-	152,603	(4,889)	147,714
Term loans	35,213	87,995	680,645	-	-	803,853	(6,457)	797,396
Others	-	7,350	9,094	-	-	16,444	(177)	16,267
Investment Securities:								
Held-to-maturity								
Bonds	244,330	42,540	1,441	-	-	288,311	-	288,311
Promissory notes	281	-	-	-	-	281	-	281
Available-for-sale								
Treasury bills	147,153	-	-	-	-	147,153	-	147,153
Bonds	17,233	-	-	-	-	17,233	-	17,233
Other assets:	-	-	-	-	20,723	20,723	-	20,723
Total	**879,406**	**390,805**	**845,734**	**93**	**20,723**	**2,136,761**	**(12,021)**	**2,124,740**

(iii) The age analysis of financial assets which are past due but not impaired at the reporting date are shown below.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(c) Credit quality (continued)

31 December 2017

In millions of Nigerian Naira	Group				Bank			
	Past due Up to 30 days	Past due by 30 to 60 days	Past due by 60 to 90 days	Total	Past due Up to 30 days	Past due by 30 to 60 days	Past due by 60 to 90 days	Total
Loans and advances to customers:								
Individuals:								
Overdrafts	1,284	120	3,249	4,653	194	64	1,998	2,256
Term loans	-	3	1,996	1,999	-	-	-	-
Corporates:								
Overdrafts	31,629	34,112	36,921	102,662	29,775	5,437	36,613	71,825
Term loans	-	4,498	912	5,410	-	-	-	-
Gross amount	**32,913**	**38,733**	**43,078**	**114,724**	**29,969**	**5,501**	**38,611**	**74,081**
Portfolio allowance:								
Individuals:								
Overdrafts	(100)	(2)	(47)	(149)	(59)	-	-	(59)
Term loans	-	-	(73)	(73)	-	-	-	-
Corporates:								
Overdrafts	(968)	(1,287)	(14)	(2,269)	(318)	(77)	(499)	(894)
Term loans	-	(202)	(41)	(243)	-	-	-	-
Net carrying amount	**31,845**	**37,242**	**42,903**	**111,990**	**29,592**	**5,424**	**38,112**	**73,128**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(c) Credit quality (continued)

31 December 2016

In millions of Nigerian Naira	Group				Bank			
	Past due Up to 30 days	Past due by 30 to 60 days	Past due by 60 to 90 days	Total	Past due Up to 30 days	Past due by 30 to 60 days	Past due by 60 to 90 days	Total
Loans and advances to customers:								
Individuals:								
Overdrafts	655	134	2,991	3,780	258	106	2,355	2,719
Term loans	617	130	1,024	1,771	327	43	354	724
Corporates:								
Overdrafts	20,510	6,878	6,193	33,581	3,616	6,670	13,290	23,576
Term loans	18,624	22,243	619	41,486	14,350	18,033	541	32,924
Gross amount	**40,406**	**29,385**	**10,827**	**80,618**	**18,551**	**24,852**	**16,540**	**59,943**
Portfolio allowance:								
Individuals:								
Overdrafts	(26)	(2)	(47)	(75)	(1)	(1)	(15)	(17)
Term loans	(18)	(6)	(46)	(70)	(1)	-	(3)	(4)
Corporates:								
Overdrafts	(1,080)	(41)	(1,058)	(2,179)	(80)	(27)	(612)	(719)
Term loans	(440)	(287)	(43)	(770)	(87)	(66)	(15)	(168)
Net carrying amount	**38,842**	**29,049**	**9,633**	**77,524**	**18,382**	**24,758**	**15,895**	**59,035**

(d) 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 Banks 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:
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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)

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 2017, the difference between the Prudential provision and IFRS impairment was ₦45.236 billion for the Group (December 2016: ₦31.375 billion) and N44.373 billion for the Bank (December 2016: ₦26.650 billion) requiring a transfer of ₦13.861 billion from retained earnings to regulatory risk reserve for the Group and a transfer of ₦17.723 billion from retained earnings to regulatory risk reserve for the Bank, 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 Banks 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	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Total impairment based on IFRS	61,639	50,692	33,632	30,036
Total impairment based on Prudential Guidelines	106,875	82,067	78,005	56,686
Regulatory credit risk reserve	**(45,236)**	**(31,375)**	**(44,373)**	**(26,650)**

(e) 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 is usually also 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 Group 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.

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 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 payments are channeled through the Bank on due dates, realisation of the security is relatively easy.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(e) Credit Collateral (continued)

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 are 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 an acceptable security for loan. This could be an endowment policy or whole life policy though the Bank prefers the endowment policy.

7. **Guarantees**
   The Bank 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.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below:

Loans to individuals

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Against individually impaired				
Property	111	267	7	8
Others	11,712	9,676	2,385	11,945
	11,823	9,943	2,392	11,953
Against past due but not impaired				
Property	545	2,509	543	2,509
Others	6,886	4,507	1,763	2,159
	7,431	7,016	2,306	4,668
Against neither past due nor impaired				
Property	4,359	11,973	4,293	11,585
Others	78,059	74,812	23,670	23,152
	82,418	86,785	27,963	34,737
Total for loans to individuals	**101,672**	**103,744**	**32,661**	**51,358**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(e) Credit Collateral (continued)

Loans to corporates	**Group**		**Bank**	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Against individually impaired				
Property	15,979	28,170	10,241	27,315
Others	13,114	18,292	1,599	1,819
	29,093	46,462	11,840	29,134
Against past due but not impaired				
Property	53,087	12,838	47,746	12,777
Others	108,685	134,694	42,111	88,253
	161,772	147,532	89,857	101,030
Against neither past due nor impaired				
Property	417,196	350,410	371,543	333,648
Others	923,012	840,081	689,648	506,256
	1,340,208	1,190,491	1,061,191	839,904
Total for loans to corporates	**1,531,073**	**1,384,485**	**1,162,888**	**970,068**
Total for loans and advances to customers	**1,632,745**	**1,488,229**	**1,195,549**	**1,021,426**

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**	
In millions of Nigerian Naira	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
Loans and advances to banks				
Unsecured	20,640	-	19,974	-
Loans and advances to customers				
Secured against real estate	350,186	460,067	336,811	434,373
Secured against cash	4,012	7,127	4,012	6,407
Secured against other collateral*	1,236,197	1,165,551	772,598	754,769
Unsecured	60,496	-	59,793	-
	1,650,891	**1,632,745**	**1,173,214**	**1,195,549**

4. FINANCIAL RISK MANAGEMENT (CONTINUED)
4.2 CREDIT RISK (continued)
(e) Credit Collateral (continued)

31 December 2016

In millions of Nigerian Naira	Group Total Exposure	Group Value of Collateral	Bank Total Exposure	Bank Value of Collateral
Loans and advances to banks				
Unsecured	22,765	-	23,850	-
Loans and advances to customers				
Secured against real estate	299,395	406,167	287,991	387,842
Secured against cash	8,649	6,292	3,626	6,292
Secured against other collateral*	1,122,309	1,075,770	717,920	627,292
Unsecured	74,966	-	80,818	-
	1,505,319	**1,488,229**	**1,090,355**	**1,021,426**

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

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 secured. The Group's investment in government securities and its cash and balances with central banks are not considered to require collaterals given their sovereign nature.

Repossessed collateral

During the year, the Group took possession of property amounting to ₦4,310 million (2016: ₦1,818 million) held as collateral against certain loans. These collaterals have been realised and used in offsetting the affected customers' outstanding obligations.

Details of collaterals realised during the year is as shown below:

Loans and advances to customers

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Propert of Nigerian Naira	4,310	1,818	2,454	1,185
Equities	1	3	1	3
	4,311	**1,821**	**2,455**	**1,188**

4.3 Liquidity Risk
(a)Overview

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet maturing obligations or can only access these financial resources at excessive cost. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of cash flows under normal and stress circumstances. To limit this risk, Management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group met all its financial commitments and obligations without any liquidity risk issues during the period.

(i) Liquidity Risk Management

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, the Group's funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition the Group has 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. the Group has 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

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 LIQUIDITY RISK (continued)

(a) Overview (continued)

annually. They provide 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.

(ii) Liquidity Risk Governance

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.

(iii) Liquidity Risk Measurement

There are two measures used across the Group for managing liquidity risk namely: liquidity ratio mechanism which is a statutory requirement from most Central Banks in order to protect third party deposits, and funding gap analysis of assets and liabilities. The funding gap analysis is applied through the use of a maturity ladder by assessing all the Bank's cash inflows against outflows to identify the potential for net shortfalls or net funding requirements (i.e. a cumulative net excess or deficit of funds) at selected maturity dates. The maturity ladder is monitored on a day -to-day basis and stress testing is undertaken on a quarterly basis by applying different scenarios to the maturity ladder and assessing the Bank's funding requirements under each scenario. All UBA businesses and subsidiaries also construct their maturity ladder and compile reports based on agreed assumptions which is consolidated into a global report for Group ALCO review. The country treasurer for each subsidiary/Group Head Balance Sheet Management also documents the appropriate actions and includes the same into the Contingency Funding Plan (CFP) for implementation.

Liquidity stress testing is also performed for each of UBA Group's major entities and operating subsidiaries. Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on the balance sheet and liquidity position, and to identify viable funding alternatives that can be utilised. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and political and economic conditions in certain countries. These conditions include expected and stressed market conditions as well as company-specific events.

(b) Liquidity ratios

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. The liquidity position of the Group remained strong in the course of the period and materially above the minimum liquidity ratio requirement of 30% prescribed by the Central Bank of Nigeria which is UBA Plc's lead regulator. Details of the Bank's ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	Bank Dec. 2017	Bank Dec. 2016
At year end	49.69%	38.57%
Average for the year	39.96%	41.97%
Maximum for the year	55.46%	46.72%
Minimum for the year	33.79%	35.52%

(c) Analysis of financial assets and liabilities by remaining contractual maturities

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 stated at their fair values.

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, while unrecognised loan commitments are not expected to be drawn down immediately.

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

Group
31 December 2017

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Non-derivative financial liabilities							
Deposits from banks	134,289	136,063	131,707	4,356	-	-	-
Deposits from customers:							
Retail Customers:							
Term deposits	228,471	231,194	117,200	101,700	11,623	224	447
Current deposits	251,247	251,247	251,247	-	-	-	-
Savings deposits	590,171	592,138	592,138	-	-	-	-
Domiciliary deposits	93,840	93,918	93,918	-	-	-	-
Corporate Customers:							
Term deposits	465,304	469,053	271,222	108,090	89,730	-	11
Current deposits	912,815	912,815	912,815	-	-	-	-
Domiciliary deposits	191,500	191,660	191,660	-	-	-	-
Other liabilities	83,258	83,258	83,258	-	-	-	-
Borrowings	502,209	592,908	404	5,306	28,195	201,109	357,894
Subordinated liabilities	65,741	90,469	-	2,450	2,488	39,979	45,552
Total financial liabilities	**3,518,845**	**3,644,723**	**2,645,569**	**221,902**	**132,036**	**241,312**	**403,904**
Derivative liabilities:							
Cross Currency Swap	123	123	123	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	303,400	303,400	58,767	77,702	33,246	57,982	75,703
Letters of credit	323,347	323,347	136,863	107,292	73,367	1,185	4,640
Loan commitments	130,100	130,100	-	-	-	-	130,100
Assets used to manage liquidity:							
Cash and bank balances	898,083	898,953	408,189	14,750	22,187	8,589	445,238
Financial assets held-for-trading:							
Treasury bills	31,237	39,452	39,452	-	-	-	-
Bonds	661	661	661	-	-	-	-
Loans and advances to banks	20,640	20,685	5,059	2,971	-	-	12,665
Loans and advancesto customers:							
Individual							
Term loans	74,975	78,492	4,657	13,454	7,966	13,823	38,592
Overdrafts	20,154	23,575	23,575	-	-	-	-
Corporates							
Term loans	1,213,500	1,251,202	168,890	119,773	88,781	139,318	734,440
Overdrafts	319,530	332,925	332,925	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Others	22,732	22,802	7,946	12,770	2,086	-	-
Investment securities:							
Available-for-sale							
Treasury bills	457,653	487,201	16,281	91,841	215,806	163,273	-
Bonds	41,630	81,256	-	11,563	-	-	69,693
Held-to-maturity							
Treasury bills	193,439	264,624	120,892	417	26,852	37,506	78,957
Bonds	429,315	1,013,841	11,314	-	106,416	2,480	893,631
Promissory notes	-	-	-	-	-	-	-
Other assets	69,651	69,678	69,678	-	-	-	-
Derivative assets	8,227	8,227	94	-	7,817	316	-
Total financial assets	**3,801,427**	**4,593,574**	**1,209,613**	**267,539**	**477,911**	**365,305**	**2,273,206**
Gap	**(474,388)**	**191,881**	**(1,631,709)**	**(139,357)**	**239,262**	**64,826**	**1,658,859**

31 December 2017

Bank

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Non-derivative liabilities:							
Deposits from banks	15,290	15,394	6,238	9,156	-	-	-
Deposits from customers:							
Retail Customers:							
Term deposits	184,503	186,818	93,540	82,851	9,902	187	338
Current deposits	152,578	152,578	152,578	-	-	-	-
Savings deposits	472,766	474,342	474,342	-	-	-	-
Domiciliary deposits	86,522	86,594	86,594	-	-	-	-
Corporate Customers:							
Term deposits	313,571	318,039	181,866	71,735	64,427	-	11
Current deposits	510,258	510,258	510,258	-	-	-	-
Domiciliary deposits	157,538	157,669	157,669	-	-	-	-
Other liabilities	63,722	63,722	63,722	-	-	-	-
Borrowings	502,209	592,908	404	5,306	28,195	201,109	357,894
Subordinated liabilities	65,741	90,469	-	2,450	2,488	39,979	45,552
Total financial liabilities	**2,524,698**	**2,648,791**	**1,727,211**	**171,498**	**105,012**	**241,275**	**403,795**
Cross Currency Swap	123	123	123	-	-	-	-

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

Derivative liabilities

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Contingents and loan commitments							
Performance bonds and guarantees	120,742	120,742	13,250	52,958	22,433	24,842	7,259
Letters of credit	273,061	273,061	115,137	102,486	50,051	748	4,639
Loan commitments	130,100	130,100	-	-	-	-	130,100
Assets used tomanage liquidity							
Cash and bank balances	727,546	728,232	267452	-	22, 187	8,589	430,004
Financial assets held-for-trading							
Treasury bills	31,237	39,452	39,452	-	-	-	-
Bonds	661	661	661	-	-	-	-
Loans and advances to banks	19,974	20,031	4,732	2,644	-	-	12,655
Loans and advances to customers							
Individual :							
Term loans	21,761	22,944	1,005	1,675	2.386	4,180	13,698
Overdrafts	11,389	13,656	13,656	-	-	-	-
Corporates :							
Term loans	933,371	957,055	106,294	68,163	53,546	102,691	626,361
Overdrafts	183,961	188,060	188,060	-	-	-	-
Others	22,732	22,802	7,946	12,770	2,086	-	-
Investment securities							
Available-for-sale							
Treasury bills	310,199	330,227	11,036	62,250	146,274	110,667	-
Bonds	19,738	38,526	-	-	-	-	38,526
Held-to-maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	242,185	571,928	2,676	-	25,878	649	542,725
Promissory notes	-	-	-	-	-	-	-
Other assets	67,577	67,603	67,603	-	-	-	-
Derivative asset	7,911	7,911	94	-	7,817	-	-
Total financial assets	**2,600,242**	**3,009,088**	**710,667**	**147,502**	**260,174**	**226,776**	**1,663,969**
Gap	**(448,482)**	**(163,729)**	**(1,145,054)**	**(179,440)**	**82,678**	**(40,089)**	**1,118,176**

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

31 December 2016
Group

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Non-derivative financial liabilities							
Deposits from banks	109,080	109,248	24,576	47,834	36,838	-	-
Deposits from customers							
Retail Customers:							
Term deposits	209,673	211,561	106,636	93,368	10,970	200	387
Current deposits	151,407	151,407	151,407	-	-	-	-
Savings deposits	524,751	526,500	526,500	-	-	-	-
Domiciliary deposits	73,384	73,384	73,384	-	-	-	-
Corporate Customers:							
Term deposits	317,468	320,456	185,643	71,971	62,831	-	11
Current deposits	957,628	957,628	957,628	-	-	-	-
Domiciliary deposits	251,299	251,299	251,299	-	-	-	-
Other liabilities	110,147	110,147	77,477	16,584	11,420	1,334	3,332
Borrowings	259,927	276,841	205	10,889	57,026	109,391	99,330
Subordinated liabilities	85,978	122,986	-	3,750	2,488	26,279	90,469
Total financial liabilities	**3,050,742**	**3,111,457**	**2,354,755**	**244,396**	**181,573**	**137,204**	**193,529**
Derivativeliabilities:							
Cross Currency Swap	14	14	14	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	388,884	388,884	24,741	38,147	128,010	139,648	58,338
Letters of credit	202,122	202,122	25,876	30,150	96,077	35,074	14,945
Loan commitments	108,014	108,014	-	4,385	-	29,631	73,998

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

Assets used to manage liquidity

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Cash and bank balances	760,930	761,223	341,314	43,220	-	-	376,689
Financial assets held-for-trading							
Treasury bills	47,638	56,444	56,444	-	-	-	-
Bonds	4,657	5,674	5,674	-	-	-	-
Loans and advances to banks	22,765	22,905	21,753	1,152	-	-	-
Loans and advances to customers							
Individual							
Term loans	74,815	83,071	16,091	14,118	13,641	17,989	21,232
Overdrafts	40,082	40,082	40,082	-	-	-	-
Corporates							
Term loans	1,095,643	1,240,086	223,329	102,388	69,519	171,030	673,820
Overdrafts	278,512	278,512	278,512	-	-	-	-
Others	16,267	17,150	1,824	8,783	4,473	1,270	800
Investment securities							
available-for-sale							
Treasury bills	155,315	172,702	1,599	24,378	33,352	113,373	-
Bonds	40,790	102,206	802	2,073	133	2,971	96,227
Held-for-maturity							
Treasury bills	240,559	243,759	10,789	132,307	11,448	52,923	36,292
Bonds	452,794	996,421	14,284	3,849	21,549	71,657	885,082
Promissory notes	281	281	19	-	262	-	-
Other assets	18,095	18,095	18,095	-	-	-	-
Derivative assets	10,642	10,642	1,139	2,614	6,889	-	-
Total financial assets	**3,259,785**	**4,049,253**	**1,031,750**	**334,882**	**161,266**	**431,213**	**2,090,142**
Gap	**(489,991)**	**238,762**	**(1,373,636)**	**17,804**	**(244,394)**	**89,656**	**1,749,332**

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

Maturity analysis for financial liabilities

31 December 2016

Bank

In millions of Nigerian Naira	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Non-derivative liabilities							
Deposits from banks	30,484	30,531	6,868	13,368	10,295	-	-
Deposits from customers							
Retail Customers:							
Term deposits	182,996	185,298	93,068	81,958	9,739	174	359
Current deposits	83,285	83,285	83,285	-	-	-	-
Savings deposits	434,883	436,333	436,333	-	-	-	-
Domiciliary deposits	51,284	51,284	51,284	-	-	-	-
Corporate Customers:							
Term deposits	214,588	217,618	125,483	48,928	43,200	-	7
Current deposits	524,921	524,921	524,921	-	-	-	-
Domiciliary deposits	206,902	206,902	206,902	-	-	-	-
Other liabilities	72,503	72,503	50,999	10,916	7,517	878	2,193
Borrowings	259,927	276,841	205	10,889	57,026	109,391	99,330
Subordinated liabilities	85,978	122,986	-	3,750	2,488	26,279	90,469
Total financial liabilities	**2,147,751**	**2,208,502**	**1,579,348**	**169,809**	**130,265**	**136,722**	**192,358**
Derivative liabilities							
Cross Currency Swap	14	14	14	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	135,127	135,127	8,597	13,255	44,480	48,524	20,271
Letters of credit	168,600	168,600	21,584	25,150	80,143	29,257	12,466
Loan commitments	108,014	108,014	-	4,385	-	29,631	73,998

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4.FINANCIAL RISK MANAGEMENT (continued)
4.3 LIQUIDITY RISK (continued)

(c) Analysis of financial assets and liabilities by remaining contractual maturities (continued)

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Assets used to manage liquidity							
Cash and bank balances	610,910	611,259	218,153	51,450	-	-	341,656
Financial assets held-for-trading							
Treasury bills	47,638	56,444	56,444	-	-	-	-
Bonds	4,657	5,674	5,674	-	-	-	-
Loans andadvances to banks	23,850	23,995	23,030	965	-	-	-
Loans and advances to customers Individual :							
Term loans	25,024	28,856	5,382	4,722	4,871	6,779	7,102
Overdrafts	33,367	33,367	33,367	-	-	-	-
Corporates :							
Term loans	843,160	954,316	171,864	78,793	53,499	131,617	518,543
Overdrafts	172,537	172,537	172,537	-	-	-	-
Others	16,267	16,660	1,833	8,663	4,332	1,166	666
Investment securities							
available-for-sale:							
Treasury bills	147,153	163,626	1,515	23,097	31,599	107,415	-
Bonds	17,233	43,180	339	876	56	1,255	40,654
Held-to-maturity							
Bonds	288,311	634,459	9,095	2,451	13,721	45,627	563,565
Promissory notes	281	281	19	-	262	-	-
Other assets	20,723	20,723	20,723	-	-	-	-
Derivative asset	10,642	10,642	1,139	2,614	6,889	-	-
Total financial assets	**2,261,753**	**2,776,019**	**721,114**	**173,631**	**115,229**	**293,859**	**1,472,186**
Gap	**(297,753)**	**155,762**	**(888,429)**	**(38,968)**	**(139,659)**	**49,725**	**1,173,093**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4. FINANCIAL RISK MANAGEMENT (continued)

4.4 Market risk

(a)Overview

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages each of these portfolios separately. The trading portfolios comprise positions arising from market-making and warehousing of customer derived positions while non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, as well as financial instruments designated as available-for-sale and held-to-maturity.

(i) Market Risk Management

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 interest rates, foreign exchange rates and equity prices. The associated market risks are:

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

(ii) Market Risk Governance

The Board of Directors is responsible for determining UBA Group's risk appetite and tolerance limits for all its market risk exposures. Senior Management is responsible for supporting the Board in determining market risk appetite and tolerance limits, as well as putting in place, all requisite processes, procedures and tools to ensure proper implementation of a robust system for managing, monitoring and reporting market risk appetite. 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

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(a) Overview (continued)
(ii) Market Risk Governance (continued)

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 and and General Purpose Committee (FGPC) while the day-to-day management rests with the Executive Director, Risk Management, Corporate Governance and Compliance. The Group Market Risk division is not only responsible for the development of detailed risk management policies but is also involved in the day-today review of their implementation. The market risk management policies are usually validated/ approved by the Board in accordance with the approval guidelines. Trading limits are approved by GALCO and F&GPC and ratified by the Board while exposures against these limits are monitored by market risk management team.

(iii) Market Risk Measurement

The Group's policy is that all trading activities are undertaken within the context of the approved Market Risk Management appetite and limits. Market Risk Management team is responsible for identifying, measuring, managing, monitoring and reporting market risk as outlined in market risk management policy and other related policies.

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

(iv) Approach to Managing Market Risk in the Trading Book

The techniques used to ensure and control trading book monitoring include; market risk limits, daily valuation of positions, Value at Risk (VaR), backtesting, stop loss triggers, stress testing/sensitivity analysis, etc.

Market Risk Limits: The Bank has put in place specific market risk limits and triggers (regulatory and in-house) to prevent undue risk exposure to the Group. Market risk limits are based on recommendations by GALCO and approved by the Board. Position limits, 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).

Stop Loss Triggers: Stop loss triggers are used to protect the profitability of the trading desk. They establish decision points to confirm the Group's tolerance for accepting trading risk losses on a cumulative basis. The triggers are monitored on a daily basis by market risk management team.

Daily Valuation Of Market Risk Positions: Mark-to-Market (MTM) for relevant products/positions is done in line with International Financial Reporting Standard (IFRS). All market risk financial instruments are categorised into:

- Trading – valued on fair accounting methodology and MTM daily.
- Available-for-Sale (AFS) – valued on fair accounting methodology and MTM monthly.
- Held-to-Maturity (HTM) – This portfolio is not MTM because positions are held until maturity.

Marking-to-market is at least the daily valuation of positions at readily available close out prices that are sourced independently. Where marking-to-market is not possible, marking-to-model technique is employed.

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(a) Overview (continued)
(ii) Market Risk Governance (continued)

Marking-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. Assets that must be marked-to-model either don't have a regular market that provides accurate pricing, or valuations rely on a complex set of reference variables and time frames. e.g. complex financial instruments and derivatives.

Stress Testing: Market risk management complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions including when longer holding periods may be required to exit positions. Consistent stress testing methodology is applied to trading and non-trading books. Stress testing methodology considers both historical market events and forward-looking scenarios. The stress testing scenarios include market and credit scenarios, portfolio specific scenarios and macroeconomic scenarios. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Factor Sensitivities: Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of Nigerian Government Treasury bill for a one hundred basis point change in interest rates. UBA Group's Market Risk Management, within the risk organisation, works to ensure that factor sensitivities are calculated and monitored for all material risks taken in the trading portfolios.

(v) Approach to Managing Market Risk in the Non-trading Portfolio

Market risk from non-trading portfolios stems from the potential impact of changes in interest rates and foreign exchange rates on UBA's net interest revenues, the changes in accumulated other comprehensive income (loss) from its investment portfolios and capital invested in foreign currencies. The management of banking book related market risk exposures involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book MTM profit or loss) and economic value of equity. Market risk in the banking book arises as a result of the mismatch between the future yield on assets and their funding cost and also the different repricing characteristics of banking book assets and liabilities. UBA Group uses a variety of tools to track and manage this risk. These tools include;

- Re-pricing gap analysis
- Liquidity gap analysis
- Earnings-at-Risk (EAR)
- Sensitivity analysis

(vi) Exposure to interest rate risk- non-trading portfolio

UBA Group's principal measure of risk to net interest revenue is interest rate exposure (IRE). 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. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to different repricing characteristics of banking book assets and liabilities.

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 (EaR) on a

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)

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.

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. In order to manage changes in interest rates effectively, the Group may modify pricing on new customer loans and deposits, purchase fixed rate securities, issue debt that is either fixed or floating or enter into derivative transactions that have the opposite risk exposures. UBA regularly assesses the viability of these and other strategies to reduce its interest rate risks and implements such strategies when it believes those actions are prudent.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The table below is a summary of the group's interest rate gap position at the reporting date. All assets, liabilities and derivatives instruments are allocated to gap intervals based on either their re-pricing or maturity characteristics. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of their contractual re-pricing or maturity dates. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling. Overall non-trading interest rate risk positions are managed by Group Treasury which uses investment securities, advances to other financial institutions (banks and discount houses, to manage the overall position arising from the Group's non-trading activities.

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)

(b) Interest rate risk (continued)

31 December 2017
Group

In millions of Nigerian Naira	Carrying amount	Re-pricing period < 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	898,083	20,187	14,568	21,801	8,290	-	833,237
Financial assets held for trading							
Treasury bills	31,237	31,237	-	-	-	-	-
Bonds	661	661	-	-	-	-	-
Loans and advances to banks	20,640	5,047	2,965	-	-	12,628	-
Loans and advances to customers:							
Individual							
Term loans	74,975	4,454	12,867	7,618	13,219	36,817	-
Overdrafts	20,154	20,154	-	-	-	-	-
Corporates							
Term loans	1,213,500	164,035	116,330	86,229	135,313	711,593	-
Overdrafts	319,530	319,530	-	-	-	-	-
Others	22,732	7,921	12,731	2,080	-	-	-
Investment securities:							
Available-for-sale:							
Treasury bills	457,653	16,267	89,961	203,959	147,466	-	-
Bonds	41,630	-	-	-	-	41,630	-
Equity	94,016	-	-	-	-	-	94,016
Held-to-maturity:							
Treasury bills	193,439	88,371	305	19,629	27,417	57,717	-
Bonds	429,315	10,705	3,958	29,703	13,576	371,373	-
Promissory notes	-	-	-	-	-	-	-
Derivative assets	8,227	-	-	-	-	-	8,227
Other assets	69,651	-	-	-	-	-	69,651
	3,895,443	**688,569**	**253,685**	**371,019**	**345,281**	**1,231,758**	**1,005,131**
Derivative liability	123	-	-	-	-	-	123
Deposits from banks	134,289	55,058	79,231	-	-	-	-
Deposits from customers	2,733,348	944,772	558,136	16,274	49,917	187	1,164,062
Other liabilities	83,258	-	-	-	-	-	83,258
Subordinated liabilities	65,741	-	-	-	36,017	29,724	-
Borrowings	502,209	-	-	16,576	185,617	300,016	-
	3,518,968	**999,830**	**637,367**	**32,850**	**271,551**	**329,927**	**1,247,443**
Gaps	**376,475**	**(311,261)**	**(383,682)**	**338,169**	**73,730**	**901,831**	**(242,312)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (continued)

31 December 2016

Group

In millions of Nigerian Naira	Carrying amount	Re-pricing period: < 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	760,930	-	42,927	-	-	-	718,003
Financial assets held-for trading:			-	-	-	-	-
Treasury bills	47,638	47,638					
Bonds	4,657	4,657	-	-	-	-	-
Loans and advances to banks	22,765	21,854	911	-	-	-	-
Loans and advances to customers:							
Individual:							
Term loans	74,815	4,053	12,503	2,996	5,792	49,471	-
Overdrafts	40,082	40,082	-	-	-	-	-
Corporates:							
Term loans	1,095,643	101,372	111,592	62,919	104,978	714,782	-
Overdrafts	278,512	278,512	-	-	-	-	-
Others	16,267	9,400	6,057	608	202	-	-
Investment securities:							
available-for-sale:							
Treasury bills	155,315	1,599	24,378	33,351	95,987	-	-
Bonds	40,790	1,258	444	1,838	6,253	30,997	-
Equity	80,653	-	-	-	-	-	80,653
Held-to-maturity							
Treasury bills	240,559	2,477	37,758	51,657	148,667	-	-
Bonds	452,794	13,968	4,929	20,398	69,455	344,044	-
Promissory notes	281	9	-	12	-	260	-
Derivative assets	10,642	-	-	-	-	-	10,642
Other assets	18,095	-	-	-	-	-	18,095
	3,340,438	**526,879**	**241,499**	**173,779**	**431,334**	**1 ,139,554**	**827,393**
Derivative liability	14	-	-	-	-	-	14
Deposits from banks	109,080	26,680	46,929	35,471	-	-	-
Deposits from customers	2,485,610	610,997	533,196	321,084	178,451	197,636	644,246
Other liabilities	110,147	-	-	-	-	-	110,147
Subordinated liabilities	85,978	-	-	-	20,575	65,403	-
Borrowings	259,927	-	-	45,544	122,025	92,358	-
	3,050,756	**637,677**	**580,125**	**402,099**	**321,051**	**355,397**	**754,407**
Gaps	**289,682**	**(110,798)**	**(338,626)**	**(228,320)**	**110,283**	**784,157**	**72,986**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (continued)

31 December 2017
Bank

In millions of Nigerian Naira	Carrying amount	Re-pricing period < 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	727,546	20,187	-	21,801	8,290	-	677,268
Financial asset held-for trading							
Treasury bills	31,237	31,237	-	-	-	-	-
Bonds	661	661	-	-	-	-	-
Loans and advances to banks	19,974	4,718	2,637	-	-	12,619	-
Loans and advances to customers:							
Individual							
Term loans	21,761	957	1,595	2,272	3,981	12,956	-
Overdrafts	11,389	11,389	-	-	-	-	-
Corporates:							
Term loans	933,371	103,849	66,595	52,315	100,329	610,283	-
Overdrafts	183,961	184,023	-	-	-	(62)	-
Others	22,732	7,921	12,731	2,080	-	-	-
Investment securities:							
available-for-sale:							
Treasury bills	310,199	11,026	60,976	138,244	99,953	-	-
Bonds	19,738	-	-	-	-	19,738	-
Equity	93,356	-	-	-	-	-	93,356
Held-to-maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	242,185	2,677	-	25,283	587	213,638	-
Promissory notes	-	-	-	-	-	-	-
Derivative assets	7,911	-	-	-	-	-	7,911
Other assets	67,577	-	-	-	-	-	67,577
	2,693,598	**378,645**	**144,534**	**241,995**	**213,140**	**869,172**	**846,112**
Derivative liability	123	-	-	-	-	-	123
Deposits from banks	15,290	6,209	9,081	-	-	-	-
Deposits from customers	1,877,736	714,381	281,125	169,290	49,917	187	662,836
Other liabilities	63,722	-	-	-	-	-	63,722
Subordinated liabilities	65,741	-	-	-	36,017	29,724	-
Borrowings	502,209	-	-	16,576	185,617	300,016	-
	2,524,821	**720,590**	**290,206**	**185,866**	**271,551**	**329,927**	**726,681**
Gaps	**168,777**	**(341,945)**	**(145,672)**	**56,129**	**(58,411)**	**539,245**	**119,431**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (continued)

31 December 2016

Bank

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					
Cash and bank balances	610,910	-	51,101	-	-	-	559,809
Financial assets held-fortrad-ing							
Treasury bills	47,638	47,638	-	-	-	-	-
Bonds	4,657	4,657	-	-	-	-	-
Loans and advances to banks	23,850	22,896	954	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	25,024	3,144	5,010	2,348	3,478	11,044	-
Overdrafts	33,367	33,367	-	-	-	-	-
Corporates							
Term loans	843,160	84,691	73,225	56,894	76,135	552,215	-
Overdrafts	172,537	172,537	-	-	-	-	-
Others	16,267	9,400	6,057	608	202	-	-
Investment securities:							
Available-for-sale:							
Treasury bills	147,153	1,515	23,097	31,599	90,942	-	-
Bonds	17,233	532	187	776	2,642	13,096	-
Equity	80,038	-	-	-	-	-	80,038
Held-to-maturity							
Bonds	288,311	8,893	3,140	12,989	44,240	219,049	-
Promissory notes	281	9	-	12	-	260	-
Derivative assets	10,642	-	-	-	-	-	10,642
Other assets	20,723	-	-	-	-	-	20,723
	2,341,791	**389,279**	**162,771**	**105,226**	**217,639**	**795,664**	**671,212**
Derivative liability	14	-	-	-	-	-	14
Deposits from banks	30,484	7,456	13,115	9,913	-	-	-
Deposits from customers	1,698,859	416,648	363,606	218,959	121,692	134,775	443,179
Other liabilities	72,503	-	-	-	-	-	72,503
Subordinated liabilities	85,978	-	-	-	20,575	65,403	-
Borrowings	259,927	-	-	45,544	122,025	92,358	-
	2,147,765	**424,104**	**376,721**	**274,416**	**264,292**	**292,536**	**515,696**
Gaps	**194,026**	**(34,825)**	**(213,950)**	**169,190)**	**(46,653)**	**503,128**	**155,516**

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (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 the Group's fixed income poport folios and the effect on profit and loss and OCI, assuming 2% (200 basis points) changes with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

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

	Group		Bank	
In millions of Nigeria Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Decrease	**(10,778)**	**(4,968)**	**(7,391)**	**(4,334)**
Asset	(10,778)	(4,968)	(7,391)	(4,334)
Liability	-	-	-	-
Increase	**10,778**	**4,968**	**7,391**	**4,334**
Asset	10,778	4,968	7,391	4,334
Liability	-	-	-	-

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

	Group		Bank	
In millions of Nigeria Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Financial assets held-for-trading				
Treasury bills	31,237	47,638	31,237	47,638
Government bonds	661	4,657	661	4,657
	31,898	**52,295**	**31,898**	**52,295**
Impact on income statement:				
Favourable change @ 2% increase in interest rates	(638)	(1,046)	(638)	(1,046)
Unfavourable change @ 2% reduction in interest rates	638	1,046	638	1,046
Available-for-sale investment securities:				
Treasury bills	457,653	155,315	310,199	147,153
Government bonds	41,630	40,790	19,738	17,233
Total	**499,283**	**196,105**	**329,937**	**164,386**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in interest rates	9,986	3,922	6,599	3,288
Unfavourable change @ 2% reduction in interest rates	(9,986)	(3,922)	(6,599)	(3,288)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (continued)

Interest rate sensitivity analysis of floating rate financial instruments

The tables below shows the impact of interest rate changes (increase/decrease) on the Group's floating-rate finan cial instrument portfolios and the effect on income statement. The sensitivity analysis is based on 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. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Borrowings				
- Standard Chartered Bank (note 37.3)	24,910	-	24,910	-
- European Investment Bank (EIB) (note 37.4)	22,303	1,951	22,303	1,951
- Syndicated facility (note 37.5)	-	27,542	-	27,542
- Africa Trade Finance Limited (note 37.6)	60,382	15,145	60,382	15,145
- Afrexim (note 37.7)	-	30,399	-	30,399
- African Development Bank (note 37.8)	50,317	36,204	50,317	36,204
- Credit Suisse (note 37.9)	100,312	94,483	100,312	94,483
- Eurobond debt security (note 37.10)	164,378	-	164,378	-
- Standard Bank (note 37.11)	16,576	-	16,576	-
	439,178	**205,724**	**439,178**	**205,724**
Impact on income statement:				
Favourable change @ 0.5% increase in prices	(2,196)	(1,029)	(2,196)	(1,029)
Unfavourable change @ 0.5% reduction in prices	2,196	1,029	2,196	1,029

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, a conservative assumption of 2% change in prices with other variables remaining constant was made.

In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Financial assets held-for-trading				
Treasury bills	31,237	47,638	31,237	47,638
Government bonds	661	4,657	661	4,657
	31,898	**52,295**	**31,898**	**52,295**
Impact on income statement:				
Favourable change at 2% increase in prices	(638)	(1,046)	(638)	(1,046)
Unfavourable change at 2% reduction in prices	638	1,046	638	1,046
Derivative assets	8,227	10,642	7,911	10,642
Impact on income statement:				
Favourable change at 2% increase in prices	(165)	(213)	(158)	(213)
Unfavourable change at 2% reduction in prices	165	213	158	213

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 MARKET RISK (continued)
(b) Interest rate risk (continued)

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Derivative liabilities	123	14	123	14
Impact on income statement:				
Favourable change at 2% increase in prices	2	0	2	0
Unfavourable change at 2% reduction in prices	(2)	(0)	(2)	(0)

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.

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Debt securities				
Available-for-sale investment securities:				
Treasury bills	457,653	155,315	310,199	147,153
Government bonds	41,630	40,790	19,738	17,233
Total	**499,283**	**196,105**	**329,937**	**164,386**
Impact on other comprehensive income statement:				
Favourable change at 2% increase in prices	9,986	3,922	6,599	3,288
Unfavourable change at 2% reduction in prices	(9,986)	(3,922)	(6,599)	(3,288)

(iii) Equity price risk
Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks.
The non-trading equity price risk exposure arises from equity securities classified as available-for-sale. Sensitivity analysis for the Group's equity securities is shown below:

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Level 2 Equity Sensitivities				
Impact on other comprehensive income:				
Favourable change at 2% increase in prices	70	57	70	57
Unfavourable change at 2% reduction in prices	(70)	(57)	(70)	(57)
Level 2 Equity Positions				
Available-for-sale investment securities	3,486	2,855	3,486	2,855
Total	**3,486**	**2,855**	**3,486**	**2,855**
Level 3 Equity Sensitivities				
Impact on other comprehensive income:				
Favourable change at 5% decrease in unobservable inputs	2,036	4,776	2,036	4,776
Favourable change at 5% increase in unobservable inputs	(1,700)	(3,712)	(1,700)	(3,712)
Level 3 Equity Positions				
Available-for-sale investment securities	90,530	77,798	89,870	77,183
Total	**90,530**	**77,798**	**89,870**	**77,183**

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 Market risk
(c) Exchange rate exposure limits

FCY sensitivity analysis on foreign exchange rate

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign exchange risk is primarily controlled via 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 for 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 show foreign currencies to which the Group had exposure at the end of the reporting period and the sensitivity of the Group's profit before tax and equity to changes in exchange rates. The analysis calculates the effect of reasonably possible movement of the foreign exchange rates against the Nigerian Naira (all other variables being constant) on the income statement due to changes to the carrying amounts of the Group's foreign currency sensitive financial assets and liabilities. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Nigerian Naira would have resulted in an equivalent but opposite impact. For the purpose of disclosing the sensitivity analysis for foreign currency risk, the Group's foreign currency risk arising from the translation of its foreign operations are not taken into account even though they may have an impact on equity. This is because foreign currency risk can only arise on financial instruments denominated in a currency other than the functional currency in which they are measured and translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the group's presentation currency. 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 15% depreciation of the Naira holding all other variables constant.

Group

31 December 2017

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
Cash and bank balances	515,812	184,349	33,154	7,676	157,092	898,083
Financial assets held-for-trading	31,898	-	-	-	-	31,898
Derivative assets	-	8,133	64	30	-	8,227
Loans and advances to banks	-	20,640	-	-	-	20,640
Loans and advances to customers	557,416	639,243	2,991	86	451,155	1,650,891
Investment securities	659,928	25,193	-	-	530,932	1,216,053
Other assets	57,740	2,310	1,437	5	8,159	69,651
Total financial assets	**1,822,794**	**879,868**	**37,646**	**7,797**	**1,147,338**	**3,895,443**
Derivative liability	-	123	-	-	-	123
Deposits from banks	262	17,960	2,363	-	113,704	134,289
Deposits from customers	1,489,783	417,650	17,135	7,474	801,306	2,733,348
Other liabilities	40,807	28,665	3,239	469	10,078	83,258
Borrowings	63,031	439,178	-	-	-	502,209
Subordinated liabilities	65,741	-	-	-	-	65,741
Total financial liabilities	**1,659,624**	**903,576**	**22,737**	**7,943**	**925,088**	**3,518,958**
Net FCY Exposure		**(23,708)**	**14,909**	**(146)**	**222,250**	
Increase in currency rate (naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(3,556)	2,236	(22)	33,338	31,996

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 Market risk
(c) Exchange rate exposure limits (continued)

Group 31 December 2016

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
Cash and bank balances	435,386	143,287	22,673	7,134	152,450	760,930
Financial assets held-for-trading	52,295	-	-	-	-	52,295
Derivative assets	-	10,642	-	-	-	10,642
Loans and advances to banks	-	22,765	-	-	-	22,765
Loans and advances to customers	608,810	517,517	2,386	62	376,544	1,505,319
Investment securities	509,491	39,052	-	-	421,849	970,392
Other assets	7,497	5,769	-	-	4,829	18,095
Total financial assets	**1,613,479**	**739,032**	**25,059**	**7,196**	**955,672**	**3,340,438**
Derivative liability	-	-	14	-	-	14
Deposits from banks	214	86,772	1,093	28	20,974	109,081
Deposits from customers	1,276,739	462,403	16,092	6,013	724,363	2,485,610
Other liabilities	42,201	40,575	2,456	1,274	23,641	110,147
Borrowings	54,203	205,724	-	-	-	259,927
Subordinated liabilities	85,978	-	-	-	-	85,978
Total financial liabilities	**1,459,335**	**795,474**	**19,655**	**7,315**	**768,978**	**3,050,757**
Net FCY Exposure		**(56,442)**	**5,404**	**(119)**	**186,694**	
Increase in currency rate (Naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(8,466)	811	(18)	28,004	20,331

Bank: 31 December 2017

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
Cash and bank balances	516,763	181,569	21,150	6,920	1,144	727,546
Financial assets held-for-trading	31,898	-	-	-	-	31,898
Derivative assets	-	7,817	64	30	-	7,911
Loans and advances to banks	3,781	16,193	-	-	-	19,974
Loans and advances to customers	578,116	592,064	2,953	81	-	1,173,214
Investment securities	651,507	13,971	-	-	-	665,478
Other assets	56,895	10,677	3	2	-	67,577
Total financial assets	**1,838,960**	**822,291**	**24,170**	**7,033**	**1,144**	**2,693,598**
Derivative liability	-	123	-	-	-	123
Deposits from banks	32	14,551	707	-	-	15,290
Deposits from customers	1,486,556	372,765	11,629	6,786	-	1,877,736
Other liabilities	34,527	17,199	10,695	146	1,155	63,722
Borrowings	63,031	439,178	-	-	-	502,209
Subordinated liabilities	65,741	-	-	-	-	65,741
Total financial liabilities	**1,649,887**	**843,816**	**23,031**	**6,932**	**1,155**	**2,524,821**
Net FCY Exposure		**(21,525)**	**1,139**	**101**	**(11)**	
Increase in currency rate (Naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(3,229)	171	15	(2)	(3,045)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (continued)
4.4 Market risk
(c) Exchange rate exposure limits (continued)

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2016						
Cash and bank balances	435,386	158,869	9,003	6,548	1,104	610,910
Financial assets held-for-trading	52,295	-	-	-	-	52,295
Derivative assets	-	10,642	-	-	-	10,642
Loans and advances to banks	-	23,850	-	-	-	23,850
Loans and advances to customers	600,685	487,240	2,371	59	-	1,090,355
Investment securities	499,212	33,804	-	-	-	533,016
Other assets	11,076	9,556	91	-	-	20,723
Total financial assets	**1,598,654**	**723,961**	**11,465**	**6,607**	**1,104**	**2,341,791**
Derivative liability	-	-	14	-	-	14
Deposits from banks	-	30,484	-	-	-	30,484
Deposits from customers	1,276,739	408,043	8,345	5,730	2	1,698,859
Other liabilities	37,803	31,370	1,170	1,063	1,097	72,503
Borrowings	54,203	205,724	-	-	-	259,927
Subordinated liabilities	85,978	-	-	-	-	85,978
Total financial liabilities	**1,454,723**	**675,621**	**9,529**	**6,793**	**1,099**	**2,147,765**
Net FCY Exposure		**48,340**	**1,936**	**(186)**	**5**	
Increase in currency rate (Naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		7,251	290	(28)	1	7,514

5 CAPITAL

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of local banking supervisors. The Group's lead regulator, the Central Bank of Nigeria (CBN) sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria (CBN) and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

5.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk of its activities. In order to maintain or adjust its capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. 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 a process of ensuring adequate capital is maintained and this process includes:

- Capital planning
- Prudent portfolio management
- Capital adequacy stress testing
- Contingency Planning

The objective of the capital management process is to:

- Adequately assess impairment losses and impact on capital impairment;
- Meet CBN's capital adequacy requirements
- Optimise the use and allocation of capital resources and align our target capital with our optimum capital struc ture

5.2 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. The group monitors regulatory capital using the capital adequacy ratio. This ratio is calculated as total regulator capital divided by risk weighted assets. Total regulatory capital and risk weighted assets are calculated as shown in the table below.

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 non-controlling 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 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. Elements of tier 2 capital are limited to a maximum of one-third of tier 1 capital, after making deductions of goodwill, deferred tax asset and other intangible assets but before deductions of investments. 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.

5.2 Regulatory Capital (continued)

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 ₦50 billion and a minimum capital adequacy ratio of 15%. During the year, the Group complied with all external capital requirements.

	Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**
Tier 1 capital		
Ordinary share capital	17,100	18,140
Share premium	98,715	117,374
Retained earnings	99,332	110,152
Other reserves	68,446	59,703
Gross Tier 1 capital	**283,593**	**305,369**
Less:		
Deferred tax on accumulated losses	8,643	20,848
Intangible assets	5,846	4,905
Staff share investment trust	-	29,772
Tier 1 Capital After Regulatory Deduction	**269,104**	**249,844**
Investment in subsidiaries	(51,889)	(35,351)
Eligible Tier 1 Capital	**217,215**	**214,493**
Tier 2 capital		
Fair value reserve for available-for-sale securities	74,549	58,881
Subordinated liabilities	24,400	37,500
Less: limit of tier 2 to tier 1 capital	(9,248)	(13,100)
Qualifying Tier 2 Capital Before Deductions	**89,701**	**83,281**
Less: Investment in subsidiaries	(51,889)	(35,351)
Net Tier 2 Capital	**37,812**	**47,930**
Qualifying capital		
Net Tier I regulatory capital	217,215	214,493
Net Tier II regulatory capital	37,812	47,930
Total qualifying capital	255,027	262,423
Composition of risk-weighted assets:		
Risk-weighted amount for credit risk	925,749	1,023,703
Risk-weighted amount for operational risk	307,405	270,281
Risk-weighted amount for market risk	31,933	37,917
Total Basel II Risk-weighted assets	**1,265,087**	**1,331,901**
Basel II Capital ratios		
Risk Weighted Capital Adequacy Ratio	**20%**	**20%**

The above capital adequacy computation is based on the Revised Basel II guidelines advised by the Central Bank of Nigeria effective 24 June 2015.

5.2 Regulatory Capital (continued)

5.3 Capital allocation

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

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

6 FAIR VALUE MEASUREMENT

Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

6.1 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;

6.1 Valuation models (Continued)

• The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and

• Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cashflow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

The Group uses widely 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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6.2 Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes an Investor Relations and Portfolio Investments Management 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 mesurement 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."

6.3 Financial instruments measured at fair value

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Group:

31 December 2017

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held-for-trading	23				
Government bonds		661	-	-	661
Treasury bills		31,237	-	-	31,237
Derivative assets measured at fair value through P&L:	33(a)	-	8,227	-	8,227
Available-for-sale investment securities:	26				
Treasury bills		457,653	-	-	457,653
Bonds		41,630	-	-	41,630
Equity investments		-	3,486	90,530	94,016
Total assets		**531,181**	**11,713**	**90,530**	**633,424**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	**123**	**-**	**123**

Bank:

31 December 2017

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held-for-trading	23				
Government bonds		661	-	-	661
Treasury bills		31,237	-	-	31,237
					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	7,911	-	7,911
					-
Available-for-sale investment securities:	26				-
Treasury bills		310,199	-	-	310,199
Bonds		19,738	-	-	19,738
Equity investments			3,486	89,870	93,356
		361,835	**11,397**	**89,870**	**463,102**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	**-**	**123**	**-**	**123**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6.3 Financial instruments measured at fair value (continued)

Group

31 December 2016

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held-for-trading	23				
Government bonds		4,657	-	-	4,657
Treasury bills		47,638	-	-	47,638
Derivative assets measured at fair value through P&L:	33(a)	-	10,642	-	10,642
Available-for-sale investment securities:	26				
Treasury bills		155,315	-	-	155,315
Bonds		40,790	-	-	40,790
Equity investments		-	2,855	77,798	80,653
Total assets		**248,400**	**13,497**	**77,798**	**339,695**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	**-**	**14**	**-**	**14**

Bank:

31 December 2016

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held-for-trading	23				
Government bonds		4,657	-	-	4,657
Treasury bills		47,638	-	-	47,638
					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	10,642	-	10,642
					-
Available-for-sale investment securities:	26				-
Treasury bills		147,153	-	-	147,153
Bonds		17,233	-	-	17,233
Equity investments		-	2,855	77,183	80,038
		216,681	**13,497**	**77,183**	**307,361**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	**-**	**14**	**-**	**14**

6.3 Financial instruments measured at fair value (continued)

The following table presents the changes in level 3 instruments during the year. Level 3 instruments are all investment securities (unquoted equities).

In millions of Nigerian Naira	Group		Bank	
	2017	2016	2017	2016
Balance, begining of year	77,798	45,230	77,183	44,819
Addition during the year	2,377	-	2,377	-
Gain recognised in other comprehensive income (under fair value gain on available-for-sale)	10,310	32,377	10,310	32,377
Write-off during the year	-	(13)	-	(13)
Translation differences	45	204	-	-
Balance, end year	90,530	77,798	89,870	77,183

(i) The fair value of the Group's equity investment in CSCS Limited was previously categorised as level 3 in the fair value hierarchy. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In 2015 however, CSCS shares became available for over-the-counter (OTC trades). The fair value measurement was therefore transferred from level 3 to level 2. There were no transfers from level 2 to level 3 in 2017.

(ii) Level 2 fair value measurements

These prices are a reflection of the actual fair value of the investments, as transactions consummated under the OTC trades were arms length transactions. The Group's level 2 derivative contracts were valued using interest rate parity method discounted for passage of time. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. These derivative contracts are not traded in active markets.

(iii) Level 3 fair value measurements - **Unobservable inputs used in measuring fair value**

All valuation processes and techniques are subject to review and approval by the Finance and General Purpose Committee of the Board of Directors. There was no change in the Group's valuation technique during the year.

The table below sets out information about significant unobservable inputs used as at 31 December 2017 in measuring financial instruments categorised as level 3 in the fair value hierarchy:

6.3 Financial instruments measured at fair value (continued)

Level 3 fair value measurements - Unobservable inputs used in measuring fair value (continued)

Type of financial instrument	Fair value as at 31 Dec 2017 ₦'million	Fair value as at 31 December 2016 ₦'million	Valuation technique	Unobservable input	Range of estimates for unobservable inputs (31 Dec 2017)	Range of estimates for unobservable inputs (31 December 2016)	Relationship of unobservable inputs to fair value
Unquoted equity securities	85,934	76,321	Income Approach (Discounted cashflow method)	Cost of equity	9.12% - 23.9%	9.79% - 32.07%	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	1.5%-3%	2.5%-3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	1,266	570	Income Approach (Dividend discount model)	Cost of equity	12.75% - 32.00%	14.63% - 32.07%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
				Terminal growth rate	9.4% - 24.3%	8.6% - 20.7%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values

6.3 Financial instruments measured at fair value (continued)

Level 3 fair value measurements - Effect of unobservable inputs on fair value measurement (continued)

(iv) Level 3 fair value measurements

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 30-year US treasury bond (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 obtained from PricewaterhouseCoopers and KPMG industry surveys.
- 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), ad justed 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:

In millions of Nigerian Naira

Key Assumption	Effect on other comprehensive income (OCI)			
	Dec. 2017		Dec. 2016	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Cost of Equity	(3,350)	3,590	(2,475)	(2,517)
Terminal Growth Rate	1,650	(1,554)	1,848	(1,842)

6.4 Financial instruments not measured at fair value

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

Group **In millions of Nigerian Naira**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
31 December 2017					
Assets					
Cash and bank balances	-	898,083	-	898,083	898,083
Loans and advances to banks	-	-	20,873	20,873	20,640
Loans and advances to customers					
-Individual-					
Term loans	-	-	77,627	77,627	74,975
Overdrafts	-	-	23,575	23,575	20,154
-Corporate					
Term loans	-	-	1,251,201	1,251,201	1,213,500
Overdrafts	-	-	332,925	332,925	319,530
Others		-	22,801	22,801	22,732
Investment Securities - Held-to-Maturity					
Treasury bills	193,439	-	-	193,439	193,439
Promissory notes	-	-	-	-	-
Bonds	410,932	-	-	410,932	429,315
Other assets	-	69,651	-	69,651	69,651
Liabilities					
Deposits from banks	-		134,289	134,289	134,289
Deposits from customers	-	-	2,769,434	2,769,434	2,733,348
Subordinated liabilities	-	65,778	-	65,778	65,741
Other liabilities	-	83,258	-	83,258	83,258
Borrowings	-	-	502,209	502,209	502,209

6.4 Financial instruments not measured at fair value (continued)

Group **In millions of Nigerian Naira**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
31 December 2016					
Assets					
Cash and bank balances	-	384,241	-	384,241	384,241
Loans and advances to banks	-	-	23,023	23,023	22,765
Loans and advances to customers					
-Individual					
Term loans	-	-	76,894	76,894	74,815
Overdrafts	-	-	44,691	44,691	40,082
-Corporate					
Term loans	-	-	1,106,093	1,106,093	1,095,643
Overdrafts	-	-	286,643	286,643	278,512
Others		-	16,444	16,444	16,267
Investment Securities - Held-to-maturity					
Treasury bills	240,559	-	-	240,559	240,559
Promissory notes	-	-	281	281	281
Bonds	401,502	-	-	401,502	452,794
Other assets	-	394,784	-	394,784	394,784
Liabilities					
Deposits from banks	-		109,080	109,080	109,080
Deposits from customers	-	-	2,543,500	2,543,500	2,485,610
Subordinated liabilities	-	80,917	-	80,917	85,978
Other liabilities	-	110,147	-	110,147	110,147
Borrowings	-	-	266,853	266,853	259,927

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Bank **31 December 2017**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
Assets					
Cash and bank balances	-	727,546	-	727,546	727,546
Loans and advances to banks	-	-	20,200	20,200	19,974
Loans and advances to customers					-
-Individual					
Term loans	-	-	22,078	22,078	21,761
Overdrafts	-	-	13,656	13,656	11,389
-Corporate					
Term loans	-	-	957,055	957,055	933,371
Overdrafts	-	-	188,060	188,060	183,961
Others	-	-	22,801	22,801	22,732
Investment Securities - Held-to-maturity					
Treasury bills	-	-	-	-	-
Promissory notes	-	-	-	-	-
Bonds	223,802	-	-	223,802	242,185
Other assets	-	67,577	-	67,577	67,577
Liabilities					
Deposits from banks	-	-	15,290	15,290	15,290
Deposits from customers	-	-	1,904,624	1,904,624	1,877,736
Subordinated liabilities	-	65,778	-	65,778	65,741
Other liabilities	-	63,722	-	63,722	63,722
Borrowings	-	-	502,209	502,209	502,209
31 December 2016					
Assets					
Cash and bank balances	-	269,254	-	269,254	269,254
Loans and advances to banks	-	-	24,120	24,120	23,850
Loans and advances to customers					
-Individual					
Term loans	-	-	25,719	25,719	25,024
Overdrafts	-	-	37,204	37,204	33,367
-Corporate					
Term loans	-	-	851,202	851,202	843,160
Overdrafts	-	-	177,574	177,574	172,537
Others	-	-	16,444	16,444	16,267
Investment Securities - Held-to-maturity					
Promissory notes	-	-	281	281	281
Bonds	237,019	-	-	237,019	288,311
Other assets	-	362,379	-	362,379	362,379
Liabilities					
Deposits from banks	-	-	30,484	30,484	30,484
Deposits from customers	-	-	1,744,085	1,744,085	1,698,859
Subordinated liabilities	-	80,917	-	80,917	85,978
Other liabilities	-	72,503	-	72,503	72,503
Borrowings	-	-	266,853	266,853	259,927

6.4 Financial instruments not measured at fair value (continued)

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

i) Cash and bank balances
The carrying amount of cash and bank balances 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 3months) maturities and their amounts are a reasonable approximation of fair value.

v) Deposits from banks and customers
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

vi) Other liabilities
The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value.

vii) Interest bearing loans and borrowings
The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on discounted cash flows using the contractual interest rates for these debts over their remaining maturity.

viii) Subordinated liabilities
The fair value of subordinated liabilities is based on market prices from financial market dealer price quotations.

7. 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 may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements or other similar agreements but not offset, as at the reporting date, and shows in the "Net" column what the impact would be on the Group's statement of financial position if all set off rights were exercised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Offsetting of financial instruments (continued)

Group 31 December 2017 In millions of Nigerian Naira	Amounts offset		
	Gross amounts	Gross amounts offset	Net amounts presented
Financial assets			
- Electronic payments receivable (note 27) (a)	100,081	(66,011)	34,070
Financial liabilities			
- Creditors and payables (note 36) (a)	118,459	(66,011)	52,448

Group 31 December 2016 In millions of Nigerian Naira	Amounts offset		
	Gross amounts	Gross amounts offset	Net amounts presented
Financial assets			
- Electronic payments receivable (note 27) (a)	32,164	(23,853)	8,311
Financial liabilities			
- Creditors (note 36) (a)	72,484	(23,853)	48,631

Bank 31 December 2017 In millions of Nigerian Naira	Amounts offset		
	Gross amounts	Gross amounts offset	Net amounts presented
Financial assets			
- Electronic payments receivable (note 27) (a)	96,238	(66,011)	30,227
Financial liabilities			
- Creditors (note 36) (a)	104,982	(66,011)	38,971

Bank 31 December 2016 In millions of Nigerian Naira	Amounts offset		
	Gross amounts	Gross amounts offset	Net amounts presented
Financial assets			
- Electronic payments receivable (note 27) (a)	28,835	(23,853)	4,982
Financial liabilities			
- Creditors (note 36) (a)	53,591	(23,853)	29,738

(a) Standard terms of electronic banking and similar payment transactions allow for net settlement of payments in the normal course of business.

8. Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below.

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 3.11. 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 3.11. Further disclosures on the Group's valuation methodology have been made on note 6.1. 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 deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely 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 taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 32.

(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 contract. These derivative contracts are not traded in active markets.

8. Critical accounting estimates and judgements (continued)

The table below shows the fair value of the Group's derivatives if there is 5% change in interest rates or a 10% change in foreign currency exchange rates.

In millions of Nigerian Naira	Interest rates		Exchange rates	
	5% decrease	**5% increase**	**15% decrease**	**15% increase**
Derivative assets	(241)	239	(9,878)	9,878
Derivative liabilities	0	0	12	(12)

(b) Critical accounting judgements in applying the Group's accounting policies
Critical accounting judgments made in applying the Group's accounting policies include:

(i) Fair value of financial instruments
The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding adjustments, correlation and volatility. For further details about determination of fair value please see the Group's accounting policy on valuation of financial instruments in note 3.11.

(ii) Allowance for credit losses
In estimating credit losses, 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.

In millions of Nigerian Naira	31 December 2017		31 December 2016	
	Probability of Default-PD	**Loss Given Default-LGD**	**Probability of Default -PD**	**Loss Given Default-LGD**
Increase/decrease				
1% increase	132	126	122	122
1% decrease	(132)	(126)	(122)	(122)

(iii) Impairment testing for cash-generating units containing goodwill
On an annual basis, the Group carries out impairment assessments of its cash generating units containing goodwill. The recoverable amounts of the cash-generating units (CGU) are determined based on value-in-use calculations which require the use of estimates including discount rates and terminal growth rates. Management's estimates of the recoverable amounts of these CGU's is sensitive to these estimates. The key assumptions underlying the recoverable amounts as well as sensitivity analysis of these key assumptions are disclosed in note 31.

iv) 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 cashflows. The sensitivity analysis of level 3 equity instruments and its impact on other comprehensive income are shown in note 6.3(v).

(v) Determination of exchange rate used for translation
The Group translates and records its foreign currency transactions and balances based on the exchange rate at which the future cash flows represented by the transactions or balances could have been settled, if those cash flows had occurred at the reporting date. The Central Bank official rate has been used for the translation of foreign currency balances as this remains the main source of foreign currencies for the Bank's transactions.

9. 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 Chief Operating Decision Maker (Board of Directors), 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 are deemed to 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 is 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 in the following business segments:

Corporate Banking - This business segment provides a broad range of financial solutions to multinationals, regional companies, state-owned companies, non-governmental organisations, international and multinational organisations and financial institutions.

Retail/ Commercial banking – This business segment has presence in all major cities in Nigeria and in nineteen other countries across Africa where the Group has operations . It provides commercial banking products and services to the middle and retail segments of the market.

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

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

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

Inter-segment transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-segment transactions that are recognised in assets are also eliminated. Transfer prices between operating segments are based on the Group's internal pricing framework.

9. Operating segments (continued)

(a) Geographical segments

31 December 2017

In millions of Nigerian Naira	**Nigeria**	**Rest of**	**Rest of**	**Eliminations**	**Total**
External revenues	309,646	150,742	12,597	(11,428)	461,557
Derived from other geographic segments	4,855	-	-	(4,855)	-
Total revenue	**314,501**	**150,742**	**12,597**	**(16,283)**	**461,557**
Interest expenses	(94,507)	(28,667)	(1,941)	7,090	(118,025)
Fee and commission expense	(11,890)	(5,072)	(5)	-	(16,967)
Net impairment loss on financial assets	(30,396)	(5,179)	(37)	2,717	(32,895)
Operating expenses	(123,934)	(64,209)	(5,327)	4,860	(188,610)
Share of loss in equity-accounted investee	-	204	-	-	204
Profit before tax	**53,774**	**47,819**	**5,287**	**(1,616)**	**105,264**
Income tax expenses	(12,675)	(14,036)	37	-	**(26,674)**
Profit for the year	**41,099**	**33,783**	**5,324**	**(1,616)**	**78,590**
Loans and advances	1,167,972	486,637	93,623	(76,701)	**1,671,531**
Deposits from customers and banks	1,913,128	1,072,372	84,702	(202,565)	**2,867,637**
Total segment assets*	2,956,952	1,316,342	110,668	(314,488)	**4,069,474**
Total segment liabilities	2,554,536	1,123,957	89,765	(228,218)	**3,540,040**
* Includes:					
Investments in associate and accounted for by using the equity method	-	2,860	-	-	**2,860**
Expenditure for reportable segment:					
Depreciation	5,725	2,693	166	-	**8,584**
Amortisation	1,281	171	55	-	**1,507**

9. Operating segments (continued)

(ii) 31 December 2016

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	255,404	121,941	9,794	(3,492)	**383,647**
Derived from other geographic segments	13,392	-	-	(13,392)	-
Total revenue	**268,796**	**121,941**	**9,794**	**(16,884)**	**383,647**
Interest expenses	(68,355)	(34,491)	(1,159)	5,235	**(98,770)**
Fee and commission expense	(11,139)	(2,801)	(48)	-	**(13,988)**
Net impairment loss on financial assets	(24,626)	(8,499)	(896)	6,338	**(27,683)**
Operating expenses	(106,173)	(44,690)	(4,278)	2,640	**(152,501)**
Share of loss in equity-accounted investee	-	(63)	-	-	**(63)**
Profit before tax	**58,503**	**31,397**	**3,413**	**(2,671)**	**90,642**
Income tax expenses	(11,267)	(7,074)	(37)	-	**(18,378)**
Profit for the year	**47,236**	**24,323**	**3,376**	**(2,671)**	**72,264**
Loans and advances	1,092,366	437,456	64,427	(66,165)	**1,528,084**
Deposits from customers and banks	1,776,739	976,103	76,608	(234,760)	**2,594,690**
Total segment assets*	2,601,765	1,144,933	101,979	(344,207)	**3,504,470**
Total segment liabilities	2,229,739	1,021,354	83,123	(277,815)	**3,056,401**
*Includes:					
Investments in associate and joint venture accounted for by using the equity method	-	2,925	-	-	**2,925**
Expenditure for reportable segment:					
Depreciation	5,185	2,124	88	-	**7,397**
Amortisation	1,110	125	18	-	**1,253**

9. Operating segments (continued)

(b) Business reporting

The table below presents income, profit and certain asset and liability information for the Group's business segments:

31 December 2017

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	197,257	165,431	98,869	461,557
Derived from other business segments	(56,663)	94,754	(38,091)	-
Total revenue	**140,594**	**260,185**	**60,778**	**461,557**
Interest expenses	(76,309)	(30,475)	(11,241)	(118,025)
Fee and commission expense	(110)	(16,856)	(1)	(16,967)
Net impairment loss on financial assets	(16,718)	(16,132)	(45)	(32,895)
Operating expenses	(8,185)	(159,879)	(20,546)	(188,610)
Share of profit of equity-accounted investee	-	204	-	204
Profit before income tax	**39,272**	**37,047**	**28,945**	**105,264**
Income tax expenses	(9,379)	(8,709)	(8,586)	(26,674)
Profit for the year	**29,893**	**28,338**	**20,359**	**78,590**
Loans and advances	1,149,153	369,799	152,579	1,671,531
Deposits from customers and banks	541,121	2,064,420	262,096	2,867,637
Total segment assets	1,192,772	1,917,402	959,300	4,069,474
Total segment liabilities	1,025,139	1,841,747	673,154	3,540,040

31 December 2016

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	146,863	163,838	72,946	383,647
Derived from other business segments	(30,238)	63,734	(33,496)	-
Total revenue	**116,625**	**227,572**	**39,450**	**383,647**
Interest expenses	(65,415)	(28,094)	(5,261)	(98,770)
Fee and commission expense	(69)	(13,913)	(6)	(13,988)
Net impairment loss on financial assets	(981)	(25,647)	(1,055)	(27,683)
Operating expenses	(6,700)	(130,413)	(15,388)	(152,501)
Share of loss of equity-accounted investee	-	(63)	-	(63)
Profit before income tax	**43,460**	**29,442**	**17,740**	**90,642**
Income tax expenses	(5,774)	(9,390)	(3,214)	(18,378)
Profit for the year	**37,686**	**20,052**	**14,526**	**72,264**
Loans and advances	1,115,713	266,380	145,991	1,528,084
Deposits from customers and banks	439,117	1,971,185	184,388	2,594,690
Total segment assets	1,097,483	1,731,463	675,524	3,504,470
Total segment liabilities	955,928	1,512,079	588,394	3,056,401

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Interest income

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Cash and bank balances	5,369	7,827	5,205	7,035
Loans and advances to banks	1,980	1,838	1,547	1,982
Loans and advances to customers				
- To individuals:				
Term loans	6,278	6,105	3,643	4,389
Overdrafts	1,964	1,902	1,244	1,211
- To corporates:				
Term loans	159,215	126,129	115,061	86,538
Overdrafts	35,138	30,809	28,421	27,411
Others	132	516	132	239
Investment securities:				
Treasury bills	67,599	45,755	40,208	15,629
Bonds	47,972	43,063	31,864	32,853
Promissory notes	10	26	10	26
	325,657	263,970	227,335	177,313

Interest income includes accrued interest on impaired loans of ₦5,767 million for the Group (Bank: ₦4,628 million) for the year ended 31 December 2017 and ₦2,904 million for the Group (Bank: ₦369 million) for the year ended 31 December 2016.

11. Interest expense

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Deposits from banks	4,075	11,252	3,226	6,333
Deposits from customers	77,976	65,639	55,893	40,313
Borrowings	23,699	8,999	23,699	8,999
Subordinated liabilities	12,275	12,880	12,275	12,880
	118,025	98,770	95,093	68,525

12. Impairment loss on loans and receivables

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Impairment charge on loans to customers:				
- specific impairment (Note 25(d))	24,141	20,896	22,725	16,579
- portfolio impairment charge/(reversal) (Note 25d)	4,892	4,471	(50)	5,622
Impairment charge on loans and advances to banks:				
- portfolio impairment (reversal)/charge ((Note 24)	(334)	167	(334)	171
Write-off on loans and receivables	9,544	2,340	8,359	2,299
Recoveries on loans written-off	(6,310)	(2,215)	(230)	(430)
Impairment charge/(reversal) on other assets (Note 27(a))	962	2,024	(37)	1,280
	32,895	27,683	30,433	25,521

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. Fees and commission income

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Credit-related fees and commissions	12,492	8,703	8,527	6,057
Commission on turnover	1,007	907	-	-
Account maintenance fee	5,431	4,206	5,431	4,206
Electronic banking income	20,920	30,466	14,464	25,571
Funds transfer fee	6,436	4,721	656	542
Trade transactions income	13,399	7,729	8,335	3,817
Remittance fee	4,990	3,746	3,552	2,525
Commissions on transactional services	13,227	8,568	5,710	4,481
Pension funds custody fees	5,035	4,153	-	-
Internal transfer pricing charges	-	-	4,855	2,637
	82,937	**73,199**	**51,530**	**49,836**

14. Fees and commission expense

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
E-Banking expense	15,014	13,090	9,967	10,290
Trade related expenses	1,796	277	1,785	268
Funds transfer expense	157	621	139	581
	16,967	13,988	11,891	11,139

15 Net trading and foreign exchange income

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Fixed income securities (i)	10,469	5,329	9,728	5,329
Foreign exchange trading income (ii)	40,166	14,206	24,112	5,830
Foreign currency revaluation gain	952	15,139	210	12,373
Net Fair value (loss)/gain on derivatives (see note 33 (c))	(2,524)	9,146	(2,840)	9,146
	49,063	43,820	31,210	32,678

(i) This includes gains and losses arising from sales and purchase of held-for-trading securities, as well as changes in their fair value.

(ii) Foreign exchange income comprises trading income on foreign currencies, as well as gains and losses from revaluation of trading position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. Other operating income

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Dividend income (i)	2,449	1,803	5,621	9,498
Rental income	383	393	371	383
Income on cash handling	1,047	462	175	187
Gain/(loss) on disposal of property and equipment	21	-	21	-
	3,900	2,658	6,188	10,068

(i) Included in dividend income for the Bank is a sum of ₦3.20 billion (December 2016: ₦7.77 billion) being dividend received from some subsidiaries. This amount has been eliminated in the Group results.

17. Employee benefit expenses

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Wages and salaries	66,839	62,385	41,016	42,193
Defined contribution plans	2,133	2,229	1,327	1,308
	68,972	64,614	42,343	43,501

18. Depreciation and amortisation

	Dec. 2017	Dec. 2016	Dec. 2017	Dec.2016
Depreciation of property and equipment (note 30)	8,584	7,397	5,809	5,203
Amortisation of intangible assets (note 31)	1,507	1,253	1,249	1,078
	10,091	8,650	7,058	6,281

19. Other operating expenses

Directors' fees	33	40	33	40
Banking sector resolution cost	12,698	11,082	12,698	11,082
Deposit insurance premium	6,994	6,976	6,487	6,562
Non-deposit insurance costs	1,905	1,954	852	904
Auditors' remuneration	607	490	321	319
Occupancy and premises maintenance costs	15,346	8,545	6,835	3,056
Business travels	6,298	4,846	4,601	3,583
Advertising,promotions and branding	7,441	3,630	6,813	3,082
Contract services	13,038	9,609	8,360	7,275
Communication	4,161	3,693	1,284	1,332
IT support and related expenses	5,511	4,901	5,260	4,638
Printing, stationery and subscriptions	5,608	3,185	4,502	2,362
Security and cash handling expenses	5,233	2,659	1,886	1,619
Fuel, repairs and maintenance	20,468	12,333	12,061	8,645
Bank charges	550	133	400	24
Donations	833	669	650	322
Training and human capital development	1,603	3,724	1,350	1,680
Penalties	80	246	75	209
Loan recovery expenses	1,140	332	1,140	331
Loss on disposal of property and equipment	-	190	-	214
	109,547	79,237	75,608	57,279

20. Taxation recognised in the statement of comprehensive income

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
(a) Current tax expense				
Current period	17,855	13,999	3,534	3,827
Adjustment for current tax of prior period	5,347	4,224	5,347	4,124
	23,202	18,223	8,881	7,951
(b) Deferred tax expense/(credit)				
Origination and reversal of temporary differences (note 32)	3,472	155	2,518	2,157
Total income tax expense/(credit)	26,674	18,378	11,399	10,108
(c) Current tax liabilities				
Balance, beginning of year	5,134	6,488	522	634
Tax paid	(20,668)	(19,577)	(8,295)	(8,063)
Income tax charge	23,202	18,223	8,881	7,951
Balance, end of year	7,668	5,134	1,108	522

(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). The reconciliation of amount reported as tax expense in the statement of comprehensive income to the income tax using the domestic corporation tax rate is presented below:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	105,264	90,642	53,837	57,649
Income tax using the domestic corporation tax rate	31,579	27,193	16,151	17,295
Tax effects of :				
Withholding tax on dividend	366	789	366	720
Information Technology Levy	1,553	609	533	571
Education tax	294	62	221	-
Minimum tax/excess dividend tax adjustment	7,325	4,587	7,325	4,487
Interim dividend tax adjustment - current year	354	2,177	354	2,177
Effect of permanent differences - income not subject to tax	(14,842)	(19,234)	(13,596)	(17,337)
Effect of permanent differences - expenses not deductible	45	127	45	127
Effect of excess deferred tax recognised	-	2,068	-	2,068
Total income tax expense in comprehensive income	26,674	18,378	11,399	10,108

Income tax payable for parent is based on the minimum tax provisions in the Nigerian tax law, which is applicable to companies that do not have taxable profits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

21. Earnings per share

The calculation of basic earnings per share as at 31 December 2017 was based on the profit attributable to ordinary shareholders of ₦76.056 billion (Bank: ₦42.448 billion) and the weighted average number of ordinary shares outstanding of 34.199 billion (Bank: 35.334 billion). The weighted average number of ordinary shares has factored in the effect of cancelled shares hitherto held by the Staff Share Investment Trust. The Bank had no dilutive instruments as at year end (December 2016 : nil). Hence the basic and diluted earnings per share are equal.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Profit attributable to equity holders of the parent	76,046	69,404	42,438	47,541
Weighted average number of ordinary shares outstanding (in millions)	34,199	34,054	35,334	36,280
Basic and diluted earnings per share (Naira)	2.22	2.04	1.20	1.31

22. Cash and Bank Balance

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Cash	67,601	71,522	45,365	40,225
Current balances with banks	192,080	180,071	160,664	150,140
Unrestricted balances with central banks	128,318	89,721	41,235	27,788
Money market placements	64,846	42,927	50,278	51,101
Restricted balances with central banks (note (i) below)	445,238	376,689	430,004	341,656
	898,083	760,930	727,546	610,910

(i) Restricted balances with central banks comprise:

In millions of Nigerian Naira				
Mandatory reserve deposits with central banks (see (a) below)	390,520	321,971	375,286	286,938
Special Intervention Reserve (see (b) below)	54,718	54,718	54,718	54,718
	445,238	376,689	430,004	341,656

(a) This represents amounts held as 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.

(b) This represents the Bank's contribution to the Central Bank of Nigeria's (CBN) Real Sector Support Facility (RSSF), warehoused in the Special Intervention Reserve held with the CBN. The Real Sector Support Facility is to be channelled towards providing credit to priority sectors of the Nigerian economy. As stipulated by the CBN, the Bank's contribution is 5% of its total naira deposits.

22. Cash and Bank Balances (continued)

(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. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Cash and current balances with banks	259,681	251,593	206,029	190,365
Unrestricted balances with central banks	128,318	89,721	41,235	27,788
Money market placements (less than 90 days)	33,170	31,656	18,602	10,190
Financial assets held-for-trading (less than 90 days)	7,259	8,073	7,259	8,073
Cash and cash equivalents	428,428	381,043	273,125	236,416

23. Financial assets held-for-trading

	Group		Bank	
In millions of Nigerian Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Government bonds	661	4,657	661	4,657
Treasury bills (less than 90 days maturity) (note (i) below)	7,259	8,073	7,259	8,073
Treasury bills (above 90 days maturity)	23,978	39,565	23,978	39,565
	31,898	52,295	31,898	52,295
Current	31,898	52,295	31,898	52,295

Fixed income trading activities are restricted to the parent alone.

(i) This represents treasury bills held for trading, with maturity within three months from the date of purchase. They are highly liquid, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are included as cash and cash equivalents for the purpose of the statement of cash flows.

24. Loans and advances to banks

	Group		Bank	
In millions of Nigerian Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Term loans:				
Gross amount	20,685	23,047	20,031	24,145
Portfolio impairment	(45)	(282)	(57)	(295)
	20,640	22,765	19,974	23,850
Current	8,012	4,378	7,355	5,463
Non-current	12,628	18,387	12,619	18,387
	20,640	22,765	19,974	23,850

24. Loans and advances to banks (Continued)

Impairment allowance on loans and advances to banks

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Portfolio impairment				
Balance, beginning of the year	282	32	295	41
Impairment (reversal)/charge in the year	(334)	167	(334)	171
Exchange difference	97	83	96	83
Balance, end of the year	45	282	57	295

25. Loans and advances to customers

(a) 31 December 2017

(i) Group

In millions of Nigerian Naira	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	101,978	(3,806)	(3,043)	(6,849)	95,129
Loans to corporate entities and other organisations	1,606,927	(21,382)	(29,783)	(51,165)	1,555,762
	1,708,905	(25,188)	(32,826)	(58,014)	1,650,891
Loans to individuals					
Overdraft	23,575	(2,987)	(434)	(3,421)	20,154
Term Loans	78,403	(819)	(2,609)	(3,428)	74,975
	101,978	(3,806)	(3,043)	(6,849)	95,129
Loans to corporate entities and other organisations					
Overdraft	332,925	(6,020)	(7,375)	(13,395)	319,530
Term Loans	1,251,201	(15,362)	(22,339)	(37,701)	1,213,500
Others	22,801	-	(69)	(69)	22,732
	1,606,927	(21,382)	(29,783)	(51,165)	1,555,762
(ii) Bank					
Loans to individuals	36,511	(2,466)	(895)	(3,361)	33,150
Loans to corporate entities and other organisations	1,167,915	(16,192)	(11,659)	(27,851)	1,140,064
	1,204,426	(18,658)	(12,554)	(31,212)	1,173,214
Loans to individuals					
Overdraft	13,656	(1,960)	(307)	(2,267)	11,389
Term Loan	22,855	(506)	(588)	(1,094)	21,761
	36,511	(2,466)	(895)	(3,361)	33,150
Loans to corporate entities and other organisations					
Overdraft	188,060	(980)	(3,119)	(4,099)	183,961
Term Loan	957,054	(15,212)	(8,471)	(23,683)	933,371
Others	22,801	-	(69)	(69)	22,732
	1,167,915	(16,192)	(11,659)	(27,851)	1,140,064

25. Loans and advances to customers (continued)

(b) 31 December 2016

(i) Group

In millions of Nigerian Naira	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	126,990	(9,019)	(3,074)	(12,093)	114,897
Loans to corporates and organisations	1,428,739	(12,802)	(25,515)	(38,317)	1,390,422
	1,555,729	(21,821)	(28,589)	(50,410)	1,505,319
Loans to individuals					
Overdraft	48,509	(8,183)	(244)	(8,427)	40,082
Term Loans	78,481	(836)	(2,830)	(3,666)	74,815
	126,990	(9,019)	(3,074)	(12,093)	114,897
Loans to corporates & organisations					
Overdraft	293,445	(3,046)	(11,887)	(14,933)	278,512
Term Loan	1,118,850	(9,756)	(13,451)	(23,207)	1,095,643
Others	16,444	-	(177)	(177)	16,267
	1,428,739	(12,802)	(25,515)	(38,317)	1,390,422

In millions of Nigerian Naira	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
(ii) Bank					
Loans to individuals	66,906	(8,291)	(224)	(8,515)	58,391
Loans to corporates and organisations	1,053,190	(8,816)	(12,410)	(21,226)	1,031,964
	1,120,096	(17,107)	(12,634)	(29,741)	1,090,355
Loans to individuals					
Overdraft	41,186	(7,751)	(68)	(7,819)	33,367
Term Loans	25,720	(540)	(156)	(696)	25,024
	66,906	(8,291)	(224)	(8,515)	58,391
Loans to corporates & organisations					
Overdraft	180,035	(1,890)	(5,608)	(7,498)	172,537
Term Loans	856,711	(6,926)	(6,625)	(13,551)	843,160
Others	16,444	-	(177)	(177)	16,267
	1,053,190	(8,816)	(12,410)	(21,226)	1,031,964

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
(c) Current	902,481	597,591	550,037	432,856
Non-current	748,410	907,728	623,177	657,499
	1,650,891	1,505,319	1,173,214	1,090,355

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

25. Loans and advances to customers (continued)

(d) Impairment allowance on loans and advances to customers

(i) Specific impairment

Group	Loans to individuals		Loans to corporates			
31 December 2017 In millions of Nigerian Naira	**Overdrafts**	**Term loans**	**Over-drafts**	**Term loans**	**Others**	**Total**
Balance, beginning of year	8,183	836	3,046	9,756	-	21,821
Impairment charge for the year (Note 12)	1,332	-	3,671	19,138	-	24,141
Net loans written off	(7,123)	(34)	(3,881)	(12,268)	-	(23,306)
Exchange difference	595	17	3,184	(1,264)	-	2,532
Balance, end of year	2,987	819	6,020	15,362	-	**25,188**

Bank	Loans to individuals		Loans to corporates			
31 December 2017 In millions of Nigerian Naira	**Overdrafts**	**Term loans**	**Over-drafts**	**Term loans**	**Others**	**Total**
Balance, beginning of year	7,751	540	1,890	6,926	-	17,107
Impairment charge for the year (Note 12	1,260	-	3,043	18,422	-	22,725
Net loans written off	(7,051)	(34)	(3,953)	(10,201)	-	(21,239)
Exchange difference	-	-	-	65	-	65
Balance, end of year	1,960	506	980	15,212	-	**18,658**

Group	Loans to individuals		Loans to corporates			
31 December 2016 In millions of Nigerian Naira	**Overdrafts**	**Term loans**	**Over-drafts**	**Term loans**	**Others**	**Total**
Balance, beginning of year	2,945	609	2,098	1,129	-	6,781
Impairment charge for the year (Note 12	9,030	311	3,202	8,353	-	20,896
Loans written-off	(4,508)	(232)	(2,764)	-	-	(7,504)
Exchange difference	716	148	510	274	-	1,648
Balance, end of year	8,183	836	3,046	9,756	-	**21,821**

Bank	Loans to individuals		Loans to corporates			
31 December 2016 In millions of Nigerian Naira	**Overdrafts**	**Term loans**	**Over-drafts**	**Term loans**	**Others**	**Total**
Balance, beginning of year	3,016	603	1,831	581	-	6,031
Impairment charge for the year (Note 12	8,739	-	1,754	6,086	-	16,579
Loans written-off	(4,004)	(63)	(1,695)	-	-	(5,762)
Exchange difference	-	-	-	259	-	259
Balance, end of year	7,751	540	1,890	6,926	-	**17,107**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

25. Loans and advances to customers (continued)

(i) Portfolio impairment

Group 31 December 2017 In millions of Nigerian Naira	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Over drafts	Term loans	Others	Total
Balance, beginning of year	244	2,830	11,887	13,451	177	28,589
Impairment charge/(reversal) for the year (Note 12)	400	104	(3,943)	8,383	(52)	4,892
Exchange difference	(210)	(325)	(569)	505	(56)	(655)
Balance, end of year	434	2,609	7,375	22,339	69	**32,826**

Bank 31 December 2017 In millions of Nigerian Naira	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Over-drafts	Term loans	Others	Total
Balance, beginning of year	68	156	5,608	6,625	177	12,634
Impairment charge/(reversal) for the year (Note 12)	239	432	(2,489)	1,876	(108)	(50)
Exchange difference	-		-	(30)	-	(30)
Balance, end of year	307	588	3,119	8,471	69	12,554

Group 31 December 2016 In millions of Nigerian Naira	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Over-drafts	Term loans	Others	Total
Balance, beginning of year	343	2,216	5,421	10,439	582	19,001
Impairment charge/(reversal) for the year (Note 12)	(191)	17	5,006	44	(405)	4,471
Exchange difference	92	597	1,460	2,968	-	5,117
Balance, end of year	244	2,830	11,887	13,451	177	**28,589**

Bank 31 December 2016 In millions of Nigerian Naira	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Over-drafts	Term loans	Others	Total
Balance, beginning of year	184	141	2,436	3,669	582	7,012
Impairment charge/(reversal) for the year (Note 12)	(116)	15	3,172	2,956	(405)	5,622
Exchange difference						-
Balance, end of year	68	156	5,608	6,625	177	**12,634**

26. Investment securities

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec 2016	Dec. 2017	Dec 2016
Available-for-sale investment securities comprise (see note (i)):				
Treasury bills	457,653	155,315	310,199	147,153
Bonds	41,630	40,790	19,738	17,233
Equity investments	94,016	80,653	93,356	80,038
	593,299	276,758	423,293	244,424
Held-to-maturity investment securities comprise (see note (i)):				
Treasury bills	193,439	240,559	-	-
Promissory notes	-	281	-	281
Bonds	429,315	452,794	242,185	288,311
	622,754	693,634	242,185	288,592
Carrying amount	**1,216,053**	**970,392**	**665,478**	**533,016**
Current	651,317	339,612	338,746	188,647
Non-current	564,736	630,780	326,732	344,369
	1,216,053	970,392	665,478	533,016

(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:

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Bonds (available-for-sale)	10,513	14,178	10,513	14,178
Treasury bills (available-for-sale)	138,756	62,566	137,126	62,566
Bonds (held-to-maturity)	250,522	283,070	176,918	215,750
Treasury bills (held-to-maturity)	-	43,640	-	-
	399,791	403,454	324,557	292,494

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

27. Other assets

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Financial assets				
Electronic payments receivables	34,070	8,311	30,227	4,982
Accounts receivable	38,735	12,891	27,513	6,486
Intercompany receivables	-	-	8,238	3,085
Dividends receivable	-	-	3,815	8,429
Pension custody fees receivable	174	448	-	-
	72,979	21,650	69,793	22,982
Non-financial assets				
Prepayments	11,669	15,097	6,722	6,881
Recoverable taxes	1,491	587	40	78
Stock of consumables	3,918	4,070	3,610	3,510
	17,078	19,754	10,372	10,469
Allowance for impairment on accounts receivable	(3,328)	(3,555)	(2,216)	(2,259)
	86,729	37,849	77,949	31,192

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
(a) Movement in impairment for other assets				
At start of year	3,555	1,267	2,259	1,020
Charge/(reversal) for the year (Note 12)	962	2,024	(37)	1,280
Balances written off	(1,428)	(41)	(6)	(41)
Exchange difference	239	305	-	-
Balance, end of year	3,328	3,555	2,216	2,259
(b) Current	82,014	30,390	76,037	28,622
Non-current	4,715	7,459	1,912	2,570
	86,729	37,849	77,949	31,192

28. Investment in Equity-Accounted Investee

Set out below, is information on the Group's investment in equity accounted investee as at 31 December 2017. The Associate Company (UBA Zambia Limited) 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 the Associate Company. There are no restrictions on the ability of the Associate Company 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 Group's interest in the Associate Company.

(a) Movement in investment in equity-accounted investee

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Balance, beginning of the year	2,925	2,236	1,770	1,770
Share of current year's result	204	(63)	-	-
Share of foreign currency translation differences	(269)	752	-	-
Balance, end of the year	**2,860**	**2,925**	**1,770**	**1,770**

(b) Reconciliation of summarised financial information

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

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
Opening net assets	3,552	2,146
Profit/(loss) for the year	416	(128)
Foreign currency translation differences	(548)	1,534
Closing net assets	**3,420**	**3,552**
Group's interest in associate (49%)	1,674	1,739
Notional goodwill	1,186	1,186
Carrying amount	**2,860**	**2,925**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

28. Investment in Equity Accounted Investee (continued)

(c) Nature of investment in associates

Name of entity	Country of incorporation	Place of business	Nature of business	% of ownership interest	Measurement method
UBA Zambia Bank Limited	Zambia	Zambia	Banking	49*	Equity method

*'The Group's interest in UBA Zambia did not change during the year.

(d) Summarised financial information for associate

(i) Summarised Statement of Financial Position

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
Assets		
Cash and cash equivalents	5,841	8,868
Other current assets	18,306	6,939
Non-current assets	899	983
Total assets	**25,046**	**16,790**
Financial liabilities	19,979	12,901
Other current liabilities	1,647	337
Total liabiliites	**21,626**	**13,238**
Net assets	**3,420**	**3,552**

(ii) Summarised statement of comprehensive income

	Dec. 2017	Dec. 2016
Operating income	3,802	2,062
Operating expense	(3,265)	(1,947)
Net impairment loss on finacial assets	(121)	(243)
Profit/(loss) before tax	416	(128)
Income tax expense	-	-
Profit/(loss) for the year	416	(128)
Other comprehensive income	-	-
Total comprehensive income/(loss)	**416**	**(128)**

The information above reflects the amounts presented in the financial statements of the Associate Company (and not UBA Group's share of those amounts). There are no differences in the accounting policies of the Associate Company and the Group's accounting policies.

29. Investment in Subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira

Bank Subsidiaries	Year of acquisition/ Commencement	Holding	Non-controlling interest	Country	Industry	Bank Dec. 2017	Bank Dec. 2016
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	-	Cameroun	Banking	1,845	1,845
UBA Cote d'Ivoire	2008	100%	-	Cote d'Ivoire	Banking	12,295	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	69%	31%	Uganda	Banking	3,705	3,705
UBA Burkina Faso	2008	64%	36%	Burkina Faso	Banking	5,352	5,352
UBA Benin	2008	84%	16%	Benin Republic	Banking	11,451	6,726
UBA Kenya Bank Limited	2009	81%	19%	Kenya	Banking	3,744	3,744
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	82%	18%	Tanzania	Banking	4,332	2,757
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	10,375	2,500
UBA Congo Brazzaville (SA)	2011	100%	-	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	96%	4%	Mozambique	Banking	8,156	1,856
UBA Mali*	2017	100%	-	Mali	Banking	6,300	-
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
						103,777	**70,702**

* In the course of 2017, the Bank incorporated a subsidiary in Mali to carry out banking business. However, it was yet to commence operations, as it is awaiting approval of Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO).

29. Investment in Subsidiaries (continued)

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.

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

	Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**
Balance, beginning of the year	70,702	65,767
Additional investments during the year	33,075	4,935
Balance, end of the year	103,777	70,702

During the year, the Bank made additional investments in five subsidiaries (UBA Benin, UBA Cote d'Ivoire, UBA Mozambique, UBA Tanzania, UBA Congo DRC and UBA Mali) totaling ₦33.075 billion. These additional investments have been reflected in the subsidiaries' capital as at 31 December 2017.

(i) UBA Ghana, UBA Cameroon SA, UBA Cote d'ivoire, UBA Liberia, UBA Uganda, UBA 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 Foreign Exchange Mart was incorporated on January 30, 2008 and commenced operations on May 22, 2008. It operates as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, 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 September 25, 1995. It is primarily engaged in brokerage, trade finance and wealth management businesses.

(v) UBA Retail Financial Services Limited was established in 2008 to provide a wide range of financial services targeting non-bank customers through non-branch channels such as direct sales agents, telemarketing, internet, consumer outlets, dealers and microfinance banks. The Company ceased operations in 2012 and is currently undergoing liquidation.

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 .

29. Investment in Subsidiaries (continued)

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the year is ₦18.231 billion (2016: ₦13.218 billion) is attributed to the following non-fully owned subsidiaries:

In millions of Nigerian Naira	Group	
	Dec. 2017	Dec. 2016
UBA Ghana Limited	3,715	2,205
UBA Burkina Faso	5,968	4,364
UBA Benin	1,433	940
UBA Uganda Limited	1,324	1,364
UBA Kenya Bank Limited	1,304	1,332
UBA Senegal (SA)	2,435	1,612
UBA Mozambique (SA)	343	222
UBA Chad (SA)	1,077	734
UBA Tanzania Limited	632	445
	18,231	13,218

29. Investment in Subsidiaries (continued)

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 31 December 2017. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of Nigerian Naira	UBA Ghana Limited Dec. 2017	UBA Ghana Limited Dec. 2016	UBA Burkina Faso Dec. 2017	UBA Burkina Faso Dec. 2016	UBA Benin Dec. 2017	UBA Benin Dec. 2016
Summarised statement of financial position						
Cash and bank balances	39,500	51,197	24,682	10,048	8,727	7,863
Other financial assets	175,562	218,811	193,601	152,678	97,810	87,089
Non-financial assets	2,365	1,210	3,722	3,576	2,785	2,001
Total assets	**217,427**	**271,218**	**222,005**	**166,302**	**109,322**	**96,953**
Financial liabilities	170,866	236,274	203,564	152,810	95,562	91,032
Non-financial liabilities	6,305	11,050	1,983	1,458	4,911	1,941
Total liabilities	**177,171**	**247,324**	**205,547**	**154,268**	**100,473**	**92,973**
Net assets	**40,256**	**23,894**	**16,458**	**12,034**	**8,849**	**3,980**
Summarised statement of comprehensive income						
Revenue	**47,892**	**49,617**	**14,002**	**10,549**	**13,478**	**7,419**
Profit for the year	15,625	10,283	1,941	2,293	2,062	536
Other comprehensive income	(50)	-	-	-		
Total comprehensive income	**15,575**	**10,283**	**1,941**	**2,293**	**2,062**	**536**
Total comprehensive income allocated to non-controlling interest	1,437	949	704	831	334	127
Dividends paid to non-controlling interests	-	533	-	-	-	-
Summarised cash flows						
Cash flows from operating activities	(957)	55,190	40,580	43,248	4,777	35,929
Cash flows from financing activities	737	(1,681)	2,483	-	3,043	-
Cash flows from investing activities	(11,477)	(12,190)	(28,429)	(38,434)	(6,956)	(30,218)
Net (decrease)/increase in cash and cash equivalents	**(11,697)**	**41,319**	**14,634**	**4,814**	**864**	**5,711**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

29. Investment in Subsidiaries (Continued)

Summarised statement of financial position **In millions of Nigerian Naira**	**UBA Uganda Limited Dec. 2017**	**UBA Uganda Limited Dec. 2016**	**UBA Kenya Bank Ltd Dec. 2017**	**UBA Kenya Bank Ltd Dec. 2016**	**UBA Senegal (SA) Dec. 2017**	**UBA Senegal (SA) Dec. 2016**
Cash and bank balances	10,037	4,920	2,313	1,153	27,115	24,827
Other financial assets	8,937	8,099	17,366	14,992	111,370	74,031
Non-financial assets	320	2,081	1,128	1,127	1,068	874
Total assets	**19,294**	**15,100**	**20,807**	**17,272**	**139,553**	**99,732**
Financial liabilities	13,047	7,418	13,331	10,134	116,420	83,935
Non-financial liabilities	1,957	2,436	612	127	5,117	3,866
Total liabilities	**15,004**	**9,854**	**13,943**	**10,261**	**121,537**	**87,801**
Net assets	**4,290**	**5,246**	**6,864**	**7,011**	**18,016**	**11,931**
Summarised statement of comprehensive income						
Revenue	**2,904**	**2,149**	**2,826**	**1,467**	**11,479**	**5,947**
Profit/(loss) for the year	(1,625)	2,315	18	363	3,391	2,045
Other comprehensive income	-	-	-	-		
Total comprehensive income	**(1,625)**	**2,315**	**18**	**363**	**3,391**	**2,045**
Total comprehensive income allocated to non-controlling interest	(502)	695	3	69	458	276
Summarised cash flows						
Cash flows from operating activities	4,148	1,241	2,545	(2,391)	4,948	28,428
Cash flows from financing activities	669	987	(165)	1,974	2,695	-
Cash flows from investing activities	300	(1,582)	(1,220)	(4,558)	(5,354)	(14,358)
Net increase/(decrease) in cash and cash equivalents	**5,117**	**646**	**1,160**	**(4,975)**	**2,289**	**14,070**

29. Investment in subsidiaries (continued)

Summarised financial information of subsidiaries with non-controlling interest (continued)

In millions of Nigerian Naira	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Summarised statement of financial position						
Cash and bank balances	3,949	3,986	13,526	29,506	6,961	2,804
Other financial assets	13,368	1,646	31,447	29,172	11,002	8,014
Non-financial assets	138	91	1,422	730	157	386
Total assets	**17,455**	**5,723**	**46,395**	**59,408**	**18,120**	**11,204**
Financial liabilities	9,415	4,228	35,801	51,747	14,407	8,893
Non-financial assets	76	18	802	986	179	86
Total liabilities	**9,491**	**4,246**	**36,603**	**52,733**	**14,586**	**8,979**
Net assets	**7,964**	**1,477**	**9,792**	**6,675**	**3,534**	**2,225**
Summarised statement of comprehensive income	-	-	-	-	-	-
Revenue	**1,923**	**352**	**5,434**	**4,072**	**1,524**	**647**
(Loss)/Profit for the year	105	(431)	2,041	1,281	(700)	(491)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**105**	**(431)**	**2,041**	**1,281**	**(700)**	**(491)**
Total comprehensive income allocated to non-controlling interest	5	(129)	225	141	(125)	(98)
Summarized cash flows						
Cash flows from operating activities	5,751	1,139	(17,241)	26,486	4,060	912
Cash flows from financing activities	6,382	987	1,076	-	2,009	987
Cash flows from investing activities	(12,170)	(96)	185	(2,334)	(1,912)	(1,110)
Net increase/(decrease) in cash and cash equivalents	**(37)**	**2,030**	**(15,980)**	**24,152**	**4,157**	**789**

30. Property and equipment

(a) As at 31 December 2017
Group

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2017	32,252	32,118	11,962	8,564	13,137	9,612	31,103	33,467	5,464	177,679
Additions	2,105	2,784	1,468	-	1,161	1,624	2,094	3,041	11,394	25,671
Reclassifications	(26)	472	202	-	103	49	142	3,127	(4,069)	-
Disposals	-	(143)	(812)	-	(329)	(868)	(258)	(1,466)	(77)	(3,953)
Transfers (note ii)	-	-	-	-	-	-	-	-	(10)	10)
Write-off	(70)	(12)	(8)	-	(1)	(1)	(11)	(28)	-	(131)
Exchange difference (note i)	119	1,314	493	-	-	633	319	289	-	3,167
Balance at 31 December 2017	**34,380**	**36,533**	**13,305**	**8,564**	**14,071**	**11,049**	**33,389**	**38,430**	**12,702**	**202,423**
Accumulated depreciation										
Balance at 1 January 2017	-	12,633	5,673	850	9,969	7,275	25,148	22,199	-	83,747
Charge for the year	-	506	841	408	870	1,066	1,811	3,082	-	8,584
Reclassifications	-	2	(2)	-	-	-	(27)	27	-	-
Disposals	-	(55)	(89)	-	(197)	(337)	(36)	(390)	-	(1,104)
Transfers (note ii)	-	-	-	-	-	-	-	-	-	-
Write-off	-	(2)	(1)	-	(1)	(1)	(11)	(25)	-	(41)
Exchange difference (note i)	-	1,511	897	-	394	265	515	19	-	3,601
Balance at 31 December 2017	**-**	**14,595**	**7,319**	**1,258**	**11,035**	**8,268**	**27,400**	**24,912**	**-**	**94,787**
Carrying amounts										
Balance at 31 December 2017	**34,380**	**21,938**	**5,986**	**7,306**	**3,036**	**2,781**	**5,989**	**13,518**	**12,702**	**107,636**
Balance at 31 December 2016	**32,252**	**19,485**	**6,289**	**7,714**	**3,168**	**2,337**	**5,955**	**11,268**	**5,464**	**93,932**

(i) Exchange differences arise from the translation of the property and equipment in the Group's foreign operations.

(ii) Transfers represents reclassification of items from property and equipment (work in progress) to intangible assets - purchased software (work in progress) during the previous year as disclosed in Note 31.

(ii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2016: nil)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

30. Property and equipment (continued)

Bank

(a) As at 31 December 2017

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2017	31,429	24,565	3,333	8,564	9,868	6,666	25,956	26,744	4,764	141,889
Additions	2,002	802	117	-	360	574	1,186	1,860	8,147	15,048
Reclassifications	(27)	144	202	-	103	50	142	3,127	(3,741)	-
Disposals	-	-	-	-	(290)	(31)	(175)	(221)	(77)	(794)
Transfers (note ii)	-	-	-	-	-	-	-	-	(10)	(10)
Write-off	(70)	(12)	(4)	-	(1)	(1)	(11)	(28)	-	(127)
Exchange difference (note i)	-	-	25	-	1	12	17	1	-	56
Balance at 31 December 2017	**33,334**	**25,499**	**3,673**	**8,564**	**10,041**	**7,270**	**27,115**	**31,483**	**9,083**	**156,062**
Accumulated depreciation										
Balance at 1 January 2017	-	8,302	1,421	850	7,606	4,735	20,970	17,753	-	61,637
Charge for the year	-	389	84	408	555	471	1,455	2,447	-	5,809
Reclassifications	-	2	(2)	-	-	-	(27)	27	-	-
Disposals	-	-	-	-	(273)	(31)	(169)	(207)	-	(680)
Transfers (note ii)	-	-	-	-	-	-	-	-	-	-
Write-off	-	(2)	(1)	-	(1)	(1)	(11)	(25)	-	(41)
Exchange difference (note i)	-	-	18	-	1	11	22	-	-	52
Balance at 31 December 2017	**-**	**8,691**	**1,520**	**1,258**	**7,888**	**5,185**	**2,240**	**19,995**	**-**	**66,777**
Carrying amounts										
Balance at 31 December 2017	**33,334**	**16,808**	**2,153**	**7,306**	**2,153**	**2,085**	**4,875**	**11,488**	**9,083**	**89,285**
Balance at 31 December 2016	**31,429**	**16,263**	**1,912**	**7,714**	**2,262**	**1,931**	**4,986**	**8,991**	**4,764**	**80,252**

(i) Exchange differences arise from the translation of the property and equipment of the UBA New York branch.

(ii) 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 31.

(iii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2016: nil)

30 Property and equipment (continued)

Group

(b) As at 31 December 2016

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2016	31,967	29,287	7,715	11,750	11,601	7,309	29,105	29,722	2,925	161,381
Additions	174	1,653	1,966	-	1,151	2,306	1,501	2,774	4,402	15,927
Reclassifications (note i)	(101)	490	467	-	138	12	3	736	(1,745)	-
Disposals	(43)	(642)	(142)	(3,186)	(869)	(1,100)	(1,074)	(1,246)	(192)	(8,494)
Transfers	-	-	-	-	-	-	17	-	(129)	(112)
Write-off	-	-	-	-	-	-	-	-	-	-
Exchange difference (note ii)	255	1,330	1,956	-	1,116	1,085	1,551	1,481	203	8,977
Balance at 31 December 2016	**32,252**	**32,118**	**11,962**	**8,564**	**13,137**	**9,612**	**31,103**	**33,467**	**5,464**	**177,679**
Accumulated depreciation										
Balance at 1 January 2016	-	10,668	3,659	1,822	9,124	5,895	22,486	18,902	-	72,556
Charge for the year	-	645	596	460	726	736	1,819	2,415	-	7,397
Reclassifications (note i)	-	(18)	18	-	-	-	(11)	11	-	-
Disposals	-	(173)	(78)	(1,432)	(645)	(395)	(628)	(592)	-	(3,943)
Transfers	-	-	-	-	-	-	17	-	-	17
Write-off	-	-	-		-	-	-	-	-	-
Exchange difference (note ii)	-	1,511	1,478	-	764	1,039	1,465	1,463	-	7,720
Balance at 31 December 2016	**-**	**12,633**	**5,673**	**850**	**9,969**	**7,275**	**25,148**	**22,199**	**-**	**83,747**
Carrying amounts										
Balance at 31 December 2016	32,252	19,485	6,289	7,714	3,168	2,337	5,955	11,268	5,464	93,932
Balance at 31 December 2015	**31,967**	**18,619**	**4,056**	**9,928**	**2,477**	**1,414**	**6,619**	**10,820**	**2,925**	**88,825**

30. Property and equipment (continued)

As at 31 December 2016

Bank

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2016	31,425	24,200	2,799	11,750	9,481	5,218	26,008	25,574	2,537	138,992
Additions	148	151	36	-	843	1,422	284	763	3,963	7,610
Reclassifications (note i)	(101)	232	395	-	138	12	3	736	(1,415)	-
Disposals	(43)	(18)	-	(3,186)	(599)	(32)	(403)	(331)	(192)	(4,804)
Transfers	-	-	-	-	-	-	17	-	(129)	(112)
Write-off	-	-	-	-	-	-	-	-	-	-
Exchange difference (note ii)	-	-	103	-	5	46	47	2	-	203
Balance at 31 December 2016	**31,429**	**24,565**	**3,333**	**8,564**	**9,868**	**6,666**	**25,956**	**26,744**	**4,764**	**141,889**
Accumulated depreciation										
Balance at 1 January 2016	-	7,952	1,252	1,822	7,534	4,426	19,790	16,071	-	58,847
Charge for the year	-	371	91	460	482	296	1,520	1,983	-	5,203
Reclassifications (note i)	-	(18)	18	-	-	-	(11)	11	-	-
Disposals	-	(3)	-	(1,432)	(413)	(32)	(391)	(313)	-	(2,584)
Transfers	-	-	-	-	-	-	17	-	-	17
Exchange difference (note ii)	-	-	60	-	3	45	45	1	-	154
Balance at 31 December 2016	**-**	**8,302**	**1,421**	**850**	**7,606**	**4,735**	**20,970**	**17,753**	**-**	**61,637**
Carrying amounts										
Balance at 31 December 2016	**31,429**	**16,263**	**1,912**	**7,714**	**2,262**	**1,931**	**4,986**	**8,991**	**4,764**	**80,252**
Balance at 31 December 2015	**31,425**	**16,248**	**1,547**	**9,928**	**1,947**	**792**	**6,218**	**9,503**	**2,537**	**80,145**

31. Intangible assets

(a) As at 31 December 2017

(i) Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2017	8,522	16,591	1,142	26,255
Additions	-	1,437	1,831	3,268
Reclassifications	-	440	(440)	-
Disposal	-	-	-	-
Transfers*	-	10	-	10
Exchange difference	1,270	28	-	1,298
Balance at 31 December 2017	9,792	18,506	2,533	30,831
Amortisation				
Balance at 1 January 2017	-	11,894	-	11,894
Amortisation for the year	-	1,507	-	1,507
Reclassification		-	-	-
Disposal	-	-	-	-
Transfers*	-	-	-	-
Exchange difference	-	539	-	539
Balance at 31 December 2017	-	13,940	-	13,940
Carrying amounts				
Balance at 31 December 2017	9,792	4,566	2,533	16,891
Balance at 31 December 2016	8,522	4,697	1,142	14,361
(ii) Bank				
Cost				
Balance at 1 January 2017		12,884	1,142	14,026
Additions		348	1,831	2,179
Reclassifications		440	(440)	-
Disposal		-	-	-
Transfers*		10	-	10
Exchange difference		1	-	1
Balance at 31 December 2017		13,683	2,533	16,216
Amortisation				
Balance at 1 January 2017		9,121	-	9,121
Amortisation for the year		1,249	-	1,249
Disposal		-	-	-
Transfers*		-	-	-
Exchange difference		-	-	-
Balance at 31 December 2017		10,370	-	10,370
Carrying amounts				
Balance at 31 December 2017		**3,313**	**2,533**	**5,846**
Balance at 31 December 2016		**3,763**	**1,142**	**4,905**

31. Intangible assets (Continued)

b) (i) As at 31 December 2016

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2016	5,673	14,308	1,210	21,191
Additions	-	500	859	1,359
Reclassifications	-	927	(927)	-
Transfers*	-	112	-	112
Write-off	-	(180)	-	(180)
Exchange difference	2,849	924	-	3,773
Balance at 31 December 2016	8,522	16,591	1,142	26,255
Amortisation				
Balance at 1 January 2016	-	9,822	-	9,822
Amortisation for the year	-	1,253	-	1,253
Transfers*	-	(17)	-	(17)
Write-off		(45)		(45)
Exchange difference	-	881	-	881
Balance at 31 December 2016	-	11,894	-	11,894
Carrying amounts				
Balance at 31 December 2016	**8,522**	**4,697**	**1,142**	**14,361**
Balance at 31 December 2015	**5,673**	**4,486**	**1,210**	**11,369**

(ii) Bank

	Purchased software	Work in progress	Total
Cost			
Balance at 1 January 2016	11,839	1,210	13,049
Additions	177	859	1,036
Reclassifications	927	(927)	-
Transfers*	112	-	112
Write-off	(180)	-	(180)
Exchange difference	9	-	9
Balance at 31 December 2016	12,884	1,142	14,026
Amortisation			
Balance at 1 January 2016	8,095	-	8,095
Amortisation for the year	1,078	-	1,078
Transfers*	(17)	-	(17)
Write-off	(45)	-	(45)
Exchange difference	10	-	10
Balance at 31 December 2016	9,121	-	9,121
Carrying amounts			
Balance at 31 December 2016	**3,763**	**1,142**	**4,905**
Balance at 31 December 2015	**3,744**	**1,210**	**4,954**

There were no capitalised borrowing costs related to the internal development of software during the year (December 2016: nil). Computer software has a definite useful life of not more than five years while goodwill has an indefinite useful life and is annually assessed for impairment.

* 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 30.

31. Intangible Assets (continued)

(c) 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 have been identified as 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. These growth rates are consistent with forecasts included in industry reports specific to the economic environment in which each of the CGU's operates.

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

	UBA Benin		UBA Capital Europe Limited	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Gross earnings (% annual growth rate)	10.0	12.0	11.0	12.0
Deposits (% annual growth rate)	15.0	15.0	10.0	10.0
Loans and advances (% annual growth rate)	15.0	20.0	10.0	12.0
Operating expenses (% annual growth rate)	10.0	11.0	10.0	7.0
Terminal growth rate (%)	1.5	1.5	2.0	2.0
Discount rate (pre-tax) (%)	17.0	16.2	5.3	5.0

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.
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 rate was a pre-tax measure based on the longest tenured government bond issued by the governments in Benin and United Kingdom respectively adjusted for a risk premium to reflect both the increased risk of investing in equities and generally and the systematic risk of the specific CGU.

31. Intangible Assets (continued)

Below is the result of the impairment test:

In millions of Nigerian Naira	UBA Benin		UBA Capital Europe Limited	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Recoverable amount	33,749	22,260	32,420	23,829
Less: Carrying amount				
Goodwill	(6,141)	(5,159)	(3,651)	(3,363)
Net assets	(7,416)	(3,980)	(15,653)	(14,833)
Total carrying amount	(13,557)	(9,139)	(19,304)	(18,196)
Excess of recoverable amount over carrying amount	**20,192**	**13,121**	**13,116**	**5,633**

The key assumptions described above may change as economic and market conditions change. The results of the value-in-use calculations are most sensitive to changes in the deposit growth rates and discount rates applied. The recoverable amounts of the respective CGUs would equal their carrying amounts if these key assumptions were to change as follows:

	Dec. 2017		Dec. 2016	
	From %	To %	From %	To %
UBA Benin				
Deposit growth rate	15.0	6.9	15.0	8.5
Discount rate	17.0	43.7	19.2	42.2
UBA Capital Europe				
Deposit growth rate	10.0	5.5	10.0	5.0
Discount rate	5.3	7.4	5.0	6.0

Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the respective CGUs to exceed their recoverable amounts.

32. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In millions of Nigerian Naira	Group			Bank		
31 December 2017	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, equipment, and software	15,243	40	15,203	12,855	-	12,855
Allowances for loan losses	3,783	-	3,783	3,783	-	3,783
Account receivable	672	-	672	672	-	672
Tax losses carried forward	8,643	-	8,643	8,643	-	8,643
Exchange difference on monetary items	436	-	436	436	-	436
Fair value gain on derivatives	-	63	(63)	-	63	(63)
Others	852	-	852	852	-	852
Net deferred tax assets/liabilities	**29,629**	**103**	**29,526**	**27,241**	**63**	**27,178**

32. Deferred Tax Assets and Liabilities (continued)

31 December 2016	Group			Bank		
In millions of Nigerian Naira	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, equipment, and software	13,629	62	13,567	10,249	-	10,249
Allowances for loan losses	3,879	-	3,879	3,879	-	3,879
Account receivable	678	-	678	678	-	678
Tax losses carried forward	20,848	-	20,848	20,848	-	20,848
Exchange difference on monetary items	-	3,712	(3,712)	-	3,712	(3,712)
Fair value loss on derivatives	-	2,744	(2,744)	-	2,744	(2,744)
Others	482	-	482	498	-	498
Net deferred tax assets/liabilities	**39,516**	**6,518**	**32,998**	**36,152**	**6,456**	**29,696**

(b) Reconciliation of recognised deferred tax assets and liabilities to the amounts disclosed in the statement of financial position

(i) Deferred tax assets	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Recognised deferred tax assets	29,629	39,516	27,241	36,152
Amounts offset*:				
- Exchange differences on monetary items	-	(3,712)	-	(3,712)
-Fair value gain on derivatives	(63)	(2,744)	(63)	(2,744)
Deferred tax assets in the statement of financial position	**29,566**	**33,060**	**27,178**	**29,696**

(ii) Deferred tax liabilities	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Recognised deferred tax liabilities	103	6,518	63	6,456
Amounts offset*:				
- Exchange differences on monetary items	-	(3,712)	-	(3,712)
-Fair value gain on derivatives	(63)	(2,744)	(63)	(2,744)
Deferred tax liabilities in the statement of financial position	40	62	-	-

*The amounts offset relate to deferred tax liabilities attributable to the parent only. The amounts have been offset as the Bank has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same tax authority.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

32. Deferred Tax Assets and Liabilities (Continued)

(c) Movements in temporary differences during the year
31 December 2017

Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	13,567	1,636	-	15,203
Allowances for loan losses	3,879	(96)	-	3,783
Account receivable	678	(6)	-	672
Tax losses carried forward	20,848	(12,205)	-	8,643
Exchange difference on monetary items	(3,712)	4,148	-	436
Tax losses on fair value gain on derivatives	(2,744)	2,681	-	(63)
Others	482	370	-	852
	32,998	(3,472)	-	29,526
Deferred tax assets:				
To be recovered within 12 months	13,145	(10,649)		2,496
To be recovered after more than 12 months	26,309	11,193		37,502
Deferred tax liabilities				
To be recovered within 12 months	(2,744)	2,744		-
To be recovered after more than 12 months	(3,712)	(6,760)		(10,472)
	32,998	(3,472)		29,526

31 December 2017
Bank

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	10,249	2,606	-	12,855
Allowances for loan losses	3,879	(96)	-	3,783
Account receivable	678	(6)	-	672
Tax losses carried forward	20,848	(12,205)	-	8,643
Exchange difference on monetary items	(3,712)	4,148	-	436
Tax losses on fair value gain on derivatives	(2,744)	2,681		(63)
Others	498	354	-	852
	29,696	(2,518)	-	27,178
Deferred tax assets:				
To be recovered within 12 months	14,763	(12,267)		2,496
To be recovered after more than 12 months	21,389	13,765		35,154
Deferred tax liabilities				
To be recovered within 12 months	(2,744)	2,744		-
To be recovered after more than 12 months	(3,712)	(6,760)		(10,472)
	29,696	(2,518)		27,178

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

32. Deferred Tax Assets and Liabilities (Continued)

(c) Movements in temporary differences during the year (Continued)
31 December 2016
Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	7,547	6,020	-	13,567
Allowances for loan losses	1,966	1,913	-	3,879
Account receivable	366	312	-	678
Tax losses carried forward	24,666	(3,818)	-	20,848
Exchange difference on monetary items	-	(3,712)	-	(3,712)
Tax losses on fair value gain on derivatives	(1,715)	(1,029)		(2,744)
Others	323	159	-	482
	33,153	(155)	-	32,998
Deferred tax assets:				
To be recovered within 12 months	8,967	4,178		13,145
To be recovered after more than 12 months	25,901	408		26,309
Deferred tax liabilities				
To be recovered within 12 months	(1,715)	(1,029)		(2,744)
To be recovered after more than 12 months	-	(3,712)		(3,712)
	33,153	(155)		32,998

31 December 2016
Bank

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	6,247	4,002	-	10,249
Allowances for loan losses	1,966	1,913	-	3,879
Account receivable	366	312	-	678
Tax losses carried forward	24,666	(3,818)	-	20,848
Exchange difference on monetary items	-	(3,712)	-	(3,712)
Tax losses on fair value gain on derivatives	(1,715)	(1,029)		(2,744)
Others	323	175	-	498
	31,853	(2,157)	-	29,696
Deferred tax assets:				
To be recovered within 12 months	12,179	2,584		14,763
To be recovered after more than 12 months	21,389	-		21,389
Deferred tax liabilities				
To be recovered within 12 months	(1,715)	(1,029)		(2,744)
To be recovered after more than 12 months	-	(3,712)		(3,712)
	31,853	(2,157)		29,696

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(d) Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. Unused tax losses for which no deferred tax asset has been recognised was ₦28.810 billion (2016: ₦56.348 billion).

Temporary difference relating to the Group's investment in subsidiaries is ₦119.588 billion (2016: ₦92.058 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.

33. 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. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Derivative assets				
Carrying value	8,227	10,642	7,911	10,642
Notional amount	108,698	62,725	106,097	62,725
Derivative liabilities				
Carrying value	123	14	123	14
Notional amount	9,610	1,413	9,610	1,413
(a) Derivative assets				
Instrument type:				
Cross-currency swaps	8,227	1,134	7,911	1,134
Foreign exchange forward contracts	-	9,508	-	9,508
	8,227	10,642	7,911	10,642
The movement in derivative assets is as follows:				
Balance, beginning of year	10,642	1,809	10,642	1,809
Fair value of derivatives derecognised/remeasured in the year	(13,757)	(18,765)	(13,757)	(18,765)
Fair value of derivatives acquired/remeasured in the year	11,342	27,598	11,026	27,598
Balance, end of year	8,227	10,642	7,911	10,642
Derivative assets are current in nature				
(b) Derivative liabilities				
Instrument type:				
Cross-currency swap	123	14	123	14
	123	14	123	14
The movement in derivative liability is as follows:				
Balance, beginning of year	14	327	14	327
Fair value of derivatives derecognised/remeasured in the year	(75)	(505)	(75)	(505)
Fair value of derivatives acquired/remeasured in the year	184	192	184	192
Balance, end of year	123	14	123	14
Derivative liabilities are current in nature				

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

33. Derivative financial instruments (continued)

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
(c) Fair value gain on derivatives				
Derivative assets:				
Fair value gain on additions in the year	11,342	27,598	11,026	27,598
Fair value loss on maturities in the year	(13,757)	(18,765)	(13,757)	(18,765)
Net fair value (loss)/gain on derivative assets	(2,415)	8,833	(2,731)	8,833
Derivative liabilities:				
Fair value loss on additions in the year	(184)	(192)	(184)	(192)
Fair value gain on maturities in the year	75	505	75	505
Net fair value (loss)/gain on derivative liabilities	(109)	313	(109)	313
Net fair value (loss)/gain on derivative assets and liabilities (See note 15)	(2,524)	9,146	(2,840)	9,146

34. Deposits from banks

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Money market deposits	130,035	108,217	14,507	30,484
Due to other banks	4,254	863	783	-
	134,289	109,080	15,290	30,484
Current	134,289	109,080	15,290	30,484

35. Deposits from customers

In millions of Nigerian Naira	Group Dec. 2017	Group Dec. 2016	Bank Dec. 2017	Bank Dec. 2016
Retail customers:				
Term deposits	228,471	209,673	184,503	182,996
Current deposits	251,247	151,407	152,578	83,285
Savings deposits	590,171	524,751	472,766	434,883
Domiciliary deposits*	93,840	73,384	86,522	51,284
Corporate customers:				
Term deposits	465,304	317,468	313,571	214,588
Current deposits	912,815	957,628	510,258	524,921
Domiciliary deposits*	191,500	251,299	157,538	206,902
	2,733,348	**2,485,610**	**1,877,736**	**1,698,859**
Current	2,733,161	2,485,273	1,877,549	1,698,522
Non-current	187	337	187	337
	2,733,348	**2,485,610**	**1,877,736**	**1,698,859**

*Domiciliary deposits represents foreign currency denominated current and savings accounts only.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

36. Other liabilities

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Financial liabilities				
Creditors and payables	52,448	48,631	38,971	29,738
Managers cheques	4,790	6,722	3,408	4,372
Unclaimed dividends (note (i)	5,719	4,222	5,719	4,222
Customers' deposit for foreign trade (note (ii))	20,301	38,089	15,624	30,546
	83,258	97,664	63,722	68,878
Non-financial liabilities				
Provisions (note (iii))	252	198	147	147
Deferred income	270	251	270	251
Accrued expenses	12,842	12,483	2,965	3,625
	13,364	12,932	3,382	4,023
Total other liabilities	96,622	110,596	67,104	72,901
Current	96,622	110,596	67,104	72,901

(i) The amount represents unclaimed dividends due to UBA plc's shareholders which have been returned by the Bank's Registrar.

(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 current balances with banks in note 22.

(iii) The amount represents a provision for certain legal claims. The provision charge is recognised in income statement 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 2017. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

The movement in provision during the year is as follows:

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
At 1 January	198	185	147	147
Additional provisions	54	13	-	-
At 31 December	252	198	147	147
Analysis of total provisions:				
Current	252	198	147	147

37. Borrowings

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
- Central Bank of Nigeria (note 37.1)	53,819	43,174	53,819	43,174
- Bank of Industry (BoI) (note 37.2)	9,212	11,029	9,212	11,029
- Standard Chartered Bank (note 37.3)	24,910	-	24,910	-
- European Investment Bank (EIB) (note 37.4)	22,303	1,951	22,303	1,951
- Syndicated facility (note 37.5)	-	27,542	-	27,542
- Africa Trade Finance Limited (note 37.6)	60,382	15,145	60,382	15,145
- Afrexim (note 37.7)	-	30,399	-	30,399
- African Development Bank (note 37.8)	50,317	36,204	50,317	36,204
- Credit Suisse (note 37.9)	100,312	94,483	100,312	94,483
- Eurobond debt security (note 37.10)	164,378	-	164,378	-
- Standard Bank (note 37.11)	16,576	-	16,576	-
	502,209	259,927	502,209	259,927
Current	202,180	167,569	202,180	167,569
Non-current	300,029	92,358	300,029	92,358
	502,209	259,927	502,209	259,927

Movement in borrowings during the year:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Opening balance	259,927	129,896	259,927	129,896
Additions	406,409	212,915	406,409	212,915
Interest expense	23,699	8,999	23,699	8,999
Interest paid	(27,182)	(11,788)	(27,182)	(11,788)
Repayments (principal)	(210,001)	(110,209)	(210,001)	(110,209)
Exchange difference	49,357	30,114	49,357	30,114
	502,209	259,927	502,209	259,927

37.1 This represents on-lending facilities provided by the Central Bank of Nigeria (CBN):

(a) ₦21.694billion of this facility represents the outstanding balance on the Commercial Agriculture Credit Scheme granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. Interest on the facility cannot exceed 9% per annum inclusive of all charges and is to be shared between the Bank and CBN at 7% and 2% respectively. The facility will terminate on 30 September 2025. The Bank is the primary obligor to CBN and assumes the risk of default.

(b) ₦25.627billion of this facility represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to some State Governments. The facility attracts an interest rate of 2% and the Bank is under obligation to lend to participating states at a maximum rate of 9% per annum (inclusive of all charges). The principal is repayable monthly and the tenor of the facility is 20 years.

(c) ₦5.02billion of this facility represents the outstanding balance on the loan granted by the Central Bank of Nigeria with respect to Real Sector Support Facility (RSSF) initiative to support the Federal Government's Special Fertilizer Intervention programme. The Central Bank shall lend to the Bank at 1.5% while the Bank shall on-lend to the customer at a maximum interest rate of 3.5% per annum, all charges inclusive. The 1.5% interest shall be remitted to CBN on a quarterly basis. The principal is repayable quarterly (after a one year moratorium) and the tenor of the facility is 6 years.

37. Borrowings (continued)

(d) ₦1.46billion of this facility represents the outstanding balance on loan granted by the Central Bank of Nigeria with respect to the Anchor Borrower's Programme (ABP) for smallholder farmers to boost agricultural production and non-oil exports. The interest rate is guided by the rate on the Micro, Small and Medium Enterprise Development Fund (MSMEDF) which is currently at 9% per annum, all charges inclusive. The Central Bank shall lend to the Bank at 2% while the Bank shall on-lend to the customer at a maximum interest rate of 9% per annum, all charges inclusive. The tenor of the loan is 6 months at which time the principal is repayable.

37.2 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.

37.3 This represents the amount granted under a $75million trade finance loan facility granted by Standard Chartered Bank in September 2017. The facility is for a tenor of one (1) year and Interest rate is three (3) months USD LIBOR plus 600 basis points. The interest repayments are on a quarterly basis while the principal repayment is due upon maturity in September 2018.

37.4 This represents the outstanding balance on $16.296million and $62.634million (€60million) term loan facilities granted by European Investment Bank in October 2013 and January 2017 respectively. The purpose of the $16.296 million term loan facility is to support lending to small and medium sized enterprises in Nigeria and through its regional subsidiaries. The facility is for a tenor of 7 years. Of the initial amount granted, $8.079 million was liquidated in June 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable semi-annually while principal repayment commenced in April 2016. The facility will expire in October 2020.

The $62.634million (€60million) term loan facility was granted under the Nigeria Private Enterprise Finance Facility extended by the European Investment Bank to a group of financial institutions located in Nigeria. The purpose of the facility is to finance capital expenditure for development of intermediation capacities and support small and medium sized enterprises in Nigeria. The facility is for a tenor of 8 years. The interest rate on the facility is six months USD LIBOR plus 337 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 42 months.

37.5 This represents the amount granted under a $270 million 3-year syndicated term loan facility in September 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable quarterly while principal repayment commenced in August 2015. The facility will expire in August 2017.

37.6 This represents the outstanding balance on $25million and $160million term loan facilities arranged by Africa Trade Finance Limited, United Kingdom in Oct and Dec 2017 respectively. The $25million facility is a trade related term loan with a tenor of one (1) year and interest rate of three months USD LIBOR plus 470 basis points. Interest on the loan is payable quarterly with principal repayment at maturity in October 2018.

The $160million facility is a syndicated trade finance facility with a tenor of one (1) year and interest rate of three months USD LIBOR plus 300 basis points. Interest on the loan is payable quarterly with principal repayment at maturity in October 2018.

37.7 This represents the amount granted under a $100million Dual Tranche Short Term Trade Financing Facility by African Export-Import Bank (AFREXIM) in June 2016. The facility is for a tenor of 1 year and is to be used solely for financing trade finance transactions. Interest rate on the facility is three months USD LIBOR plus 575 basis points. Interest on the loan is payable quarterly and principal repayment is on maturity in June 2017. The facility has been fully paid down.

37.8 This represents the amount granted under a $150million line of credit by African Development Bank, Cote d'Ivoire in November 2016. The first tranche of $120million was disbursed to the Bank in December 2016, while the second

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

37. Borrowings (continued)

tranche of $30million was disbursed in December 2017. The facility is for a tenor of 8 years and is to be used for medium term financing and on-lending to infrastructure projects, small and medium sized enterprises and women-owned enterprises in the Federal Republic of Nigeria. The interest rate on the facility is six months USD LIBOR plus 440 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 2 years.

37.9 This represents the amount granted under a $300million term loan facility by Credit Suisse International, United Kingdom and disbursed in three tranches of $100million each. Tranche 1 of this facility was disbursed in August 2017, while Tranche 2 and 3 were disbursed in September 2017. All the facilities have a tenor of one (1) year with interest rate of 3 months USD LIBOR plus 500 basis points. Interest payments are on a quarterly basis while the principal repayments are due at maturity in August 2018 and September 2018 respectively.

37.10 This represents the amortised cost of the Eurobond issued by the Bank on June 8, 2017. The $500million notes have a tenor of 5 years with a maturity date of June 8, 2022 and a yield of 7.875%. The rate of interest (coupon) is 7.75% payable semi-annually with bullet repayment of the principal sum at maturity.

37.11 This represents the amount granted under a $50 million trade finance loan facility granted by Standard Bank of South Africa Ltd in September 2017. The facility is for a tenor of nine (9) months and Interest rate is three (3) months USD LIBOR plus 565 basis points. The interest repayments are on a quarterly basis while the principal repayment is due upon maturity in June 2018.

38. Subordinated liabilities

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Medium term notes - series 1*	-	20,575	-	20,575
Medium term notes - series 2	36,017	35,805	36,017	35,805
Medium term notes - series 3	29,724	29,598	29,724	29,598
	65,741	85,978	65,741	85,978
Current	36,017	20,575	36,017	20,575
Non-current	29,724	65,403	29,724	65,403
	65,741	85,978	65,741	85,978

Subordinated liabilities represent medium-term bonds issued by the Bank. In September 2010, the Bank offered for subscription ₦20 billion fixed rate subordinated unsecured notes, maturing in 2017 with a coupon of 13%. In September 2011, the Bank also offered ₦35billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. In December 2014, the Bank also offered ₦30.5billion fixed rate unsecured notes maturing in 2021 with a coupon of 16.45%. Coupon on the notes are payable semi-annually while principal is payable on maturity.

* Medium term notes - series 1 matured on 30 September 2017, and have been redeemed by the Bank.

Movement in subordinated liabilities:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Opening balance	85,978	85,620	85,978	85,620
Interest accrued	12,275	12,880	12,275	12,880
Interest paid	(12,512)	(12,522)	(12,512)	(12,522)
Principal redemption	(20,000)		(20,000)	-
	65,741	85,978	65,741	85,978

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

39. Capital and reserves

In millions of Nigerian Naira	Group		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
(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 -				
34,199,421,366 Ordinary shares of 50k each	17,100	18,140	17,100	18,140

The movement in the share capital account during the year is as follows:

In millions	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Number of shares in issue at start of the year	36,280	36,280	36,280	36,280
Shares cancelled during the year	(2,080)	-	(2,080)	-
Number of shares in issue at end of the year	34,200	36,280	34,200	36,280

During the year, 2,080,104,955 units of the Bank's shares held by the Staff Share Investment Trust Scheme (SSIT) were cancelled. The cancellation was based on shareholders' approval at the Annual General Meeting held on 08 April, 2016.

(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		Bank	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Translation reserve (note (i))	37,102	28,799	-	-
Statutory reserve (note (ii))	84,626	73,866	68,446	59,703
Fair value reserve (note (iii))	73,897	58,274	74,549	58,881
Regulatory (Credit) risk reserve (note (iv))	45,236	31,375	44,373	26,650
Treasury shares (note (v))	-	(31,600)	-	-
	240,861	160,714	187,368	145,234

39 Capital and reserves (Continued)

(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% (2016: 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 ₦2.635billion as at December 2017 (December 2016: ₦2.635billion). The Bank has since suspended further appropriation to SMEEIS reserve in line with the directives of the Central Bank of Nigeria.

(iii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments. Such fair value changes are maintained until the investment is derecognised or impaired. In the current year,the fair value gain amounted to ₦15.70billion (2016: ₦28.11billion) for Group and ₦15.75billion (2016: ₦28.08billion) for Bank.

(iv) Regulatory (Credit) risk reserve

The regulatory (credit) risk reserve represents the difference between the impairment on loans and advances determined using the prudential guidelines issued by the various Central Banks of the various operating jurisdictions compared with the incurred loss model used in determining the impairment loss under IFRSs.

Where the loan loss impairment determined using the prudential guidelines is greater 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. When the prudential provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory reserve to retained earnings to the extent of the non-distributable reserve previously recognised.

(v) Treasury shares

Treasury shares represent the Bank's shares held by the Staff Share Investment Trust. These shares were repossessed and cancelled during the year, see note 39(a).

40. Dividends

The Board of Directors have proposed a final dividend of ₦0.65 per share which in addition to the ₦0.20 per share paid as interim dividend, amounts to a total dividend of ₦0.85 per share (2016: ₦0.75 per share) from the retained earnings account as at 31 December 2017.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2017 and 31 December 2016 respectively.

Payment of dividend to shareholders is subject to withholding tax at a rate of 10%.

41. Contingencies

(i) Litigation and claims

The Bank, in the ordinary course of business is currently involved in 705 legal cases (2016: 650). The total amount claimed in the cases against the Bank is estimated at ₦659.17 billion (2016: ₦486.92 billion). 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.

41. Contingencies (continued)

(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.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk. There are no guarantees, commitments or other contingent liabilities arising from related party transactions.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Performance bonds and guarantees	303,400	388,884	120,742	135,127
Letters of credits	323,347	202,122	273,061	168,600
	626,747	591,006	393,803	303,727

(iii) Loan commitments

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions. The Group's loan commitments are usually conditioned on the maintenance of a satisfactory financial standing by the customer and absence of defaults on other covenants. At the balance sheet date, the Group had loan commitments amounting to ₦130billion (2016: ₦108billion) in respect of various loan contracts.

(iv) Capital commitments

Capital commitments are irrevocable contractual commitments for the acquisition of items of property and equipment or intangible assets. At the balance sheet date, the Group had capital commitments amounting to ₦5.412 billion (2016: ₦3.166billion) in respect of authorised and contracted capital projects.

In millions of Nigerian Naira	**Group Dec. 2017**	**Group Dec. 2016**
Property and equipment	3,030	1,867
Intangible assets	2,382	1,299
	5,412	3,166

42. Related parties and insider related credits

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. The Bank's transactions and balances with its subsidiaries during the year and at year end are as follows:

42. Related parties and insider related credits (continued)

(i) Cash and cash equivalents with the following subsidiaries are:

Name of Subsidiary	Nature of Balance	Dec. 2017	Dec. 2016
In millions of Nigerian Naira			
UBA Uganda	Money market placement	-	921
UBA Tanzania	Money market placement	-	-
UBA Kenya	Money market placement	-	3,053
UBA Cameroun	Money market placement	1,590	-
UBA Capital Europe	Money market placement	30,092	27,695
UBA Capital Europe	Nostro balance	3,250	6,384
		34,932	38,053

(ii) Loan and advances

In millions of Nigerian Naira

Name of Subsidiary	Type of Loan	Dec. 2017	Dec. 2016
UBA Tanzania	Term Loans	2,525	3,224
UBA Liberia	Term Loans	414	1,144
UBA Cameroun	Overdraft	826	-
UBA Senegal	Overdraft	1,988	110
UBA Chad	Overdraft	46	-
UBA Gabon	Overdraft	785	-
UBA Guinea	Overdraft	-	2
UBA Ghana	Overdraft	-	116
UBA Mozambique	Overdraft	3	-
UBA Liberia	Overdraft	-	-
UBA Cote D'Ivoire	Overdraft	655	130
UBA Congo Brazzaville	Overdraft	-	689
UBA Benin	Overdraft	1,740	15
UBA Congo DRC	Overdraft	-	38
UBA Burkina Faso	Overdraft	29	-
		9,011	5,468

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

42. Related parties and insider related credits (continued)

(iii) Deposits

In millions of Nigerian Naira

Name of Subsidiary	Type of Deposit	Dec. 2017	Dec. 2016
UBA Benin	Current	1	1
UBA Burkina Faso	Current	8	1
UBA Chad	Current	6	3
UBA Congo DRC	Current	11	-
UBA Cote D'Ivoire	Current	-	27
UBA Congo Brazzaville	Current	5	-
UBA FX Mart	Current	632	637
UBA Ghana	Current	15	117
UBA Mozambique	Current	-	6
UBA Pension Custodian	Current	22	1
UBA Kenya	Current	1	24
UBA Guinea	Current	46	-
UBA Senegal	Current	2	13
UBA Tanzania	Current	8	15
UBA Uganda	Current	79	46
UBA Gabon	Current	9	12
UBA Liberia	Current	8	2
UBA Sierra Leone	Current	24	6
UBA Cameroon	Current	4	21
UBA Capital Europe	Current	1	2
UBA Burkina Faso	Domiciliary	55	49
UBA Cote D'Ivoire	Domiciliary	32	24
UBA Gabon	Domiciliary	748	100
UBA Cameroon	Domiciliary	310	112
UBA Benin	Domiciliary	1	9
UBA Ghana	Domiciliary	830	125
UBA Senegal	Domiciliary	73	110
UBA Guinea	Domiciliary	11	352
UBA Sierra Leone	Domiciliary	572	188
UBA Tanzania	Domiciliary	8	56
UBA Uganda	Domiciliary	139	42
UBA Kenya	Domiciliary	42	29
UBA Liberia	Domiciliary	1,673	2,035
UBA Congo Brazzaville	Domiciliary	100	20
UBA Mozambique	Domiciliary	5	2
UBA Chad	Domiciliary	84	84
UBA Congo DRC	Domiciliary	615	-
UBA Pension Custodian	Term deposit	70	-
UBA Capital Europe	Term deposit	25,352	21,977
UBA Benin	Money market deposit	-	930
UBA Chad	Money market deposit	1,146	4,002
UBA Ghana	Money market deposit	9,807	15,819
UBA Mozambique	Money market deposit	800	1,529
UBA Tanzania	Money market deposit	-	619
UBA Uganda	Money market deposit	815	930
UBA Sierra Leone	Money market deposit	1,019	1,084
UBA Congo DRC	Money market deposit	814	-
UBA Cameroon	Money market deposit	-	925
		46,003	52,086

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

42. Related parties and insider related credits (continued)

(iv) Accounts receivable from the following subsidiaries are:

In millions of Nigerian Naira		Dec. 2017	Dec. 2016
UBA Ghana	Accounts receivable	2,154	1,668
UBA Congo Brazzaville	Accounts receivable	1,592	720
UBA Gabon	Accounts receivable	388	154
UBA Guinea	Accounts receivable	244	225
UBA Senegal	Accounts receivable	1,165	296
UBA Chad	Accounts receivable	204	82
UBA Retail Financial Services	Accounts receivable	131	131
UBA Sierra Leone	Accounts receivable	263	97
UBA Liberia	Accounts receivable	264	141
UBA Benin	Accounts receivable	260	-
UBA Cameroon	Accounts receivable	298	-
UBA Burkina Faso	Accounts receivable	334	-
UBA Pension Custodian	Accounts receivable	600	-
UBA Tanzania	Accounts receivable	42	-
UBA Cote D'Ivoire	Accounts receivable	299	-
		8,238	3,514

(v) Dividend receivable from the following subsidiaries are:

Name of Subsidiary	Dec. 2017	Dec. 2016
In millions of Nigerian Naira		
UBA Ghana	-	6,029
UBA Pension Custodian	3,200	2,400
	3,200	8,429

(ix) Internal transfer pricing charges from the following subsidiaries are:

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
UBA Ghana	584	1,095
UBA Burkina Faso	308	-
UBA Congo Brazaville	806	439
UBA Senegal	803	124
UBA Chad	210	130
UBA Benin	241	-
UBA Cameroun	275	155
UBA Cote d' Ivoire	276	-
UBA Gabon	216	77
UBA Liberia	114	133
UBA Guinea Conakry	107	225
UBA Sierra Leone	291	153
UBA Tanzania	39	-
UBA Congo DRC	-	31
UBA Uganda	47	-
UBA Pension	537	75
	4,854	2,637

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

42. Related parties and insider related credits (continued)

(b) Investment in equity accounted investee

Transactions between United Bank for Africa Plc and UBA Zambia meet the definition of related party transactions. The following transactions and balances are held with respect to the associate.

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
Interest expense	-	11

	Dec. 2017	Dec. 2016
Current deposit	7	-
Money market deposits	-	3,366

(c.) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of UBA Plc, directly or indirectly, including any Director (whether executive or otherwise) of the Bank, and their close family members. Close family members are those family who may be expected to influence, or be influenced by that individual in their dealings with UBA Plc and its subsidiaries.

Key management personnel and their close family members engaged in the following transactions with the Bank during the year:

Loans and advances to key management personnel

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
Loans and advances as at year end	373	241

	Dec. 2017	Dec. 2016
Interest income earned during the year	53	33

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 (2016: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at June 2017:

Name of company/individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Dec. 2017	Dec. 2016
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9.0%	NGN	28	37
Advance Link Petroleum Ltd.	Alh, Ja'afaru Paki	Overdraft	Real Estate	Performing	25.0%	NGN	96	-
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	14.0%	NGN	8,676	9,928
Total							8,800	9,965
Interest income earned during the year							1,212	1,779

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

42. Related parties and insider related credits (continued)

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

In millions of Nigerian Naira	Dec. 2017	Dec. 2016
Deposits as at year end	2,798	1,674
Interest expense during the year	52	33
Aggregate remuneration to key management staff during the year is as follows:		
Executive compensation	807	645
Termination benefits	-	884
Defined contribution plan	23	19
Total benefits cost	830	1,548

43. Compensation to employees and directors

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

	Group		Bank	
In absolute units	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Group executive directors	9	9	9	9
Management	103	104	81	79
Non-management	11,852	12,181	8,737	9,208
	11,964	12,294	8,827	9,296

Compensation for the above personnel (including Executive Directors):

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2017**	**Dec. 2016**	**Dec. 2017**	**Dec. 2016**
Salaries and wages	66,839	62,385	41,016	42,193
Retirement benefit costs:				
Defined contribution plans	2,133	2,229	1,327	1,308
	68,972	**64,614**	**42,343**	**43,501**

43 Compensation to employees and directors (continued)

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

	Group		Bank	
In absolute units	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
₦300,001 - ₦2,000,000	5,022	5,928	3,947	4,507
₦2,000,001 - ₦2,800,000	2,421	2,414	2,109	1,993
₦2,800,001 - ₦3,500,000	202	237	-	13
₦3,500,001 - ₦4,000,000	717	630	541	396
₦4,000,001 - ₦5,500,000	995	872	417	636
₦5,500,001 - ₦6,500,000	209	170	-	-
₦6,500,001 - ₦7,800,000	693	631	536	524
₦7,800,001 - ₦9,000,000	525	476	413	425
₦9,000,001 - above	1,171	927	855	793
	11,955	**12,285**	**8,818**	**9,287**

(iii) Directors

	Group		Bank	
In millions of Nigerian Naira	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	33	40	33	40
Executive compensation	807	645	807	645
Termination benefits	-	884	-	884
Defined contribution plan	23	19	23	19
	863	**1,588**	**863**	**1,588**
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	3	2	3	2
The highest paid Director	138	119	138	119

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

	Group		Bank	
In absolute units	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
₦1,000,001 - ₦5,000,000	10	10	10	10
₦5,500,001 and above	9	9	9	9
	19	**19**	**19**	**19**

44 Transactions requiring regulatory approval

The rules of the Financial Reporting Council of Nigeria require that transactions or agreements requiring registration by regulatory bodies in Nigeria shall only be recognised in the financial statements to the extent that approval is obtained. For transactions recognised, the relevant registration details are required to be disclosed. The Bank obtained the approval of the National Office for Technology and Promotion (NOTAP) for some information technology transactions, the cost of which have been recognised in these financial statements. Details of transactions for which regulatory approval was sought and obtained as well as payments made during the year are as disclosed below:

S/N	Transaction involved	Registration certificate number	Approved basis and amount ($'000)	Certificate validity	2017 ₦'million
1	Entrust e-Tokens Provision and End User License Agreement between Mint Crest Corporation (Panama) and United Bank for Africa Plc	NOTAP/AG/FI/873/76/64	3,520.00	22 Aug. 2016 to 21 Aug. 2017	465
2	Actimize Acquirer and Remote Banking Software License Agreement between Mint Crest Corporation (Panama) and United Bank for Africa Plc	NOTAP/AG/FI/873/78/59	1,594.94	15 Sep. 2016 to 14 Sep. 2017	176
3	Fortinet Provision and End User License Agreement between Mint Crest Corporation (Panama) and United Bank for Africa Plc	NOTAP/AG/FI/873/80/55	1,045.11	22 Mar. 2017 to 26 Mar. 2018	320
4	Software License and Service Agreement between Infosys Technologies Ltd (India) and United Bank for Africa Plc	NOTAP/AG/FI/873/81/97	805.20	06 Aug. 2017 to 05 Aug. 2018	246
5	Miscrosoft Enterprise Agreement between Miscrosoft Ireland Operations (Dublin) and United Bank for Africa Plc	NOTAP/AG/FI/873/84/127	7,195.68	29 Jun. 2017 to 28 Jun. 2020	734
					1,941

1 The entrust e-Tokens license agreement with Mint Crest Corporation was approved by NOTAP in 2016 for a validity period of 1 year.

2 NOTAP issued an approval for one year for payment of the use of Actimize Acquirer and Remote Banking Module. A total payment of ₦176million was made to Mint Crest Corporation for this service. The license agreement expires in September 2017.

3 The fortinet provision and end user license agreement with Mint Crest Corporation was approved by NOTAP in 2017 for a validity period of 1 year.

4 NOTAP issued an approval for one year for payment in respect of Finacle software. A total payment of ₦246 million was made to Infosys Technologies Limited for this service. The license agreement expires in August 2018.

5 The software agreement with Microsoft was approved by NOTAP in 2017 for a validity period of 3 years. A total payment of ₦2,202 million will be made between 2017 and 2020 to Microsoft Limited with ₦734 million paid in 2017. The approval expires in 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

45 Non-Audit Services

During the year, the Bank's external auditors (PricewaterhouseCoopers) rendered the following non-audit services to the Bank.

(i) Review of the interim financial information as at 31 March, 2017 in respect of the issuance of Eurobond by the Bank. The total amount paid by UBA Plc for this service was ₦85million. This amount is included as part of Contract services expense in "other operating expenses" in note 19.

(ii) Training of selected UBA Plc employees on Macro-economics. The total amount paid by UBA Plc for this service was ₦1.0million. This amount is included as part of Training and human capital development expense in "other operating expenses" in note 19.

(iii) Consultancy service on proactive assurance on Bank's IFRS 9. The total amount paid by UBA Plc for this service was ₦15.0million. This amount is included as part of Contract services expense in "other operating expenses" in note 19.

46 Complliance With Banking Regulations

During the year, the Bank paid the following penalties:
In millions of Nigerian Naira

Description		Amount
1	Penalty for failing to detect single BVN wrongly linked to accounts owned by different indivduals	40
2	Penalty for failing to promptly refund excess charges against the accounts of a customer	10
3	Penalty for introduction of unauthorised monthly maintenance charges	2
4	Penalty for late rendering of returns on international cards	1
5	Penalty arising from FX examination - April to September 2016	10
6	Penalty arising from risk based supervision examination - 30 September 2016	4
7	Penalty arising from CBN/NDIC risk assessment report - December 31, 2016	6
8	Penalty arising from spot check on CBN wholesale forwards - February 21, 2017	2
	Total	**75**

47. Events After the Reporting Date

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48 Condensed result of consolidated s ubsidiaries

For the period ended 31 December 2017

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	47,892	2,875	9,041	11,320	2,825	2,457	4,861	9,175
Total operating expenses	(23,053)	(2,100)	(7,633)	(6,696)	(2,704)	(2,731)	(2,845)	(8,054)
Net impairment gain/(loss) on financial assets	(2,417)	(86)	(258)	(428)	(83)	69	(259)	705
Profit/(loss) before income tax	22,422	689	1,150	4,196	38	(205)	1,757	1,826
Income tax expense	(6,797)	170	(8)	(805)	(20)	-	(547)	236
Profit/(loss) for the period	**15,625**	**859**	**1,142**	**3,391**	**18**	**(205)**	**1,210**	**2,062**
Condensed statements of financial position								
Assets								
Cash and bank balances	39,500	14,368	10,136	27,115	2,313	9,245	11,052	8,727
Loans and advances to customers	80,607	6,817	65,441	73,335	10,496	8,939	22,983	22,857
Investment securities	92,258	2,957	28,399	37,409	6,463	16,001	6,355	74,274
Other assets	2,697	1,052	671	626	407	2,400	268	679
Property and Equipment	2,116	607	644	1,042	175	442	2,315	2,479
Intangible assets	83	23	22	26	37	-	5	8
Deferred tax asset	166	335	-	-	916	-	-	298
	217,427	**26,159**	**105,313**	**139,553**	**20,807**	**37,027**	**42,978**	**109,322**
Financed by:								
Deposits from banks	18,750	332	25,968	19,375	3,854	4,957	-	23,000
Deposits from customers	152,116	19,322	66,121	97,045	9,477	26,461	30,259	72,562
Other liabilities	5,678	949	3,250	5,117	601	896	4,005	4,849
Current tax liability	587	162	8	-	11	-	547	62
Deferred tax liability	40	-	-	-	-	-	-	-
Total Equity	40,256	5,394	9,966	18,017	6,864	4,713	8,167	8,849
	217,427	**26,159**	**105,313**	**139,554**	**20,807**	**37,027**	**42,978**	**109,322**
Condensed cash flows								
Net cash from operating activities	(957)	1,373	(2,964)	4,948	2,545	(6,654)	7,419	4,777
Net cash from financing activities	737	(658)	5,641	2,695	(165)	(1,398)	875	3,043
Net cash from investing activities	(11,477)	694	1,193	(5,354)	(1,220)	2,794	(6,460)	(6,956)
Increase/(decrease) in cash and cash equivalents	(11,697)	1,409	3,870	2,289	1,160	(5,258)	1,834	864
Cash and cash equivalents at beginning of period	51,197	12,959	6,266	24,827	1,153	14,503	9,218	7,863
Cash and cash equivalents at end of the period	**39,500**	**14,368**	**10,136**	**27,116**	**2,313**	**9,245**	**11,052**	**8,727**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48 Condensed result of consolidated subsidiaries (Continued)
For the period ended 31 December 2017

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazza-ville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian	UBA Mali
Condensed statements of comprehensive income									
Operating income	3,602	13,486	5,108	2,893	10,342	1,918	17,745	6,532	220
Total operating expenses	(1,646)	(10,982)	(3,142)	(2,560)	(6,072)	(1,882)	(11,729)	(1,738)	(84)
Net impairment gain/(loss) on financial assets	-	(474)	(134)	(30)	13	70	(1,914)	-	-
Profit/(loss) before income tax	1,956	2,030	1,832	303	4,283	106	4,102	4,794	136
Income tax expense	(355)	(89)	209	(1,928)	(1,373)	(1)	(1,908)	(1,162)	-
Profit/(loss) for the period	**1,601**	**1,941**	**2,041**	**(1,625)**	**2,910**	**105**	**2,194**	**3,632**	**136**
Condensed statements of financial position									
Assets									
Cash and bank balances	6,120	24,682	13,526	10,037	10,782	3,949	39,907	92	6,648
Derivative assets	316	-	-	-	-	-	-	-	-
Loans and advances to customers	1,858	52,559	23,472	2,581	34,215	197	70,892	-	-
Investment securities	12,219	137,521	7,117	5,597	14,180	12,929	71,349	8,421	-
Other assets	415	3,521	858	759	2,054	242	2,129	1,303	17
Property and Equipment	462	3,641	845	287	923	119	1,135	63	2
Intangible assets	-	58	16	33	23	19	15	77	-
Deferred tax asset	3	23	561	-	-	-	-	73	-
	21,393	**222,005**	**46,395**	**19,294**	**62,177**	**17,455**	**185,427**	**10,029**	**6,667**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	-	-	
Deposits from banks	-	46,915	6,351	1,409	2,000	1,955	3	-	-
Deposits from customers	15,614	156,649	29,450	11,638	39,984	7,460	160,659	-	-
Other liabilities	838	1,983	470	2,144	2,343	76	6,379	4,324	86
Current tax liability	108	-	332	(187)	1,373	-	1,847	1,195	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Total Equity	4,833	16,458	9,792	4,290	16,477	7,964	16,539	4,509	6,581
	21,393	**222,005**	**46,395**	**19,294**	**62,177**	**17,455**	**185,427**	**10,028**	**6,667**
Condensed cash flows									
Net cash from operating activities	3,004	40,580	(17,241)	4,148	(2,241)	5,751	26,986	4,965	205
Net cash from financing activities	700	2,483	1,076	669	2,506	6,382	3,733	(3,197)	6445
Net cash from investing activities	(4,694)	(28,429)	185	300	(1,477)	(12,170)	(33,302)	(1,678)	(2)
Increase/(decrease) in cash and cash equivalents	(990)	14,634	(15,980)	5,117	(1,212)	(37)	(2,583)	90	6,648
Cash and cash equivalents at beginning of period	7,110	10,048	29,506	4,920	11,993	3,986	42,490	1	-
Cash and cash equivalents at end of the period	**6,120**	**24,682**	**13,526**	**10,037**	**10,781**	**3,949**	**39,907**	**91**	**6,648**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48 Condensed result of consolidated subsidiaries (Continued)

For the period ended 31 December 2017

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	1,464	3,518	-	3,159	1,144	-	209,279	(44,291)	326,565
Total operating expenses	(1,910)	(2,125)	-	(3,146)	(728)	-	(124,009)	39,959	(188,610)
Net impairment gain/(loss) on financial assets	60	(8)	-	-	-	-	(30,433)	2,712	(32,895)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	204	204
Profit/loss) before income tax	(386)	1,385	-	13	416	-	53,837	(1,416)	105,264
Income tax expense	(314)	(506)	-	37	(114)	-	(11,399)	-	(26,674)
Profit/(loss) for the period	**(700)**	**879**	**-**	**50**	**302**	**-**	**42,438**	**(1,416)**	**78,590**
Condensed statements of financial position									
Assets									
Cash and bank balances	6,961	10,103	672	11,992	-	455	727,546	(97,845)	898,083
Financial assets held for trading	-	-	-	-	-	-	31,898	-	31,898
Derivative assets	-	-	-	-	-	-	7,911	-	8,227
Loans and Advances to Banks	-	-	-	26,007	-	-	19,974	(25,341)	20,640
Loans and advances to customers	5,348	4,040	-	8	-	2	1,173,214	(1,129,441)	1,650,891
Investment securities	5,127	3,321	99	11,216	-	-	665,478	(2,637)	1,216,053
Other assets	527	899	-	527	-	114	77,949	(13,385)	86,729
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	1,090	2,860
Investments in Subsidiaries	-	-	-	-	-	-	103,777	(103,777)	-
Property and Equipment	143	435	2	270	-	203	89,285	-	107,636
Intangible assets	14	8	-	783	-	-	5,846	9,795	16,891
Deferred tax asset	-	17	-	-	-	-	27,178	(4)	29,566
	18,120	**18,823**	**773**	**50,803**	**-**	**774**	**2,931,826**	**(1,361,545)**	**4,069,474**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	123	-	123
Deposits from banks	8,742	37	-	30,871	-	-	15,290	(75,520)	134,289
Deposits from customers	5,665	8,244	-	320	-	70	1,877,736	(53,504)	2,733,348
Other liabilities	178	6,333	677	3,959	-	36	67,104	(25,653)	96,612
Current tax liability	1	513	-	-	-	-	1,108	-	7,668
Subordinated liabilities	-	-	-	-	-	-	65,741	-	65,741
Borrowings	-	-	-	-	-	-	502,209	-	502,209
Deferred tax liability	-	-	-	-	-	-	-	-	40
Total Equity	3,534	3,696	96	15,653	-	668	402,515	(86,397)	529,444
	18,120	**18,823**	**773**	**50,803**	**-**	**774**	**2,931,826**	**(241,074)**	**4,069,474**
Condensed cash flows									
Net cash from operating activities	4,060	8,451	-	4,330	10,384	-	59,151	(22,370)	140,649
Net cash from financing activities	2,009	(245)	-	770	19,388	-	90,223	(31,992)	111,720
Net cash from investing activities	(1,912)	(2,539)	-	(6,214)	(29,772)	-	(168,433)	29,825	(287,098)
Increase/(decrease) in cash and cash equivalents	4,157	5,667	-	(1,114)	-	-	(19,059)	(24,537)	(34,729)
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	55,768	26,346	82,114
Cash and cash equivalents at beginning of period	2,804	4,436	672	13,143	-	455	236,416	(114,923)	381,043
Cash and cash equivalents at end of the period	**6,961**	**10,103**	**672**	**12,029**	**-**	**455**	**273,125**	**(113,114)**	**428,428**

Cash and bank balances

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48 Condensed Result of Consolidated Subsidiaries

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	30,833	1,952	4,738	5,947	1,467	2,169	2,630	3,633
Total operating expenses	(9,371)	(1,538)	(3,706)	(3,017)	(1,380)	(1,687)	(1,870)	(3,486)
Net impairment gain/(loss) on financial assets	(6,413)	18	(428)	(416)	(30)	(49)	(47)	436
Profit/(loss) before income tax	15,049	432	604	2,514	57	433	713	583
Income tax expense	(4,766)	(43)	-	(469)	306	(112)	(294)	(47)
Profit/(loss) for the period	**10,283**	**389**	**604**	**2,045**	**363**	**321**	**419**	**536**
Condensed statements of financial position								
As at 31 December 2016								
Assets								
Cash and bank balances	51,197	12,959	6,266	24,827	1,153	14,503	9,218	7,863
Loans and advances to customers	133,846	7,261	29,565	39,143	9,422	17,663	18,528	18,659
Investment securities	81,879	3,709	29,660	32,249	5,252	18,758	1,973	67,804
Other assets	3,086	699	1,261	2,639	318	3,031	138	626
Property and Equipment	1,015	572	584	872	160	475	207	1,997
Intangible assets	86	-	14	2	43	4	35	4
Deferred tax asset	109	-	-	-	924	-	-	-
	271,218	**25,200**	**67,350**	**99,732**	**17,272**	**54,434**	**30,099**	**96,953**
Financed by:								
Deposits from banks	20,628	-	24,754	20,936	4,239	7,577	-	17,049
Deposits from customers	215,646	18,373	37,080	62,999	5,895	39,497	22,069	73,983
Other liabilities	11,050	1,591	2,333	3,854	127	926	2,201	1,894
Current tax liability	-	43	-	12	-	112	294	47
Total Equity	23,894	5,193	3,183	11,931	7,011	6,322	5,535	3,980
	271,218	**25,200**	**67,350**	**99,732**	**17,272**	**54,434**	**30,099**	**96,953**
Condensed cash flows								
For the period ended 31 December 2016								
Net cash from operating activities	55,190	11,733	16,415	28,428	(2,391)	4,563	3,448	35,929
Net cash from financing activities	(1,681)	-	-	-	1,974	-	-	-
Net cash from investing activities	(12,190)	(3,311)	(13,758)	(14,358)	(4,558)	4,240	185	(30,218)
Increase/(decrease) in cash and cash equivalents	41,319	8,422	2,657	14,070	(4,975)	8,803	3,633	5,711
Cash and cash equivalents at beginning of period	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152
Cash and cash equivalents at end of the period	**51,197**	**12,959**	**6,266**	**24,827**	**1,153**	**14,503**	**9,218**	**7,863**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48 Condensed result of consolidated subsidiaries (Continued)

For the period ended 31 December 2016

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazza-ville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian
Operating income	2,081	7,034	4,072	2,149	7,221	352	8,716	4,967
Total operating expenses	(919)	(4,779)	(2,035)	(1,703)	(3,784)	(780)	(4,977)	(1,159)
Net impairment gain/(loss) on financial assets	3	92	(193)	(55)	(13)	(2)	(1,468)	-
Profit / (loss) before income tax	1,165	2,347	1,844	391	3,424	(430)	2,271	3,808
Income tax expense	(405)	(54)	(563)	1,924	(1,008)	-	(1,076)	(1,035)
Profit/(loss) for the period	**760**	**2,293**	**1,281**	**2,315**	**2,416**	**(430)**	**1,195**	**2,773**
Condensed statements of financial position								
As at 31 December 2016								
Assets								
Cash and bank balances	7,110	10,048	29,506	4,920	11,993	3,986	42,490	1
Loans and advances to customers	2,510	41,946	21,057	1,560	29,977	666	57,485	67
Investment securities	7,536	109,235	7,453	6,060	12,808	806	38,133	6,742
Other assets	180	1,497	662	479	528	174	1,843	909
Property and Equipment	451	3,528	699	123	818	71	1,040	43
Intangible assets	-	28	11	34	23	20	24	98
Deferred tax assets								
	-	20	20	1,924	-	-	-	36
	17,787	**166,302**	**59,408**	**15,100**	**56,147**	**5,723**	**141,015**	**7,896**
Financed by:								
Deposits from banks								
Deposits from customers	-	35,565	3,802	549	9,497	-	3,160	97
Other liabilities	12,901	117,245	47,945	6,869	31,561	4,228	116,612	-
Current tax liabilities	486	1,446	416	2,436	3,022	18	9,555	2,697
Deferred tax liabilities	242	12	570	-	1,006	-	1,076	1,028
Total Equity	25	-	-	-	-	-	-	-
	4,133	12,034	6,675	5,246	11,061	1,477	10,612	4,074
	17,787	**166,302**	**59,408**	**15,100**	**56,147**	**5,723**	**141,015**	**7,896**
Condensed cash flows								
For the period ended 31 December 2016								
Net cash from operating activities	1,931	43,248	26,486	1,241	9,397	1,139	27,960	(81)
Net cash from financing activities	-	-	-	987	-	987	(216)	-
	(361)	(38,434)	(2,334)	(1,582)	(7,929)	(96)	(11,785)	(666)
Net cash from investing activities								
Increase/(decrease) in cash and cash equivalents	1,570	4,814	24,152	646	1,468	2,030	15,959	(747)
Cash and cash equivalents at beginning of year	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748
Cash and cash equivalents at end of year	**7,110**	**10,048**	**29,506**	**4,920**	**11,993**	**3,986**	**42,490**	**1**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

48. Condensed result of consolidated subsidiaries (Continued)

For the period ended 31 December 2016

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	647	1,834	-	1,503	1,240	-	190,231	(14,527)	270,889
Total operating expenses	(940)	(1,541)	-	(1,593)	(685)	-	(107,061)	5,510	(152,501)
Net impairment gain/(loss) on financial assets	21	42	-	-	-	-	(25,521)	6,340	(27,683)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(63)	(63)
Profit/loss) before income tax	(272)	335	-	(90)	555	-	57,649	(2,740)	90,642
Income tax expense	(219)	(248)	-	(37)	(124)	-	(10,108)	-	(18,378)
Profit/(loss) for the period	**(491)**	**87**	**-**	**(127)**	**431**	**-**	**47,541**	**(2,740)**	**72,264**
Condensed statements of financial position									
As at 31 December 2016									
Assets									
Cash and bank balances	2,804	4,436	672	13,143	-	455	610,910	(109,530)	760,930
Financial assets held for trading	-	-	-	-	-	-	52,295	-	52,295
Derivative assets	-	-	-	-	-	-	10,642	-	10,642
Loans and Advances to Banks	-	-	-	-	-	-	23,850	(1,085)	22,765
Loans and advances to customers	4,284	3,885	-	27,305	-	2	1,090,355	(49,867)	1,505,319
Investment securities	3,300	777	99	5,248	10,082	-	533,016	(12,187)	970,392
Other assets	430	427	-	449	-	114	31,192	(12,833)	37,849
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	1,155	2,925
Investments in Subsidiaries	-	-	-	-	-	-	70,702	(70,702)	-
Property and Equipment	59	437	2	325	-	203	80,252	-	93,932
Intangible assets	13	11	-	482	-	-	4,905	8,524	14,361
Deferred tax assets	314	17	-	-	-	-	29,696	-	33,060
	11,204	**9,990**	**773**	**46,952**	**10,082**	**774**	**2,539,585**	**(246,525)**	**3,504,470**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	14	-	14
Deposits from banks	4,111	4	-	25,869	-	-	30,484	(99,241)	109,080
Deposits from customers	4,782	6,547	-	284	-	70	1,698,859	(37,835)	2,485,610
Other liabilities	83	209	677	5,929	-	36	72,901	(13,291)	110,596
Current tax liabilities	3	168	-	-	-	-	522	-	5,134
Subordinated liabilities	-	-	-	-	-	-	85,978	-	85,978
Borrowings	-	-	-	-	29,772	-	259,927	(29,772)	259,927
Deferred tax liabilities	-	-	-	37	-	-	-	-	62
Total Equity	2,225	3,062	96	14,833	(19,690)	668	390,900	(66,386)	448,069
	11,204	**9,990**	**773**	**46,952**	**10,082**	**774**	**2,539,585**	**(246,525)**	**3,504,470**
Condensed cash flows									
For the period ended 31 December 2016									
Net cash from operating activities	912	2,255	-	7,385	(1,831)	-	(213,392)	(29,854)	30,111
Net cash from financing activities	987	-	-	-	-	-	99,264	(1,509)	100,793
Net cash from investing activities	(1,110)	(352)	-	2,967	1,831	-	27,822	(85,056)	(191,053)
Increase/(decrease) in cash and cash equivalents	**789**	**1,903**	**-**	**10,352**	**-**	**-**	**(86,306)**	**(116,419)**	**(60,149)**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	32,136	61,200	93,336
Cash and cash equivalents at beginning of period	2,015	2,533	672	2,791	0	455	290,586	(59,704)	347,856
Cash and cash equivalents at end of the period	**2,804**	**4,436**	**672**	**13,143**	**-**	**455**	**236,416**	**(114,923)**	**381,043**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

STATEMENT OF VALUE ADDED
For the period ended 31 December 2017

	2017 N'million	%	2016 N'million	%
Group				
Gross revenue	461,557		383,647	
Interest paid	(118,025)		(98,770)	
	343,532		284,877	
Administrative overheads:				
- local	(89,492)		(70,089)	
- foreign	(36,818)		(23,199)	
Value added	**217,222**	**100**	**191,589**	**100**
Distribution				
Employees				
- Salaries and benefits	68,972	32	64,614	34
Government				
- Taxation	26,674	12	18,378	10
The future				
- Asset replacement (depreciation and amortization)	10,091	5	8,650	4
- Asset replacement (provision for losses)	32,895	15	27,683	14
- Expansion (transfer to reserves and non-controlling interest)	78,590	36	72,264	38
	217,222	**100**	**191,589**	**100**
Bank				
Gross revenue	316,263		269,895	
Interest paid	(95,093)		(68,525)	
	221,170		201,370	
Administrative overheads:				
- local	(85,848)		(67,301)	
- foreign	(1,641)		(1,117)	
Value added	**133,671**	**100**	**132,952**	**100**
Distribution				
Employees				
- Salaries and benefits	42,343	32	43,501	32
Government				
- Taxation	11,399	9	10,108	8
The future				
- Asset replacement (depreciation and amortization)	7,058	5	6,281	5
- Asset replacement (provision for losses)	30,433	22	25,521	19
- Expansion (transfer to reserves and non-controlling interest)	42,438	32	47,541	36
	133,671	**100**	**132,952**	**100**

GROUP FIVE - YEAR FINANCIAL SUMMARY
Statement of financial position

In millions of Nigerian Naira	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
ASSETS					
Cash and bank balances	898,083	760,930	655,371	812,359	716,803
Financial assets held for trading	31,898	52,295	11,249	1,099	784
Derivative assets	8,227	10,642	1,809	6,534	3,265
Loans and advances to banks	20,640	22,765	14,600	48,093	26,251
Loans and advances to customers	1,650,891	1,505,319	1,036,637	1,071,859	937,620
Investment securities:					
- Available-for-sale investments	593,299	276,758	275,496	268,752	253,834
- Held to maturity investments	622,754	693,634	581,374	388,771	557,372
Other assets	86,729	37,849	40,488	30,057	30,436
Investments in equity-accounted investee	2,860	2,925	2,236	2,986	2,977
Property and equipment	107,636	93,932	88,825	89,517	75,409
Intangible assets	16,891	14,361	11,369	9,430	7,356
Deferred tax assets	29,566	33,060	33,168	33,116	30,189
TOTAL ASSETS	**4,069,474**	**3,504,470**	**2,752,622**	**2,762,573**	**2,642,296**
LIABILITIES					
Derivative liabilities	123	14	327	943	31
Deposits from banks	134,289	109,080	61,066	59,228	60,582
Deposits from customers	2,733,348	2,485,610	2,081,704	2,169,663	2,161,182
Other liabilities	96,622	110,596	54,885	63,566	78,071
Current tax liabilities	7,668	5,134	6,488	4,615	2,861
Borrowings	502,209	259,927	129,896	113,797	48,866
Subordinated liabilities	65,741	85,978	85,620	85,315	55,653
Deferred tax liabilities	40	62	15	40	14
TOTAL LIABILITIES	**3,540,040**	**3,056,401**	**2,420,001**	**2,497,167**	**2,407,260**
EQUITY					
Share capital and share premium	115,815	135,514	135,514	124,423	124,423
Reserves	395,388	299,337	190,313	135,507	103,226
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	511,203	434,851	325,827	259,930	227,649
Non-controlling interest	18,231	13,218	6,794	5,476	7,387
TOTAL EQUITY	529,434	448,069	332,621	265,406	235,036
TOTAL LIABILITIES AND EQUITY	**4,069,474**	**3,504,470**	**2,752,622**	**2,762,573**	**2,642,296**

GROUP FIVE - YEAR FINANCIAL SUMMARY (CONTINUED)

Statement of comprehensive income

In millions of Nigerian Naira	31 December 2017 ₦'million	31 December 2016 ₦'million	31 December 2015 ₦'million	31 December 2014 ₦'million	31 Decembe 201 ₦'millio
Summarized Statement of Comprehensive Income					
Net operating income	326,565	270,889	210,257	189,060	176,993
Operating expenses	(188,610)	(152,501)	(136,640)	(129,686)	(107,851)
Net impairment loss on loans and receivables	(32,895)	(27,683)	(5,053)	(3,183)	(13,078)
Share of profit/(loss) of equity-accounted investee	204	(63)	(110)	9	(6)
Profit before taxation	**105,264**	**90,642**	**68,454**	**56,200**	**56,058**
Taxation	(26,674)	(18,378)	(8,800)	(8,293)	(9,457)
Profit after taxation	78,590	72,264	59,654	47,907	46,601
Profit from discontinued operations	-	-	-	-	-
Profit for the period	**78,600**	**72,264**	**59,654**	**47,907**	**46,601**
- Non-controlling interest	2,544	2,860	1,050	886	684
- Equity holders of the parent	76,046	69,404	58,604	47,021	45,917
Other comprehensive income for the period	27,769	65,886	6,168	(2,562)	7,101
Total comprehensive income for the period	**106,359**	**138,150**	**65,822**	**45,345**	**53,702**

BANK FIVE - YEAR FINANCIAL SUMMARY

Statement of financial position

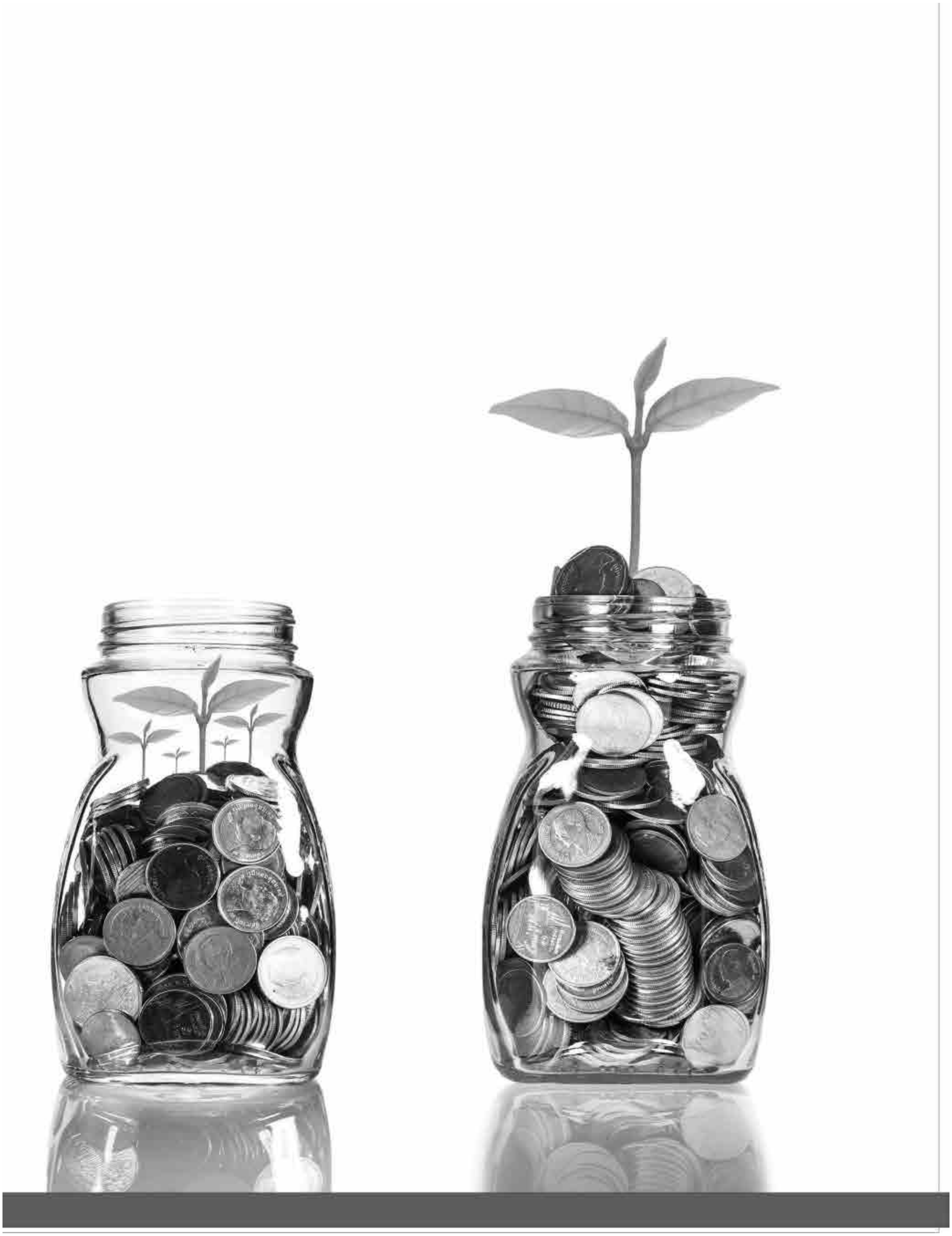
In millions of Nigerian Naira	31 December 2017 ₦'million	31 December 2016 ₦'million	31 December 2015 ₦'million	31 December 2014 ₦'million	31 December 2013 ₦'million
ASSETS					
Cash and cash equivalents	727,546	610,910	590,774	749,716	620,426
Financial assets held for trading	31,898	52,295	11,249	1,099	777
Derivative assets	7,911	10,642	1,809	6,534	3,265
Loans and advances to banks	19,974	23,850	14,591	48,991	26,251
Loans and advances to customers	1,173,214	1,090,355	822,694	884,587	796,942
Investment securities					
- Available-for-sale investments	423,293	244,424	270,409	261,741	244,467
- Held to maturity investments	242,185	288,592	297,794	181,168	340,978
Mandatory reserves and other assets	77,949	31,192	22,528	21,136	19,069
Investments in subsidiaries	103,777	70,702	65,767	65,767	65,767
Investments in equity-accounted investee	1,770	1,770	1,770	1,770	1,770
Property and equipment	89,285	80,252	80,145	81,050	67,661
Intangible assets	5,846	4,905	4,954	3,446	1,401
Deferred tax assets	27,178	29,696	31,853	31,853	28,643
TOTAL ASSETS	**2,931,826**	**2,539,585**	**2,216,337**	**2,338,858**	**2,217,417**
LIABILITIES					
Derivative liabilities	123	14	327	943	31
Deposits from banks	15,290	30,484	350	1,526	-
Deposits from customers	1,877,736	1,698,859	1,627,060	1,812,277	1,797,376
Current tax liabilities	1,108	522	634	1,858	1,602
Subordinated liabilities	65,741	85,978	85,620	85,315	55,653
Borrowings	502,209	259,927	129,896	113,797	48,866
Other liabilities	67,104	72,901	34,219	41,209	54,351
TOTAL LIABILITIES	**2,529,311**	**2,148,685**	**1,878,106**	**2,056,925**	**1,957,879**
EQUITY					
Share capital and share premium	115,815	135,514	135,514	124,423	124,423
Reserves	286,710	255,386	202,717	157,510	135,115
TOTAL EQUITY	402,525	390,900	338,231	281,933	259,538
TOTAL LIABILITIES AND EQUITY	**2,931,826**	**2,539,585**	**2,216,337**	**2,338,858**	**2,217,417**

BANK FIVE - YEAR FINANCIAL SUMMARY (CONTINUED)

Statement of comprehensive income

In millions of Nigerian Naira	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Summarized statement of comprehensive income					
Net operating income	209,279	190,231	157,477	144,140	137,944
Operating expenses	(125,009)	(107,061)	(103,251)	(99,226)	(85,922)
Net impairment loss on loans and receivables	(30,433)	(25,521)	(3,491)	(2,536)	(181)
Profit before taxation	**53,837**	**57,649**	**50,735**	**42,378**	**51,841**
Taxation	(11,399)	(10,108)	(3,093)	(2,295)	(5,358)
Profit/(loss) for the period	**42,438**	**47,541**	**47,642**	**40,083**	**46,483**
Other comprehensive income for the period	15,668	26,896	8,119	(1,197)	9,167
Total comprehensive income/(loss) for the period	**58,106**	**74,437**	**55,761**	**38,886**	**55,650**

Investor Information



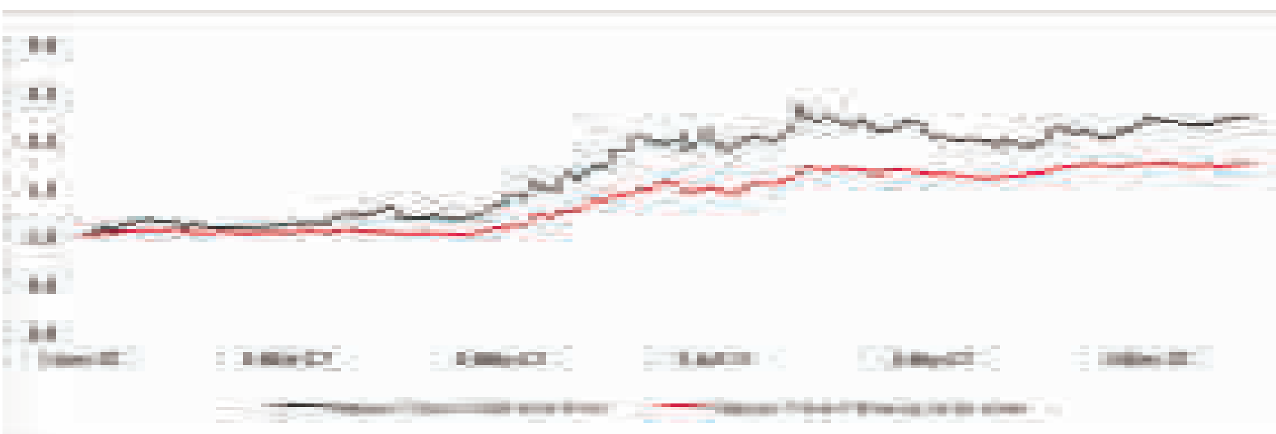
INVESTOR INFORMATION

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 34,199,421,366 with an average daily trading volume of 23 million shares. A summary of its key share data is shown below.

Share data as of last trading day in 2017

Year	2017	2016
NSE ticker	**UBA**	UBA
Bloomberg ticker	**UBA NL**	UBA NL
Share price(N)	**10.30**	4.50
Shares outstanding (million)	**34,199**	36,279
Market capitalization (N'billion)	**352.25**	163.26
Market capitalization (US$' million)	**1,063.70**	517.73
12-month average trading volume (million)	**22.80**	26.18
52-week high share price (N)	**11.00**	5.19
52-week low share price (N)	**4.45**	2.59

Share Price Performance



INVESTOR INFORMATION

Shareholder information

The authourized share capital as at 31 December 2017 amounted to N22,500,000,000 consisting 45,000,000,000 shares of 50 kobo each. Of this amount, 34,199, 421,366 units, which have been issued and fully paid for are listed on the Nigerian Stock Exchange. As at end of 2017, UBA's shares were held by a total of 271, 849 shareholders as analysed in the table below:

Shareholders' range analysis as at 31 December 2017

Range	Count	Commulative Count	Count (%)	Aggregate Holdings	Commulate Holdings	Aggregate Holdings (%)
1 1,000	28,864	28,864	10.62	13,597,428	13,597,428	0.04
1,001 5,000	120,361	149,225	44.27	301,020,543	314,617,971	0.88
5,001 10,000	45,472	194,697	16.73	310,872,621	625,490,592	0.91
10,001 50,000	55,435	250,132	20.39	1,155,971,800	1,781,462,392	3.38
50,001 100,000	10,843	260,975	3.99	728,328,939	2,509,791,331	2.13
100,001 500,000	8,555	269,530	3.15	1,716,475,523	4,226,266,854	5.02
500,001 1,000,000	1,137	270,667	0.42	782,909,264	5,009,176,118	2.29
1,000,001 5,000,000	903	271,570	0.33	1,746,402,697	6,755,578,815	5.11
5,000,001 10,000,000	110	271,680	0.04	763,555,433	7,519,134,248	2.23
10,000,001 50,000,000	101	271,781	0.04	2,041,466,374	9,560,600,622	5.97
50,000,001 100,000,000	12	271,793	0.00	737,601,551	10,298,202,173	2.16
100,000,001 500,000,000	39	271,832	0.01	10,781,026,765	21,079,228,938	31.52
500,000,001 1,000,000,000	14	271,846	0.01	8,416,264,807	29,495,493,745	24.61
1,000,000,001 and above	3	271,849	0.00	4,703,927,621	34,199,421,366	13.75
	271,849		100	34,199,421,366		100

Top ten shareholders as at 31 December 2017

S/N	Name	Holding (%)	Holding
1.	Stanbic Nominees	10.9	3,723,714,709
2.	Consolidated Trust Funds	5.2	1,778,022,687
3.	Heirs Holdings Limited	5.1	1,742,180,600
4.	Pioneer Investment Management Ltd	3.7	1,278,360,141
5.	STH Limited	3.5	1,183,724,334
6.	Poshville Investments Limited	2.4	815,229,103
7.	Africa Horizon Capital	2.1	700,144,391
8.	Atene Limited	1.8	609,061,600
9.	International Finance Corporation	1.7	592,396,875
10.	African Development Bank	1.5	517,563,476

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

INVESTOR INFORMATION

Ten-year history of Capitalisation

Date	Authorised (N)	Issued and Fully Paid Capital (N)	Consideration
01 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)
04 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)
05 January 2009	12,500,000,000	10,778,231,231	Bonus (1:4) (Final)
02 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)
01 July 2015	22,500,000,000	18,139,763,161	Rights Issue
12 October 2017	22,500,000,000	17,099,710,683	Cancellation of SSIT Shares

Ten-year dividend payment history

Dividend number	Year ended	Date declared	Total amount (N)	Dividend per share (N)
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
63	31 December 2015	14 March 2016	14,511,810,528	0.40
64	30 June 2016 Interim	25 August 2016	7,255,905,264	0.20
65	31 December 2016	24 March 2017	19,953,739,477	0.55
66	30 June 2017 Interim	24 August 2017	6,839,884,273	0.20

INVESTOR INFORMATION

Record of unclaimed dividend

S/N	Dividend year	No of years	Amount declared	Total Amount paid to date	Unclaimed dividend
1	2005	12	1,665,252,000.00	1,665,208,738.69	43,261.31
2	2006	11	6,986,560,000.00	6,979,485,856.90	7,074,143.10
3	2007	10	13,796,000,000.00	13,777,743,073.20	18,256,926.80
4	2008	9	2,874,194,995.00	2,866,781,624.56	7,413,370.44
5	2008	8	12,933,877,477.50	12,915,670,219.44	18,207,258.06
6	2009	7	2,155,646,246.20	2,012,839,786.97	142,806.459.23
7	2010	6	1,293,387,748.00	1,176,579,254.15	116,808,493.85
8	2012	5	16,490,693,782.50	14,518,907,923.81	1,971,785,858.69
9	2013	4	16,490,693,782.50	14,887,777,993.06	1,602,915,789.44
10	2014	3	3,298,138,756.50	2,954,507,849.47	343,630,907.03
11	2015	2	7,255,905,264.00	6,360,733,505.58	895,171,758.62
12	2016	1	14,511,810,528.40	12,727,085,128.24	1,784,725,400.16

Credit rating summary

As at 31 December 2017	S&P	Fitch	GCR	Agusto*
Short-term rating	B	B	B+	Aa- (NG)
Long-term rating	B	B	B+	Aa- (NG)

* Agusto's ratings on the Bank are National Scale Local Currency ratings, whilst S&P, Fitch and GCR assign ratings, largely based on Foreign Currency assessments.

UBA
United Bank for Africa
RC: 2457

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 56th Annual General Meeting of United Bank for Africa Plc will hold at the Eko Hotels and Suites, Plot 1415, Adetokunbo Ademola Street, Victoria Island, Lagos State on Monday, April 23, 2018 at 10:00AM to transact the following business:

ORDINARY BUSINESS

1. To receive the audited Accounts for the year ended December 31, 2017 together with the reports of the Directors, Auditors and the Audit Committee thereon
2. To declare a dividend
3. To elect/re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect members of the Audit Committee

NOTES

1. Proxy

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be duly stamped at the Stamp Duties office and returned to the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos Nigeria, not less than 48 hours prior to the time of the meeting.

2. Dividend Payment

If the dividend recommended by the Directors is approved, dividend will be paid on Monday, April 23, 2018 to all shareholders whose names are registered in the Company's Register of Members as at the close of business on Monday, April 9, 2018.

3. Closure of Register of Members

The Register of Members will be closed on Tuesday, April 10, 2018, for the purpose of paying a dividend.

4. Biographical Details of Directors for Election/Re-election

Biographical details of Directors for re-election are provided in the Annual Report.

5. Questions from Shareholders

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to the meeting on any item contained in the Annual Report and Accounts. Please send questions to cfc@ubagroup.com and/or investorrelations@ubagroup.com.

6. Audit Committee

The Audit Committee consists of three shareholders and three Non-Executive 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. The Securities and Exchange Commission's Code of Corporate Governance provides that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

Dated this 28th day of February, 2018.

By Order of the Board.

Bili A. Odum
Group Company Secretary
57 Marina, Lagos
FRC/2013/NBA/00000001954

Nigeria Ghana Cameroun Cote d'Ivoire Burkina Faso Uganda Liberia Sierra Leone Rep. Benin Senegal Chad Kenya Tanzania Gabon Zambia Guinea Mozambique Congo DR Congo Brazzaville USA UK France

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Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

1. *SURNAME/COMPANY NAME
2. *FIRST NAME
3. OTHER NAME
4. *GENDER M F
5. E-MAIL
6. ALTERNATE E-MAIL
7. *DATE OF BIRTH D D M M Y Y Y Y
8. *MOBILE (1) (2)
9. *ADDRESS
10. OLD ADDRESS *(if any)*
11. *NATIONALITY
12. *OCCUPATION
13. *NEXT OF KIN NAME MOBILE
14. *MOTHER'S MAIDEN NAME
15. BANK NAME
16. A/C NO.
17. A/C NAME
18. A/C OPENING DATE D D M M Y Y Y Y
19. BANK VERIFICATION NO. (BVN)
20. NAME OF STOCKBROKING FIRM
20. CSCS CLEARING HOUSE NO. (CHN) C

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

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE 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. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNIC DIVERSIFIED HOLDINGS PLC	
48. UNIC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. WEST AFRICAN GLASS IND PLC	

OTHERS: ____________________

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.: 7. SEX: MALE FEMALE
8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

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

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE 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. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
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OTHERS: ______________

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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

Affix Current Passport

Write your name at the back of your passport photograph

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company's Name | First Name | Other Name

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any): C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Signature: ______________ Signature: ______________
Joint/Company's Signatories

Company Seal *(if applicable)*

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE 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	
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ______________________________ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: ____________________
Surname *First Name* *Middle Name*

ADDRESS: ____________________

GSM NUMBER: ____________________ **E-MAIL:** ____________________

CSCS INVESTOR'S A/C NO.: ____________________ **CLEARING HOUSE NUMBER(CHN):** C

REGISTRAR'S ID NO (RIN): ____________________

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ____________________ **BANK:** ____________________

BANK A/C NUMBER: ____________________ *Must be NUBAN* **BVN:** ____________________ *Must be confirmed by bank* **AGE OF A/C:** ____________________ *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*
Authorized Signature (2) *(and stamp of Stockbroker)*
Shareholder's Signature & Date
Shareholder's Signature & Date (2) *(if applicable)*
Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Dated this ________ day of ________ 20______

Name:____________________

Signature:____________________

Joint (2) (if applicable): ____________________

Joint (3) (if applicable): ____________________

Company Seal

In the Presence of:

Name:____________________**GSM NO:**____________________ **Signature:**____________________

Address: ____________________

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of______________________________Plc/Ltd, we hereby agree jointly and severally to keep the company and /or the Registrar or other persons acting on their behalf fully indemnified against all actions, proceedings, Liabilities, claims, losses, damages, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments , losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom.

Authorised Signatory (1):____________________**Authorised Signatory (2):**____________________

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
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E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

PROXY FORM

I/We,

Shareholder's Name: ________________________________

Address: ____

No. 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 on Monday, April 23, 2018 or at any adjournment thereof.

Dated this _______ day of _______2018

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 notarial certified copy thereof must reach the Registrar, Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, Lagos, not later than 48hours 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 authorized.

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 have 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 Monday, April 23, 2018.

	RESOLUTIONS	For	Against	Abstain
	ORDINARY BUSINESS			
1	To receive the audited Accounts for the year ended December 31, 2017 together with the reports of the Directors, Auditors and the Audit Committee thereon.			
2	To declare a dividend			
3	To elect/re-elect Directors*:			
	(i) Mrs. Rose Okwechime			
	(ii) Amb. Joe Keshi, CFR			
	(iii) High Chief Samuel Oni, FCA			
4	To authorise the Directors to fix the remuneration of the Auditors			
5	To elect members of the Audit Committee			

*Please refer to profile of directors seeking re-election on the next page.

This proxy form should NOT be completed and/or sent to the registered office of the Registrars if the member will attend 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 (RC2457)
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 at 10:00am on Monday, April 23, 2018.

Bili A. Odum
Group Company Secretary
57 Marina, Lagos

Please tick as appropriate 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.

PROFILE OF DIRECTORS SEEKING RE-ELECTION

Rose Okwechime
Non-Executive Director

Re-appointed Non-Executive Director in July 2012

She holds a Masters degree in Business Administration, specialising in Banking and Finance. Currently the Managing Director of Abbey Mortgage Bank 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 alumna of the International Institute of Management Development (IMD) in Lausanne, Switzerland and Harvard Business School, Boston, USA. She is a recipient of many awards, including the Woman of Excellence Award.

AMB. Joe Keshi, OON
Vice Chairman

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

Ambassador Joe .C. Keshi is currently, the Vice Chairman of UBA Group. He is also, the Chairman of Afrigrowth Foundation, Director General BRACED Commission, responsible for economic cooperation and integration among the core six south south states of Nigeria. Co-chairman, Board of Patrons, Educational Cooperation Society and a member, Board of Trustees Lifestyle Medical Practitioners Association of Nigeria.

Before joining the Bank, Ambassador Keshi had a distinguished career in the diplomatic service of the Federal Republic of Nigeria ending up as the top career diplomat of the country, when he served as the head of the ministry in the capacity of the Permanent Secretary. He had also served as the Permanent Secretary, Cabinet Secretariat responsible for the meetings of the Federal Executive Council, presided over by the President. During the course of his 35 years diplomatic career, Ambassador Keshi served in about eight countries and various capacities, including, Charge D 'Affairs, Embassy of Nigeria, The Netherlands, Consul General, Nigerian Consulate, Atlanta, USA, and held a number of management positions in the Ministry of Foreign Affairs of the Federal Republic of Nigeria. He was a member of various Nigerian delegation and participated in a number of bilateral, political and multinational economic negotiations including, being a member of an international team that negotiated the Peace Agreement that ended the ten years civil war in Sierra Leone.

Ambassador Keshi earned his Bachelors of Science degree in Political Science from the University of Ibadan, Nigeria, Diploma in International Relations and Diplomacy from the Nigeria Institute of International Affairs, Lagos, Nigeria and his Master's degree in Public Administration and Development (with policy analysis, as area of policy concentration) from the Institute of Social Studies, the Hague, the Netherlands, (Erasmus University). He is also a fellow of the Kennedy School of Public Administration and fellow of the Harvard Business School.

Samuel Oni, FCA
Non-Executive Director
Appointed Non-Executive Director in 2015

High Chief Samuel Oni is a Chartered Accountant with a distinguished career that spanned well over 35years. Having qualified as a Graduate Member of the Association of Chartered Certified Accountants in 1980, he held the position of Senior Accountant/Company Secretary in various establishments, including New Foods & Drinks Company Ltd. Abiola & Sons Bottling Company, and Kwara Breweries Ltd. He joined Kwara State Government and was deployed to Kwara State Agricultural Development Project as the Financial Controller.

In October, 1993, High Chief Oni, transferred his Services to the Central Bank of Nigeria (CBN) and assumed the position of an Assistant Director. He became a Commissioned Examiner and rose through the ranks in CBN and was appointed the Director of Bank Examination Department in 2003. He also served as the Director of Other Financial Institutions and Internal Audit Departments between 2005 and 2008. In 2009, he became the Director of Banking Supervision Department where he played a prominent role during the intervention process of the CBN that restored stability in the banking system, following the Financial Crisis of 2008/2009.

He voluntarily retired from the CBN in June 2011, having completed the eight years as a Director in line with the Tenure Policy for all Directors in Government Ministries, Agencies and Parastatals. He attended both local and overseas training, workshops and seminars during his career. He holds a Master's degree in Business Administration from the University of Ilorin and a Fellow of both the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Nigeria. He is also member of the Charterd Institute of Taxation of Nigeria and an honorary member of Chartered Institute of Bankers of Nigeria.

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

Ellis Nzo Asu
Managing Director/CEO

UBA BENIN
Boulevard Inter-Etrat
Carrefour des Irois Banques
Avenue Pape Jean-Paul II Cotonou
Office: +229 21 31 24 24

Joel Toure
Managing Director/CEO

UBA BURKINA FASO
1340 Avenue Dimdolobsom
01 BP 362, Ouagadougou
Office : +226 50 300000

Richard Dominique
Managing Director/CEO

UBA CAMEROON
Boulevard de la liberte Akwa Douala, Cameroon
Office: +237-33-433683

Sarata Kone
Managing Director/CEO

UBA COTE D'IVOIRE
Boulevard Botreau-Roussel
Immeuble Kharrat
2ème Etage, 17 BP 808, Abidjan 17
Office: +225-20-312221-2

Notalban Noubasra
Managing Director/CEO

UBA CHAD
Avenue Charles de Gaulle
PO Box 1148, N'djamena, Chad
Office: +235 252 19 53
+235 252 19 54

Vince de Paul Mgimbock
Managing Director/CEO

UBA CONGO BRAZAVILLE
37, Avenue William Guynet
Face Rond Point City Centre, Congo
Office: +242069236098
+242053644635

Marcel Bitang
Managing Director/CEO

UBA Congo DRC
1853 Avenue de la liberation
Kinshasa
Gombe, DR Congo
Office: +243992006651

Rene-Laurent Alciator
Head France Representative Office

UBA FRANCE
UBA Representative Office
Tour Egée, 9-11, allée de l'Arche
92400 Courbevoie, France

Chioma MANG
Managing Director/CEO

UBA GABON
282 Avenue Marquis de Compiegne
BP 12035, Libreville, Gabon
Office: +241 740624
+241 0572 9898

Isong Udom
Managing Director/CEO

UBA GHANA
Heritage Towers
Ambassadorial Enclave
Off Liberia Road, West Ridge, Accra, Ghana
Office: +233 302 683526-30

Ejiofor Ndubuisi
Managing Director/CEO

UBA GUINEA CONAKRY
BP 1198 Conakry
Rue chateau d'eau ,
Marché Niger – Kaloum
Office: +224-68356868

Isaac Nwige
Managing Director/CEO

UBA KENYA
1st Floor, Apollo Center
Ring Road, Vale Close, Westlands,
Nairobi, Kenya
Office: +254-20-3612000-2

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

Olalekan Balogun
Managing Director/CEO

UBA LIBERIA
Broad & Nelson Street
Monrovia
Office: +231 77113330-4

Usman Isiaka
Managing Director/CEO

UBA TANZANIA
30C/30D Nyerere Road
Dar es Salaam, Tanzania
Office: +255 222 86 3452-3

Alhassane Sissoko
Managing Director/CEO

UBA MALI
Hamdallaye ACI 2000, Rue 360, Lot 2511,
Face Bibliiotheque Nationale,
Bamako-Mali
Office: +223-44904512 /4513

Johnson Agoreyo
Managing Director/CEO

UBA UGANDA
Plot 2, Jinja Road, Kampala
PO Box 7396, Kampala, Uganda
Office: +256 417 715102
+256 417 715100

Helder Chambisse
Managing Director/CEO

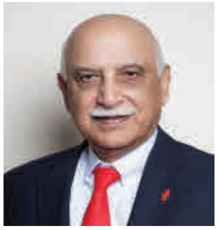
UBA MOZAMBIQUE
16 Junho-Malanga-Maputo
Moçambique
Office: + 258-21408340258

Andrew Martin
Managing Director/CEO

UBA UK LIMITED
36 Queen Street, London ECR4 1BN
United Kingdom
Office: +44-20-7766-4606
Fax +44-20-7766-4601

Bayo Yusuf
Managing Director/CEO

UBA PENSIONS CUSTODIAN
30 Adeola Hopewell Street, Victoria Island
Lagos, Nigeria
Phone +234-1-271-8000
Fax +234-1-271-8009



Rafiq Bengali
General Manager

UBA NEW YORK
One Rockefeller Plaza, 8th floor,
New York, NY 10020
Office: 212-308-7222

Amie Sow
Out -going Managing Director/CEO

UBA SENEGAL
Zone 12, Lot D, Route des Almadies
Dakar, Senegal
Office : +221 33 869 20 00

Emeka Dimanochie
Managing Director/CEO

UBA ZAMBIA
Stand 22768, Thabo Mbeki Road
Lusaka, Zambia
Office: +260 211 255 951-3

Obeta Chinedu
Managing Director/CEO

UBA SIERRA LEONE
15 Charlotte Street, Freetown
Office: +232-22-228099

Corporate Information

Registered Office
UBA House
57 Marina
Lagos, Nigeria

Company Registration
RC: 2457

Company Secretary
Bili A. Odum

Auditors
PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road Victoria Island
Lagos, Nigeria

Registrars
Africa Prudential Plc
220B IKorodu Road
Palmgrove Bus Stop
Palmgrove, Lagos, Nigeria
Phone +234-1-8752604
www.africaprudential.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 A. Odum
Group Company Secretary

UBA House (15th 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.

Investor Complaint Channels:

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

Complaint channel

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 can also be downloaded on our website in the address stated above.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