UNITED BANK FOR AFRICA PLC

Interim Consolidated and Separate Financial Statements for the period ended 30 June 2019

United Bank for Africa Plc

Notes to the Financial Statements

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended June 30, 2019.

1 Results at a Glance

	Group		Bank	
	2019 June (N'Million)	2018 June (N'Million)	2019 June (N'Million)	2018 June (N'Million)
Profit before tax	**70,274**	58,140	**43,630**	34,176
Taxation	**(13,535)**	(14,348)	**(7,164)**	(12,529)
Profit after tax	**56,739**	43,792	**36,466**	21,647
Other comprehensive income	**5,341**	(13,311)	**16,604**	1,635
Total comprehensive income	**62,080**	30,481	**53,070**	23,282
Total comprehensive income attributable to:				
− Equity holders of the Bank	**62,511**	30,748	**53,070**	23,282
− Non-controlling interest	**(431)**	(267)		-
Total comprehensive income	**62,080**	30,481	**53,070**	23,282

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, 1990 (CAMA) of Nigeria, declared a dividend of ₦0.20k per share from the retained earnings account as at June 30, 2019. This will be presented to shareholders for approval at the next Annual General Meeting. Payment of Dividend is subject to applicable witholding tax.

3 Legal form

United Bank for Africa (UBA) Plc was incorporated in Nigeria as a limited liability company on February 23, 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 August 01, 2005 and acquired Continental Trust Bank Limited on December 31, 2005.

4 Major activities & business review

UBA Plc is engaged in the business of banking and cater for the banking needs of Institutions, Corporate, Commercial and Consumer customer segments, providing trade services, remittance, treasury management, custody/investor services, digital and general banking services. Pension custody services are offered through its subsidiary, UBA Pension Custodian Limited. UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association.

5 Directors

NAME	DESIGNATION
Mr. Tony O. Elumelu, CON	Non-Executive Director (Chairman)
Ambassador Joe Keshi, OON	Non-Executive Director (Vice-Chairman)
Mr. Kennedy Uzoka	Executive Director (GMD/CEO)
Mr. Victor Osadolor	Executive Director (DMD)
Mr. Dan Okeke	Executive Director
Mr. Emeke Iweriebor	Executive Director
Mr. Oliver Alawuba	Executive Director
Mr. Ayoku Liadi	Executive Director
Mr. Ibrahim Puri	Executive Director
Mr. Uche Ike	Executive Director
Mr. Chukwuma Nweke	Executive Director
Mrs. Foluke Abdulrazaq	Non-Executive Director
Mrs. Owanari Duke	Non-Executive Director
High Chief Samuel Oni, FCA	Non-Executive Director
Ms. Angela Aneke	Non-Executive Director
Erelu Angela Adebayo	Non-Executive Director
Mr. Abdulqadir J. Bello	Non-Executive Director
Mr. Kayode Fasola	Non-Executive Director
Mr. Abdoul Aziz Dia*	Non-Executive Director

*Mr. Abdoul-Aziz Dia was appointed on August 1, 2019

Directors' Report - Continued

6 Directors' interests

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

	30-Jun-19		31-Dec-18	
Name of Directors	**Direct holding**	**Indirect holding**	**Direct holding**	**Indirect holding**
Mr. Tony O. Elumelu, CON	189,851,584	2,114,110,884	189,851,584	2,114,110,884
Ambassador Joe Keshi, OON	433,499		433,499	-
Mr. Kennedy Uzoka	37,173,909		37,173,909	-
Mr. Victor Osadolor	16,583,126		16,583,126	-
Mr. Dan Okeke	31,297,918		31,297,918	-
Mr. Emeke Iweriebor	7,034,071		7,034,071	-
Mr. Oliver Alawuba	593,248		593,248	-
Mr. Ayoku Liadi	1,080,000		1,080,000	-
Mr. Ibrahim Puri	981,118		981,118	-
Mr. Uche Ike	10,936,395		10,936,395	-
Mr. Chukwuma Nweke	1,059,860		1,059,860	-
Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	10,000,000	11,120,000
Mrs. Owanari Duke	86,062		86062	-
High Chief Samuel Oni, FCA	2,065		2,065	-
Ms. Angela Aneke	-		-	-
Erelu Angela Adebayo	163,803		163,803	-
Mr. Abdulqadir J. Bello	130,000		-	-
Mr. Kayode Fasola	-		-	-

Details of indirect holdings

Name of Director	Company	Indirect	Total indirect
Mr. Tony O. Elumelu, CON	HH Capital Limited	140,843,816	-
	Heirs Holdings Limited	1,742,180,600	-
	Heirs Alliance Limited	231,086,468	2,114,110,884
Mrs. Foluke Abdulrazaq	Bridge House College	11,120,000	11,120,000

7 Analysis of shareholding

The details of shareholding of the Bank as at June 30, 2019 is as stated below;

Headline	Shareholders			Holdings		
Range	**Count**	**Cummulative count**	**Count (%)**	**Aggregate Holdings**	**Cummulative Holdings**	**Aggregate Holdings (%)**
1-1000	30,450	30,450	11.18%	14,216,096	14,216,096	0.04%
1,001-5,000	120,246	150,696	44.14%	300,596,253	314,812,349	0.88%
5,001-10,000	45,039	195,735	16.53%	308,153,818	622,966,167	0.90%
10,001-50,000	54,610	250,345	20.04%	1,138,101,236	1,761,067,403	3.33%
50,001-100,000	10,796	261,141	3.96%	727,585,147	2,488,652,550	2.13%
100,001-500,000	8,711	269,852	3.20%	1,762,521,955	4,251,174,505	5.15%
500,001-1,000,000	1,243	271,095	0.46%	865,100,699	5,116,275,204	2.53%
1,000,001-5,000,000	1,007	272,102	0.37%	1,974,762,591	7,091,037,795	5.77%
5,000,001-10,000,000	134	272,236	0.05%	953,542,964	8,044,580,759	2.79%
10,000,001-50,000,000	134	272,370	0.05%	2,810,340,818	10,854,921,577	8.22%
50,000,001-100,000,000	23	272,393	0.01%	1,601,155,250	12,456,076,827	4.68%
100,000,001-500,000,000	36	272,429	0.01%	10,814,790,112	23,270,866,939	31.62%
500,000,001-1,000,000,000	10	272,439	0.00%	6,587,435,886	29,858,302,825	19.26%
1,000,000,001 and above	3	272,442	0.00%	4,341,118,541	34,199,421,366	12.69%
	272,442		**100%**	**34,199,421,366**		**100%**

8 Substantial interest in shares: shareholding of 5% and above

According to the Register of Shareholders as at June 30, 2019, the following shareholders hold more than 5% of the Bank's shares outstanding:

Shareholders	Holding	Holding (%)
Stanbic IBTC Nominees	3,629,856,144	10.6%
Heirs Holdings	1,742,180,600	5.1%

9 Acquisition of own shares

The Bank did not purchase its own shares during the period. Also, the Group has a Board approved Global Personal Investment Policy, which covers directors, staff, and related parties. The policy prohibits 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.

10 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 N40,464,753 (Forty Million, Four Hundred and Sixty-Four Thousand, Seven Hundred and Fifty Three Naira Only) was given out as donations and charitable contributions during the period (Bank: N32,197,314). The beneficiaries of the donations are as follows:

SCHEDULE OF DONATIONS FOR THE PERIOD

Beneficiary/Project	Amount (NGN)
Nigeria	
Ambrose Ali University, Edo State	17,816,589
National Youth Service Corps	6,600,000
Obafemi Awolowo University	4,139,058
Adamawa State University, Mubi	1,625,000
St. Saviours School	1,500,000
Bowen University, Osun State	416,667
Corona Schools Trust Council	100,000
Total	**32,197,314**
Rest of Africa	
Damango KVIP Project, Ghana	6,236,765
ASSOCIATION AEESCM (Association of Students from Cameroon)	62,016
Cyclone Idai victims in Beria, Mozambique	1,171,820
Muhimbili Twins, Tanzania	169,463
Eid Celebrations, Tanzania	313,687
Temeke Hospital, Tanzania	156,844
Namthamini Campaign, Tanzania	156,844
Sub-Total	**8,267,439**
Total Donations Across the Group	**40,464,753**

11 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.

Directors' Report - Continued

Employment and employees- Continued

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. As a part of the investment in the welfare of staff, the Bank maintains an ultra-modern gym facility at the head-office and organizes a quarterly fitness session (tagged "jogging to bond"), held at different stadia across all its countries of operation, thereby providing access to various sporting facilities and professional instructors.

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.

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, wherein 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", a personalized avenue to address relevant employee welfare and career satisfaction issues.

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 customers' needs 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 are the details of the employee demographics:

Staff distribution by gender as at June 30, 2019

Description	Gender	Head Count	% of Total
Group**	Male	7,218	55%
	Female	5,906	45%
	Total	**13,124**	**100%**
Bank	Male	5,236	54%
	Female	4,439	46%
	Total	**9,675**	**100%**

** The Group count includes UBA New York,UBA UK, UBA Pensions and all other 19 African countries.

Average gender analysis of the Bank's Board of Directors and Top Management Staff as at June 30, 2019:

Description	Gender	Head Count	% of Total
Board of Directors	Male	14	78%
	Female	4	22%
	Total	**18**	100%
Top Management	Male	78	78%
	Female	22	22%
	Total	**100**	100%

Directors' Report - Continued

Employment and employees - continued

11 Staff distribution by gender as at June 30 2019

Description	Male		Female		Total
	Head Count	% of Total	Head Count	% of Total	
Non-Executive Directors	5	56%	4	44%	9
Executive Directors	9	100%	-	-	9
General Managers	25	78%	7	22%	32
Deputy General Managers	13	57%	10	43%	23
Assistant General Managers	31	86%	5	14%	36
Total	**83**	**76%**	**26**	**24%**	**109**

12 Post balance sheet events

There is no event that has any material impact on the bank's balance sheet, post June 30, 2019.

13 Audit Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Act, the Bank has an Audit Committee comprising three Non-Executive Directors and three Shareholders as follows:

Mr. Feyi Ogoji	Chairman/Shareholder
Mr. Matthew Esonanjor	Shareholder
Alhaji AlKassim Umar	Shareholder
Ms. Angela Aneke	Non-Executive Director
Mr. Abdulqadir J. Bello	Non-Executive Director
Mr. Kayode Fasola	Non-Executive Director

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act.

By the Order of the Board

BILI A. ODUM
GROUP COMPANY SECRETARY
57 Marina, Lagos
August 22, 2019
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 18 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 customer service charter. The Bank's customer service charter requires all staff to;

• Be respectful - We know the 'The Customer is King' and is the purpose of our business;
• Be courteous and friendly in all our interactions with the customer;
• Process transactions without delay and attend to enquiries promptly;
• Investigate and resolve complaints promptly;
• Listen attentively to our Customers verbal and non - verbal cues and take requisite actions to fulfil and surpass their expectations;
• Communicate honestly and proactively;
• Leverage our technical knowledge to fully support the customer's needs;
• Show appreciation at all times.
• Exemplify UBA's core values –Enterprise, Excellence, Execution in all customer interactions

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 Fulfilment Centre (CFC)
• UBA Website
• Post
• Business Offices

(1) Customer Fulfillment Center (CFC)

Within the confines of the CFC, there are various interactive touch points via which our customers can connect with the Bank:

• A 24/7 Multi-Lingual Customer Interactive Centre, where our customers can call in to lodge complaints, make requests or enquiries about our products and services.

• Designated Hotlines in the branches – Branded toll-free lines dubbed 'UBA Hotline' have been placed across our Business Offices, ostensibly to enable customers call the Customer Fulfilment Centre to relay their complaints, requests and enquiries with utmost ease and convenience. Calls received through this channel are handled by designated Customer Experience Experts (CEEs). All calls through this medium are prioritised, to reassure our customers of the Bank's total commitment to serve them.

• Dedicated Customer Support e-mail address – A dedicated e-mail address- cfc@ubagroup.com is available to customers 24/7, to send in their complaints/requests/enquiries. This e-mail channel is manned by our highly skilled and efficient CEEs that accurately deliver high quality service to our UBA customers and prospects alike.
• 24/7 Live Chat Customer Support- Customers can "Live Chat with us" from various touch points located on the website and e-channels such as Mobile Banking, Internet Banking, LEO WhatsApp and UBA Video Banking

• UBA LEO Chat Bot- Our Artificial Intelligence Chat Bot-LEO, situated on Facebook, is enhanced to render virtual support round the clock to customers wherein their respective complaints/requests and enquiries are lodged and handled by the Chat Bot

• Our UBA Social Media handles on Twitter (@UBACares), Facebook and Instagram (@ubagroup) are socially engaging digital platforms via which existing and potential customers can reach out to the bank

Complaints and Feedback - Continued

Complaints Channels - Continued

(2) UBA Website

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 the CFC for resolution. Customers also have the option of chatting online real time with our highly skilled CEEs through the 'Live Chat' Facebook Messenger Icon hosted on the website

(3) Post

A dedicated Post Office Box number - 5551 is also available exclusively for receiving customer complaints by post.

(4) Business Offices

Our business offices strategically located nationwide and in 20 African Countries are manned by well trained, enthusiastic and adept Customer Service officers who tend to our esteemed customers, providing excellent and exceptional service, which is best in class.

Resolution Structure

To ensure that Customers' complaints, enquiries and requests are promptly resolved, the Bank has put in place a dedicated Complaints' Management Team supervised by a Senior Officer of the Bank, who is responsible for prompt investigation and resolution of customers' complaints within the approved framework and 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 called - Group Response Portal (GRP), which is managed by well trained staff of the Customer Fulfilment Centre (CFC) and reports generated are periodically reviewed by Executive Management to see where processes can be improved to enhance overall customer experience.
The GRP 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:
(i) The Bank's touch points (Business offices, Website and CFC (Calls, Telemarketing, E-mail, Social media, e.g. Twitter, Facebook & Instagram) that receive the customers' complaints acknowledge and register them on the Group Response Portal (GRP), the bank's automated complaints management system.

(ii) The complaint is reviewed and it is determined if could be resolved at first level.
(iii) Where the complaint can be resolved at the first level, an immediate resolution is provided to the customer.
(iv) If such complaint cannot be resolved at the first level, the handling Officer forwards the complaint to the responsible unit to resolve
(v) Upon resolution, the required feedback is provided to the customer.
(vi) The complaint is then closed in the system.
(vii) Where customer is not satisfied with the resolution outcome and a rejoinder is sent, more attention is given to it by the Unit to further analyze and resolve the issues raised and the final outcome communicated to the customer.

Disclosure of Customer Complaints for the Period Ended June 30, 2019

Description	Number		Amount Claimed		Amount Refunded	
	Jun-19	Dec-18	Jun-19	Dec-18	Jun-19	Dec-18
Pending Complaints B/F	26,549	15,566	7,944	11,577		
Received Complaints	552,759	599,956	1,487	403,490		
Resolved Complaints	551,380	588,965	7,633	406,887	136	356
Complaints Escalated to CBN	14	8	1,797	235		
Complaints Pending with the Bank C/F	27,914	26,549		7,944		
% of Complaint/Transaction Volume	0.20%	0.15%				

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 our customers variously.
The feedback dash board ensures that:
(i) Improvement opportunities are quickly identified and brought to bear
(ii) The quality of customer service is improved and standardized across all the customer touch points of the Bank
(iii) Customer retention is improved through increased customer satisfaction
(iv) Training and re-training is also done on a regular basis to keep abreast the developments in the industry.

Investor Complaint Channels

UBA Plc has a Complaint Framework for Investors and the Investing Public. This policy is published on the Bank's website;

Email: *investorrelations@ubagroup.com*

Telephone: +234-1-2808349

Mailing Address: Head, Investor Relations, 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.

CORPORATE GOVERNANCE

United Bank for Africa Plc (UBA Plc) holds good governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations. The Directors endorse the principles of best practice Corporate Governance as stated in the "Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014" issued by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission's (SE C) "Code of Corporate Governance".

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

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

As at June 30, 2019, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, seven (7) other Non-Executive Directors, which includes, two (2) Independent Non-Executive Directors and nine (9) Executive Directors (which include the GMD/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 and Governance Committee, the Board Risk Management Committee, the Finance and General Purpose 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 nineteen members, nine of whom, are Executive Directors and 10 Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

Responsibility:

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for the working of the Board whilst the Chief Executive Officer is responsible for the running of the business and 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 and other critical functional heads. The Board's primary responsibility is to increase shareholder wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews group performance, matters of strategic concern and any other matters it regards as material. The Board meets quarterly and additional meetings are convened as the need arises. In the first half of 2019, the Board met two (2) 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.

Professional Independent Advice:

All Directors are aware that they may take independent professional advice at the expense of the Bank, 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.

Corporate Governance - Continued

(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 half year ending June 30, 2019. Their report is contained in 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 levels put in place to regulate capital and operating expenses.

(d) Shareholder rights

The Board of UBA Plc has always placed considerable emphasis on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. 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-yearly 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, 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.

(e) Board Committees

The Board of UBA Plc has the following Committees, namely:

1. Board Audit & Governance Committee
2. Board Credit Committee
3. Board Risk Management Committee
4. Finance and General Purpose Committee

(1) Board Audit and Governance Committee

The Board Audit and Governance Committee which is a merger of the Board Audit Committee and the Nominations and Governance Committee is comprised as follows:

1. Ms. Angela Aneke - Chairman
2. Mr. Abdulqadir J. Bello - Member
3. Mrs. Foluke Abdulrazaq - Member
4. Mrs. Owanari Duke - Member
5. Erelu Angela Adebayo - Member

The Board Audit and Governance Committee combines the roles and responsibilities of the Board Audit and Nominations & Governance Committees.

Corporate Governance - Continued

Board Committees - continued

(2) Board Credit Committee

The Board Credit Committee is made up of five (5) Non-Executive Directors. It reviews all credits granted by the Bank and meetings are held at least once a quarter. Members of the Board Credit Committee are:

1. Mr. Abdulqadir J. Bello - Chairman
2. Mrs. Foluke Abdulrazaq - Member
3. Ms. Angela Aneke - Member
4. Mrs. Owanari Duke - Member
5. Mr. Kayode Fasola - Member

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

(3) Board Risk Management Committee

During the Half Year ending June 30, 2019, the Board Risk Management Committee comprised of the following Directors:

1. High Chief Samuel Oni, FCA - Chairman
2. Mr. Kayode Fasola - Member
3. Erelu Angela Adebayo - Member
4. Mr. Kennedy Uzoka - Member
5. Mr. Victor Osadolor - Member
6. Mr. Chukwuma Nweke - Member
7. Mr. Uche Ike - Member

(4) Finance and General Purpose Committee

Meetings are held at least once a quarter and the responsibilities of the Committee include to review and recommend risk management strategies, policies and risk tolerance for the Board's approval; to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and make recommendations or reports to the Board accordingly. During the Half Year ended June 30, 2019, the Members of the Finance & General Committee were as follows:

1. Mr. Kayode Fasola - Chairman
2. Mr. Abdulqadir J. Bello - Member
3. Erelu Angela Adebayo - Member
4. Ms. Angela Aneke - Member
5. Mr. Kennedy Uzoka - Member
6. Mr. Victor Osadolor - Member
7. Mr. Chukwuma Nweke - Member
8. Mr. Uche Ike - Member

(5) Statutory Audit Committee

The Statutory Board Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP20, 2004. It comprises of a mixture of Non-Executive Directors and ordinary shareholders elected at the Annual General Meeting.

Its terms of reference include the monitoring of processes designed to ensure compliance by the Group in all respects with legal and regulatory requirements, including disclosure, controls and procedures and the impact (or potential impact) of developments related thereto. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors the annual audited financial statement before its submission to the Board. The Members of the Statutory Audit Committee are as follows:

1. Mr. Feyi Ogoji - Chairman/Shareholder
2. Mr. Matthew Esonanjor - Shareholder
3. Alhaji Umar Al-Kassim - Shareholder
4. Ms. Angela Aneke - Non-Executive Director
5. Mr. Abdulqadir J. Bello - Non-Executive Director
6. Mr Isaac Olukayode Fasola - Non-Executive Director

Corporate Governance - Continued

Board Committees - continued

Attendance at Board Meetings

Membership and attendance at Board Meetings during the half year ended June 30, 2019 are set out below:

Members	Number of meetings held	Number of meetings attended by members
Mr. Tony O. Elumelu, CON	2	2
Ambassador Joe Keshi, OON	2	2
Mr. Kennedy Uzoka	2	2
Mr. Victor Osadolor	2	2
Mr. Dan Okeke	2	1
Mr. Emeke Iweriebor	2	2
Mr. Oliver Alawuba	2	2
Mr. Ayoku Liadi	2	2
Mr. Ibrahim Puri	2	2
Mr. Uche Ike	2	2
Mr. Chukwuma Nweke	2	2
Mrs. Foluke Abdulrazaq	2	1
Mrs. Owanari Duke	2	2
High Chief Samuel Oni, FCA	2	2
Ms. Angela Aneke	2	2
Erelu Angela Adebayo	2	2
Mr. Abdulqadir J. Bello	2	2
Mr. Kayode Fasola	2	2
Chief Kola Jamodu CFR*	2	1

*Retired January 28, 2019

(6) 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, analyze, synthesize 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 Liabilities Committee (GALCO), the Executive Credit Committee (ECC), the Operational Efficiency Committee (OEC) / IT Risk Committee, the Group Risk Management Committee (GRMC) and the Executive Management Committee (EMC).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2019

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act and Sections 24 and 28 of the Banks and Other Financial Institutions Act, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for the half year ended June 30, 2019 and in so doing they ensure that:

(i) Proper accounting records are maintained;

(ii) Applicable accounting standards are followed;

(iii) Suitable accounting policies are adopted and consistently applied;

(iv) Judgments and estimates made are reasonable and prudent;

(v) The going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and

(vi) 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 preparation of the financial statements that are in accordance with the International Financial Reporting standards (IFRS) and in the manner required by the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act 2011, the Banks and Other Financial Institutions Act, the Central Bank of Nigeria Prudential guidelines and other relevant regulations issued by the Central Bank of Nigeria.

The Directors believe that the half year ended June 30, 2019 financial statements represents the state of the financial affairs of the Bank and Group. The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors:

Kennedy Uzoka

KENNEDY UZOKA
GROUP MANAGING DIRECTOR/CEO

FRC/2013/IODN/00000015087

UBA
United Bank for Africa

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 & Scope, and the Management Letter on the Audit of the Accounts of the Bank and the responses to the said Letter.
- In our opinion, the Plan & Scope of the Audit for the Half Year ended June 30, 2019 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.
- We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.
- As required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements", we reviewed the insider-related credits of the Bank and found them to be as analysed in the half year financial statements as at June 30, 2019.

MR. FEYI OGOJI (FCA)
FRC/2016/ICAN/00000015438
Chairman, Statutory Audit Committee

MEMBERS OF THE AUDIT COMMITTEE ARE:

1. Mr. Feyi Ogoji	-	Chairman/Shareholder
2. Mr. Matthew Esonanjor	-	Shareholder
3. Alhaji Al-Kassim Umar	-	Shareholder
4. Ms. Angela Aneke	-	Non-Executive Director
5. Mr. Kayode Fasola	-	Non-Executive Director
6. Mr. Abdulqadir J. Bello	-	Non-Executive Director

Independent auditor's report

To the Members of United Bank for Africa Plc

Report on the audit of the interim consolidated and separate financial statements

Our opinion

In our opinion, the interim 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 30 June 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the six months period then ended in accordance with IAS 34 'Interim Financial Reporting' and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the six months period ended 30 June 2019;
- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate statements of changes in equity for the six months period then ended;
- the consolidated and separate statements of cash flows for the six months period then ended; and
- the notes to the interim 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 interim 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 interim consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the interim 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.

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Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers Gross loans and advances to customers for the group as at 30 June 2019 amounted to N1,760 billion while the related loan loss reserve was N72 billion. We focused on this area because of the significant value of loans and advances and because the directors make significant and subjective judgement over the timing, estimation and recognition of the related loan loss reserve. The expected credit loss (ECL) model requires significant judgement exercised by the directors which include; • segmentation of credit facilities which reflect similar risk characteristics; • the allocation of loan accounts into different stages to reflect the credit risk of the loan; • determination of default definition used in the ECL model; • determining the criteria for assessing significant increase in credit risk (SICR); • incorporating forward looking information in building economic scenarios used in the ECL model; • methodology used to determine the 12 month and lifetime probability of default (PD) used in the ECL model and • estimation of Loss Given Default (LGD) by considering collateral values and the haircut adjustment as well as estimation of recoveries on unsecured exposures. This is considered a key audit matter in both the interim consolidated and separate financial statements. *See notes 3.28, 4.2, 8 and 25 to the interim consolidated and separate financial statements for further information.*	We understood and evaluated the design and operating effectiveness of the controls over the estimation of loan loss reserves. We applied target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. Our reviews included checking the details of the borrower's account history, the nature of the facility and other factors that could indicate deterioration in the financial condition of the borrowers and their capacity to repay. This formed our basis of challenging director's judgement made in the segmentation of credit facilities with similar risk characteristics, allocation of loans into the different stages which reflect the credit risk of the loan, the identification of significant increase in credit risk and determination of defaults. We assessed the criteria used by directors in determining the significant increase in credit risk since initial recognition of loans and advances and in determining credit-impaired loans and advances. We also assessed directors default presumption as prescribed by IFRS 9. We checked the forward looking information applied in the ECL model by comparing to publicly available macroeconomic information. We tested the valuation of collaterals used in the ECL model by comparing the values to the results of valuation performed by directors external valuers. We assessed the competence, experience and independence of directors valuers. We also tested the historical cash recoveries used by directors in the estimation of recovery rate used in the determination of unsecured LGDs. We tested the appropriateness of historical data used for the determination of 12 month PDs, which are used as basis for the determination of lifetime PDs. We used our internal credit modelling experts to: - test the reasonableness of the assumptions and methodology used in determining the probability of default, - test the reasonableness of the estimation of LGD which includes assessing the haircut adjustment,

- test the appropriateness of forward looking information incorporated into the impairment calculations and challenged the multiple economic scenarios chosen as well as the weighting applied to non-linear losses; and
- re-perform the ECL model calculations.

We reviewed the IFRS 9 disclosures for reasonableness.

Valuation of unquoted equity financial instruments measured at fair value through other comprehensive income

At 30 June 2019, the group's unquoted equity instruments measured at fair value through other comprehensive income amounted to N105 billion

We focused on this area because of the subjective judgement involved in estimating the carrying value of the unquoted equity securities at the period end date.

In particular, we focused on unquoted equity investment where the directors have applied a discounted cash flow (DCF) valuation technique to determine their fair values. There is no active market for this category of investment securities. The directors exercised judgement in:

- identifying the appropriate valuation methodology; and
- ensuring that appropriate inputs are used in the selected valuation methodology. The significant inputs include:
  - estimation of future cash flows;
  - determination of terminal growth rate; and
  - determination of the Weighted Average Cost of Capital (WACC).

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

See Notes 3.28, 8 and 26 to the interim consolidated and separate financial statements for further information.

We adopted a substantive approach to testing 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 checking information on the business plans of the investee companies, their historical performance and long term economic outlook.

We used our internal valuation experts to;

- review the appropriateness of the valuation methodology adopted;
- test the reasonableness of the discount rates, terminal growth rates and weighted average cost of capital;
- check the mathematical accuracy of the valuation models used in the directors' estimate and review reasonableness of the IFRS 13 disclosures;
- perform an independent valuation of the investee company and compare results of valuation performed to the directors' estimate.

We reviewed the disclosure for adequacy.

Other information

The directors are responsible for the other information. The other information comprises *the directors report, customer 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 interim consolidated and separate financial statements and our auditor's report thereon,

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

In connection with our audit of the interim 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 interim 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, 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.

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

The directors are responsible for the preparation of the interim consolidated and separate financial statements that give a true and fair view in accordance with IAS 34 'Interim Financial Reporting' 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 interim consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 interim consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, 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 interim 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 interim consolidated and separate financial statements, including the disclosures, and whether the interim 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 interim consolidated and separate 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 interim consolidated and separate financial statements of the current period 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.

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 for the six months period ended 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 interim consolidated and separate financial statements; and

v) as disclosed in Note 46 to the interim consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act during the six months period ended 30 June 2019.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0873161

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

30 August 2019

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

Interim Consolidated and Separate Statements of Comprehensive Income
For the period ended 30 June

In millions of Nigerian Naira	*Notes*	Group 2019	Group 2018	Bank 2019	Bank 2018
Interest income	10	204,885	187,294	155,027	128,137
Interest income on amortised cost and FVOCI securities		204,781	184,960	154,923	125,803
Interest income on FVTPL securities		104	2,334	104	2,334
Interest expense	11	(94,762)	(76,218)	(81,702)	(61,169)
Net interest income		**110,123**	**111,076**	**73,325**	**66,968**
Allowance for credit losses on financial assets	12	(3,120)	(6,732)	(3,071)	(1,648)
Net interest income after impairment on loans and receivables		**107,003**	**104,344**	**70,254**	**65,320**
Fees and commission income	13	52,344	45,845	30,587	28,345
Fees and commission expense	14	(16,289)	(13,248)	(11,547)	(10,218)
Net fee and commission income		**36,055**	**32,597**	**19,040**	**18,127**
Net trading and foreign exchange income	15	32,746	20,456	20,546	18,216
Other operating income	16	3,715	4,323	8,235	5,426
Employee benefit expenses	17	(37,178)	(35,214)	(20,775)	(20,449)
Depreciation and amortisation	18	(8,812)	(5,659)	(5,930)	(4,026)
Other operating expenses	19	(63,597)	(62,831)	(47,740)	(48,438)
Share of gain of equity-accounted investee	28(a)	342	124	-	-
Profit before income tax		**70,274**	**58,140**	**43,630**	**34,176**
Income tax expense	20	(13,535)	(14,348)	(7,164)	(12,529)
Profit for the year from continuing operations		56,739	43,792	36,466	21,647
Profit for the year from discontinued operations		-	-	-	-
Profit for the period		**56,739**	**43,792**	**36,466**	**21,647**
Other comprehensive income					
Items that may be reclassified to the income statement:					
Exchange differences on translation of foreign operations		(11,350)	(14,946)	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income(FVOCI):					
Net change in fair value during the period		12,634	(1,030)	12,547	(1,030)
Net amount transferred to the income statement		1,758	(807)	1,758	(807)
		3,042	**(16,783)**	**14,305**	**(1,837)**
Items that will not be reclassified to the income statement:					
Fair value changes on equity investments designated at FVOCI		2,299	3,472	2,299	3,472
		2,299	**3,472**	**2,299**	**3,472**
Other comprehensive income for the period, net of tax		**5,341**	**(13,311)**	**16,604**	**1,635**
Total comprehensive income for the period		**62,080**	**30,481**	**53,070**	**23,282**
Profit for the period attributable to:					
Owners of Parent		55,295	42,192	36,466	21,647
Non-controlling interest		1,444	1,600	-	-
Profit for the period		**56,739**	**43,792**	**36,466**	**21,647**
Total comprehensive income attributable to:					
Owners of Parent		62,511	30,748	53,070	23,282
Non-controlling interest		(431)	(267)	-	-
Total comprehensive income for the period		**62,080**	**30,481**	**53,070**	**23,282**
Earnings per share attributable to owners of the parent					
Basic and diluted earnings per share (Naira)	21	**1.62**	**1.23**	**1.07**	**0.63**

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

Interim Consolidated and Separate Statements of Financial Position

As at *In millions of Nigerian Naira*	*Notes*	Group Jun. 2019	 Dec. 2018	Bank Jun. 2019	 Dec. 2018
ASSETS					
Cash and bank balances	22	1,416,170	1,220,596	1,205,804	1,015,199
Financial assets at fair value through profit or loss	23	89,419	19,439	72,783	19,439
Derivative assets	33(a)	41,948	34,784	41,948	34,784
Loans and advances to banks	24	81,257	15,797	59,078	15,516
Loans and advances to customers	25	1,687,506	1,715,285	1,192,564	1,213,801
Investment securities:	26				
- Fair value through other comprehensive income	26	924,415	1,036,653	851,720	925,892
- Held at amortised cost	26	616,411	600,479	83,165	84,265
Other assets	27	81,318	63,012	65,751	49,642
Investment in equity-accounted investee	28	3,889	4,610	2,715	2,715
Investment in subsidiaries	29	-	-	103,275	103,777
Property and equipment	30	118,571	115,973	100,138	97,502
Intangible assets	31	17,969	18,168	7,056	6,911
Deferred tax asset	32	23,250	24,942	21,862	21,862
TOTAL ASSETS		**5,102,123**	**4,869,738**	**3,807,859**	**3,591,305**
LIABILITIES					
Derivative liabilities	33(b)	1,285	99	1,285	99
Deposits from banks	34	171,191	174,836	25,608	30,502
Deposits from customers	35	3,510,237	3,349,120	2,557,366	2,424,108
Other liabilities	36	150,885	120,764	102,256	84,299
Current tax liability	20	6,317	8,892	6,293	706
Borrowings	37	689,637	683,532	689,637	657,134
Subordinated liabilities	38	29,976	29,859	29,976	29,859
Deferred tax liability	32	137	28	-	-
TOTAL LIABILITIES		**4,559,665**	**4,367,130**	**3,412,421**	**3,226,707**
EQUITY					
Share capital	39	17,100	17,100	17,100	17,100
Share premium	39	98,715	98,715	98,715	98,715
Retained earnings	39	195,065	168,073	89,153	89,217
Other reserves	39	212,870	199,581	190,470	159,566
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		523,750	483,469	395,438	364,598
Non-controlling interests	29	18,708	19,139	-	-
TOTAL EQUITY		**542,458**	**502,608**	**395,438**	**364,598**
TOTAL LIABILITIES AND EQUITY		**5,102,123**	**4,869,738**	**3,807,859**	**3,591,305**

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

The financial statements were approved by the directors on August 22, 2019.

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

Interim Consolidated and Separate Statements of Changes in Equity
For the period ended
(a) ***30 June 2019***
(i) **Group**

In millions of Nigerian naira	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-Controlling interest	Total equity
	Attributable to equity holders of the parent										
At 31 December 2017 (IAS 39)	**17,100**	**98,715**	**37,102**	**45,236**	**73,897**	**-**	**84,626**	**152,872**	**509,548**	**18,231**	**527,779**
Fair value change in assets reclassified from HTM to FVOCI					7,211				**7,211**	0	**7,211**
Increase in impairment provision due to adoption of IFRS 9								(48,644)	**(48,644)**	0	**(48,644)**
Transfer between reserves				(44,304)				44,304	**0**	0	**0**
Balance at 1 January 2018 (IFRS 9)	**17,100**	**98,715**	**37,102**	**932**	**81,108**	**-**	**84,626**	**148,532**	**468,115**	**18,231**	**486,346**
Profit for the period	-	-	-	-	-	-	-	42,192	**42,192**	1,600	**43,792**
Exchange differences on translation of foreign operations	-	-	(13,079)	-	-	-	-	-	**(13,079)**	(1,867)	**(14,946)**
Fair value change in available-for-sale financial assets	-	-	-	-	2,442	-	-	-	**2,442**	-	**2,442**
Net amount transferred to income statement	-	-	-	-	(807)	-	-	-	**(807)**	-	**(807)**
Total comprehensive income for the period	-	-	(13,079)	-	1,635	-	-	42,192	**30,748**	(267)	**30,481**
Transfer between reserves	-	-	-	-	-	-	5,369	(5,369)	**-**	-	**-**
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(22,230)	**(22,230)**	-	**(22,230)**
Balance at 30 June 2018	**17,100**	**98,715**	**24,023**	**932**	**82,743**	**-**	**89,995**	**163,125**	**476,633**	**17,964**	**494,597**
At 31 December 2018	**17,100**	**98,715**	**18,178**	**21,521**	**69,099**	**-**	**90,783**	**168,073**	**483,469**	**19,139**	**502,608**
At 1 January 2019	**17,100**	**98,715**	**18,178**	**21,521**	**69,099**	**-**	**90,783**	**168,073**	**483,469**	**19,139**	**502,608**
Profit for the period	-	-	-	-	-	-	-	55,295	**55,295**	1,444	**56,739**
Exchange differences on translation of foreign operations	-	-	(9,475)	-	-	-	-	-	**(9,475)**	(1,875)	**(11,350)**
Fair value change in financial assets classified as FVOCI	-	-	-	-	14,933	-	-	-	**14,933**	-	**14,933**
Net amount transferred to income statement	-	-	-	-	1,758	-	-	-	**1,758**	-	**1,758**
Total comprehensive income for the period	-	-	(9,475)	-	16,691	-	-	55,295	**62,511**	(431)	**62,080**
Transfer between reserves	-	-	-	6,073	-	-	-	(6,073)	**-**	-	**-**
Transactions with owners											
Dividends paid	-	-	-	-	-	-	-	(22,230)	**(22,230)**	-	**(22,230)**
Balance at 30 June 2019	**17,100**	**98,715**	**8,703**	**27,594**	**85,790**	**-**	**90,783**	**195,065**	**523,750**	**18,708**	**542,458**

(ii) Bank

In millions of Nigerian naira

	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
At 31 December 2017 (IAS 39)	**17,100**	**98,715**	**44,373**	**74,549**	**68,446**	**97,677**	**400,860**
Fair value change in assets reclassified from HTM to FVOC	-	-	-	7,211	-		**7,211**
Increase in impairment provision due to adoption of IFRS '	-	-	-	-	-	(43,441)	**(43,441)**
Transfer between reserves	-	-	(43,441)	-	-	43,441	**-**
Balance at 1 January 2018 (IFRS 9)	**17,100**	**98,715**	**932**	**81,760**	**68,446**	**97,677**	**364,630**
Profit for the period	-	-	-	-	-	21,647	**21,647**
Fair value change in available-for-sale financial assets	-	-	-	2,442	-	-	**2,442**
Net amount transferred to income statement	-	-	-	(807)	-	-	**(807)**
Total comprehensive income for the period	-	-	-	1,635	-	21,647	**23,282**
Transfer between reserves	-	-	-	-	5,369	(5,369)	**-**
Transactions with owners							
Dividends paid	-	-	-	-	-	(22,230)	**(22,230)**
Balance at 30 June 2018	**17,100**	**98,715**	**932**	**83,395**	**73,815**	**91,725**	**365,682**
At 31 December 2018	**17,100**	**98,715**	**15,212**	**69,751**	**74,603**	**89,217**	**364,598**
At 1 January 2019	**17,100**	**98,715**	**15,212**	**69,751**	**74,603**	**89,217**	**364,598**
Profit for the period	-	-	-	-	-	36,466	**36,466**
Fair value change in financial assets classified as FVOCI	-	-	-	14,846	-	-	**14,846**
Net amount transferred to income statement	-	-	-	1,758	-	-	**1,758**
Total comprehensive income for the period	-	-	-	16,604	-	36,466	**53,070**
Transfer between reserves	-	-	14,300	-		(14,300)	**-**
Transactions with owners							
Dividends paid	-	-	-	-	-	(22,230)	**(22,230)**
Balance at 30 June 2019	**17,100**	**98,715**	**29,512**	**86,355**	**74,603**	**89,153**	**395,438**

Interim Consolidated and Separate Statements of Cash Flows

		Group		Bank	
For the period ended 30 June	***Notes***	**2019**	**2018**	**2019**	**2018**
In millions of Nigerian Naira					
Cash flows from operating activities					
Profit before income tax		**70,274**	**58,140**	**43,630**	**34,176**
Adjustments for:					
Depreciation of property and equipment	18	6,015	4,883	4,451	3,401
Amortisation of intangible assets	18	838	776	693	625
Allowance for credit loss/(write back) on loans to customers	12	(232)	6,989	89	1,187
Allowance for credit loss on loans to banks	12	1,764	76	1,764	49
Write-off of loans and advances	12	553	1,308	461	785
Impairment charge on other assets	12	370	201	91	-
Net fair value gain on derivatives	15	(5,979)	(12,611)	(5,979)	(12,927)
Foreign currency revaluation loss/(gain)	15	(1,111)	2,354	(10)	4,410
Dividend income	16	(3,105)	(2,956)	(7,731)	(4,628)
Loss on disposal of property and equipment	19	14	-	14	-
Write-off of property and equipment	30	13	12	13	12
Net amount transferred to the income statement		1,758	(807)	1,758	(807)
Origination and reversal of temporary differences		371	174	-	-
Net interest income		(110,123)	(111,076)	(73,325)	(66,968)
Share of (gain) of equity-accounted investee	28	(342)	(124)	-	-
		(38,922)	**(52,661)**	**(34,081)**	**(40,685)**
Changes in operating assets and liabilities					
Change in financial assets measure at FVTPL		(66,000)	(94,725)	(49,364)	(3,300)
Change in cash reserve balance		(18,509)	(39,920)	(15,051)	(58,133)
Change in loans and advances to banks		(67,224)	10,453	(45,326)	10,031
Change in loans and advances to customers		27,458	98,729	20,687	(26,061)
Change in money market placements		81,552	(5,219)	31,193	7,434
Change in other assets		(26,836)	3,737	(16,190)	45,363
Change in deposits from banks		(3,645)	167,856	(4,894)	121,233
Change in deposits from customers		201,259	(60,609)	133,258	(5,107)
Change in other liabilities and provisions		30,121	6,335	17,958	9,953
Interest received		204,885	187,294	155,027	128,137
Interest paid on deposits from banks and customers		(73,712)	(74,500)	(60,984)	(59,683)
Income tax paid	20(c)	(14,680)	(21,822)	(1,577)	(9,389)
Net cash generated from/(used in) operating activities		**235,747**	**124,948**	**130,656**	**119,793**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities		39,166	30,748	8,512	7,211
Purchase of investment securities		(95,954)	(95,559)	(67,848)	(142,362)
Purchase of property and equipment	30	(9,553)	(8,106)	(7,208)	(5,420)
Purchase of intangible assets	31	(1,023)	(912)	(850)	(663)
Liquidation of / (additional investment) in associates/subsidiaries		(179)	(945)	502	(945)
Proceeds from disposal of property and equipment intangibles		461	441	108	119
Dividend received		3,105	2,956	7,731	4,628
Net cash used in investing activities		**(63,977)**	**(71,378)**	**(59,053)**	**(137,432)**
Cash flows from financing activities					
Proceeds from borrowings	37	49,451	24,335	49,783	48,274
Repayment of borrowings	37	(36,851)	(18,258)	(10,453)	(18,258)
Interest paid on borrowings and subordinated liabilities		(27,428)	-	(27,428)	-
Dividend paid to owners of the parent		(22,230)	(22,230)	(22,230)	(22,230)
Net cash (used in)/generated from financing activities		**(37,058)**	**(16,153)**	**(10,328)**	**7,786**
Net decrease in cash and cash equivalents		134,712	37,417	61,275	(9,853)
Effects of exchange rate changes on cash and cash equivalents		(22,244)	(12,905)	7,212	5,535
Cash and cash equivalents at beginning of period	22	662,245	428,428	450,063	273,125
Cash and cash equivalents at end of period	22	**774,713**	**452,940**	**518,550**	**268,807**

The accompanying notes to the financial statements are an integral part of these consolidated and separate 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 period ended 30 June 2019 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 period ended 30 June 2019 were authorised for issue by the Board of Directors on August 22 2019.

2 Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB).
The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.
The same accounting policies and methods of computation were followed in preparation of these interim financial statements as compared with the most recent annual financial statements. Details of changes in accounting policies, where applicable during the period are disclosed in note 3.27.

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 measured at fair value through profit or loss.
- Financial instruments measured at fair value through other comprehensive income.

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 (N) 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. There were no material changes in management's estimates during the period.

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.

3.4 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.

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

Unrealized exchange differences on non-monetary financial assets are a component of the change in their entire fair value. For non-monetary financial assets measured at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial assets measured at fair value through other comprehensive income, unrealized 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.

3.7 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

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 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.

3.12 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.

3.13 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.

3.14 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 as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* .

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

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.

(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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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 expected credit loss provision and the unamortised premium. Financial guarantees are included within other liabilities.

3.21 Employee benefits

Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

Short term employee benefits

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

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

3.22 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.

3.23 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.

3.24 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.

3.25 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.

3.26 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.

3.27 Revenue from contracts with customers

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).

Revenue under IFRS 15 is recognised as goods and services are transferred, to the extent that the transferor 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.

3.28 Financial instruments

a. Classification and measurement of financial assets

Financial assets, which include both debt and equity securities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost. Subsequent classification and measurement for debt securities is based on our business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.

The Group has irrevocably elected to measure equity instruments at FVOCI as no equity instrument is held for trading purposes.

b. Business model assessment

The Group determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Group's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

• How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;

• The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and

• Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns:

• Hold-to-Collect (HTC): The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.

• Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.

• Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

c. SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of solely payments of principal and interest. SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

d. Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification. Prior to our adoption of IFRS 9, Investment securities were comprised of available-for-sale securities and held-to-maturity securities.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with our policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in Allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a net gain/(loss) on Investment securities in Net trading and foreign exchange income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net gain/(loss) on Investment securities in net trading and foreign exchange income.

Equity securities carried at FVOCI are measured at fair value. Unrealized gains and losses arising from changes in fair value are recorded in fair value reserve and not subsequently reclassified to profit or loss when realized. Dividends from FVOCI equity securities are recognized in other operating income.

The Group accounts for all securities using settlement date accounting and changes in fair value between the trade date and settlement date are reflected in income for securities measured at FVTPL, and changes in the fair value of securities measured at FVOCI between the trade and settlement dates are recorded in OCI except for changes in foreign exchange rates on debt securities, which are recorded in net trading and foreign exchange income.

e. Fair value option

A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued.

Financial assets designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in net trading and foreign exchange income, depending on our business purpose for holding the financial asset.

Financial liabilities designated as FVTPL are recorded at fair value and fair value changes attributable to changes in our own credit risk are recorded in OCI. Own credit risk amounts recognized in OCI are not reclassified subsequently to net income. The remaining fair value changes not attributable to changes in our own credit risk are recorded in Other operating income, depending on our business purpose for holding the financial liability. Upon initial recognition, if we determine that presenting the effects of own credit risk changes in OCI would create or enlarge an accounting mismatch in net income, the full fair value change in our debt designated as at FVTPL is recognized in net income. To make that determination, we assess whether we expect that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. Such an expectation is based on an economic relationship between the characteristics of the liability and the characteristics of the other financial instrument. The determination is made at initial recognition and is not reassessed. To determine the fair value adjustments on our debt instruments designated as at FVTPL, we calculate the present value of the instruments based on the contractual cash flows over the term of the arrangement by using our effective funding rate at the beginning and end of the period.

Financial assets are reclassified when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

f. Loans

Loans are debt instruments recognized initially at fair value and are subsequently measured in accordance with the classification of financial assets policy provided above. Loans are carried at amortised cost using the effective interest method, which represents the gross carrying amount less allowance for credit losses.

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts. Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as Interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortised into Other operating income over the commitment or standby period.

Impairment losses on loans are recognized at each balance sheet date in accordance with the three-stage impairment model outlined below.

g. Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities designated as FVOCI, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities and accrued interest receivable. These are carried at amortised cost and presented net of ACL on the Consolidated Statement of Financial Position. ACL on loans is presented in Allowance for credit losses - loans and advances. ACL on debt securities measured at FVOCI is presented in Fair value reserve in equity.

Off-balance sheet items subject to impairment assessment include financial guarantees and undrawn loan commitments. For all other off-balance sheet products subject to impairment assessment, ACL is separately calculated and included in Other Liabilities – Provisions.

We measure the ACL at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition:

1) Performing financial assets:

• Stage 1 – From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.

• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

2) Impaired financial assets

• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. The Stage 3 expected credit loss impairment model is based on changes in credit quality since initial recognition. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. For financial guarantees, credit loss estimates are based on the expected payments required under the guarantee contract.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in Provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ACL.

The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect our results of operations.

h. Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily 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. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward looking information.

Expected credit losses are discounted to the reporting period date using the effective interest rate.

i. Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.

An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) we have the contractual ability to demand repayment and cancel the undrawn commitment; and (c) our exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which our exposure to credit losses is not mitigated by our normal credit risk management actions. This period varies by product and risk category and is estimated based on our historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle. Products in scope of this exemption include credit cards, overdraft balances and certain revolving lines of credit. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

j. Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is based on the use 'backstop' indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exception:

1. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 90 days.

2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently as at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days. Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired. This is in line with Central Bank of Nigeria (CBN) IFRS 9 guidelines.

For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfill their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

k. Use of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in our expected credit loss models include GDP growth rate, interbank FX rates, inflation rate, crude oil prices and population growth rate.

Our estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

k. Use of forward-looking information(continued)

Scenarios are designed to capture a wide range of possible outcomes and weighted according to our best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities.

Our assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

l. Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place.

• The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held).

• The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.

• Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified)

The elements to be taken as indications of unlikeliness to pay include:

- The bank sells the credit obligation at a material credit-related economic loss.
- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the banking group.

The following are considered as exceptions:

a. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 150 days;

b. In the case of specialized loans, default is defined as where the obligor is past due more than 180 days on any material credit obligation to the bank (principal or interest). This is consistent with CBN guidelines on IFRS 9. In addition, it is consistent with the Bank's historical default pattern on this category of loans. The specialized loans to which this is applicable are Project Financing, Object Financing, Income Producing Real Estate, Commercial Real Estate and Mortgage Loans;

c. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.

d. Exposure is still in default due to a new debit when the initial debit has been cleared. Usually occurs when the debit that initiated the initial days past due has been paid but the days past due continues to reflect a debit.

m. Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults.

A loan is considered for transfer from stage 2 to stage 1 where there is significant improvement in credit risk and from stage 3 to stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following:

i) Declassification of the exposure by all the licensed private credit bureaux or the credit risk management system;

ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);

iii) Evidence of full repayment of principal or interest.

Generally, the above are to represent an improvement in credit risk to warrant consideration for a backward transition of loans. Where there is evidence of significant reduction in credit risk, the following probationary periods should apply before a loan may be moved to a lower stage (indicating lower risk):

Transfer from Stage 2 to 1:- 90 days

Transfer from Stage 3 to 2:- 90 days

Transfer from Stage 3 to Stage 1:- 180 days

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.
When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related ACL.
Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

n. Write-off of loans

Loans and the related ACL are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.

o. Modifications

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Bank assesses whether there has been a significant increase in the credit risk of the financial by comparing:
(1) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
(2) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).
A modification will however lead to derecognition of existing loan and recognition of a new loan i.e. substantial modification if:
• the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.
The following will be applicable to modified financial assets:
• The modification of a distressed asset is treated as an originated credit-impaired asset requiring recognition of life-time ECL after modification.
• The cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchase or originated credit-impaired financial asset at the reporting date.
• The general impairment model does not apply to purchased or originated credit-impaired assets.

The following situations (qualitative) may however not lead to a derecognition of the loan:
• Change in interest rate arising from a change in MPR which is the benchmark rate that drives borrowing rates in Nigeria;
• Change in financial asset's tenor (increase or decrease);
• Change in installment amount to higher or lower amount;
• Change in the annuity repayment pattern, for example, from monthly to quarterly, half-yearly or yearly
• Change in the applicable financial asset fee
Modification gain or loss is included as part of allowance for credit loss for each financial year.

p. Classification and measurement of financial liabilities

The Group recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts.

Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at FVTPL.

The Group classifies its financial liabilities as measured at amortised cost, except for:
i. Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses from financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the Group's own credit risk, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the Group's credit risk are also presented in profit or loss;
ii. Financial guarantee contracts and commitments.
Borrowings and subordinated liabilities are included as part of financial liabilities measured at amortised cost.

Changes in accounting policies

3.29 Except for the following new standards, the Group has consistently applied the accounting policies as set out in Notes 3.1 - 3.28 to all periods presented in these consolidated and separate financial statements.The Group has adopted this new standard with initial date of application of January 1, 2019.

a) IFRS 16 Leases

The Group has adopted the use of IFRS 16 as a new standard with effective date of application January 1, 2019.

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. 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 are expected to apply a single model for all recognised leases, but will also 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.

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The Group has consequently reclassified the existing operating leases as of January 1,2019 to Right-of-Use Assets without consideration of corresponding lease liabilities; because those leases had been prepaid. However, in discounting operating leases with renewal options in the Group's books, the transition date to the next renewal dates were identified as lease terms in determining the lease liability. Meanwhile, associated amortisation of the ROU assets would commence for those period for which the Group has the right to use an underlying asset.

Impact of adoption of this standard is as shown on note 3.30.

3.30 Impact of adoption of IFRS 16

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the group recognised right-of-use assets in relation to leases which had previously been classified as operating leases' under the principles of IAS 17 Leases. On transition date January 1,2019, no lease liabilities were recognised with respect to existing operating leases as they had been prepaid.
However, for leases for which the group was reasonable certain to exercise renewal or extension options, those lease liabilities were measured as the present value of the payments made at next respective renewal dates, discounted using the corresponding FGN Bond/Bill yields of similar maturity (risk premium inclusive) with their respective lease terms as of 1 January 2019. The weighted average discount rates applied to the lease liabilities on 1 January 2019 was 16.17%.

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified approach in the standard.

Group

For the period ended 30 June,2019

In millions of Nigerian Naira

	IFRS 16	
Total Operating Leases:	**Existing Leases**	**Leases with extention options**
Operating lease commitments disclosed as at 31 December 2018	**3,098**	**-**
Reclassification from operating lease as at 1 January 2019	3,098	-
Book value of leases probable of renewal/extention [1]	-	1,808
Additions/Renewal during the period	4,401	-
Matured leases during the period	(64)	-
Amortisation during the period	(1,075)	-
Right-of-use assets as at June 30,2019	**6,360**	**1,808**
Total Right of Use assets	**8,168**	
Operating Leases highly probable of renewal:		
Discounted using FG Bond yields of similar maturity at the date of initial application		
Total current lease liabilities as at 30 June 2019	**1,808**	

Bank

For the period ended 30 June,2019
In millions of Nigerian Naira

	IFRS 16	
Total Operating Leases:	**Existing Leases**	**Leases with Renewal options**
Operating lease commitments disclosed as at 31 December 2018	**2,868**	**-**
Reclassification from operating lease as at 1 January 2019	2,868	-
Book value of leases probable of renewal/extention [1]	-	1,689
Additions/Renewal during the period	3,048	-
Matured leases during the period	(44)	-
Amortisation during the period	(741)	-
Right-of-use assets as at June 30,2019	**5,131**	**1,689**
Total Right of Use assets	**6,820**	
Operating Leases highly probable of renewal:		
Discounted using FGN Bond yields of similar maturity at the date of initial application		
Total Current lease liabilities as at 30 June 2019	**1,689**	

The change in accounting policy affected the following items in the balance sheet of the bank on 30 June 2019:
-Right-of -use assets rose by ₦3.95bn
-Prepaid rent decreased by ₦2.9bn
-Lease liability increased by ₦1.7bn

[1]The associated right-of-use assets for operating leases were measured on a retrospective basis as if the new rules had always been applied.They were measured at the amount equal to the lease liability discounted to present value; relating to that lease recognised in the balance sheet as at 31 December 2018.There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Other assumptions used for assessing Renewable Leases

(i)The Group measured its right-of-use asset on lease by lease basis, as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized .

(ii)Existing leases for which had been prepaid were not discounted but reclassed from other assets to right of use assets.

(iii)The Group also considered the impact of inflation growth on possible and payable lease contract sum at renewal date in discounting.

(iv) Right of use assets amortisation is computed over the relevant lease terms.

(v)Implicit borrowing rate (IBR) used for discounting was determined using the corresponding FGN Bond/Bill yields of similar maturity (risk premium inclusive) with their respective lease terms(16.45% +1%).

(vi)For the purpose of discounting, the lease liability only exists on leases for which the Group was reasonably certain to be renewed and only those of which with maturity of not more than 12 months.

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 follow:

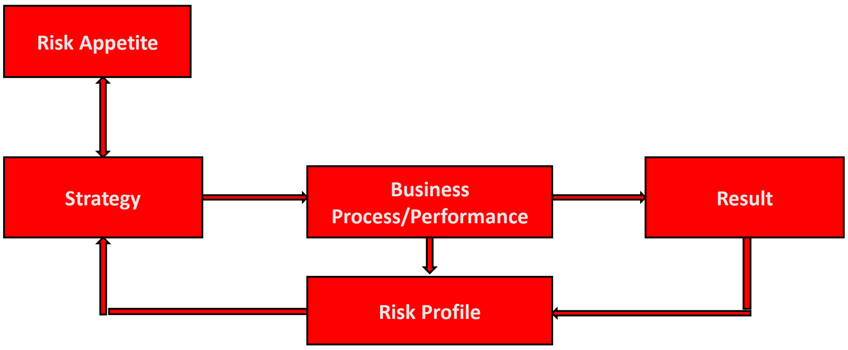
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords as adopted by the Central Bank of Nigeria (CBN);
2. ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and
3. enhance corporate governance by involving the Board and Senior Management in setting the tone for the risk management agenda.

The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting.

(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.



(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 management process of the Group. As part of the risk culture, we aim to ensure the following:

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

4 Financial Risk Management

4.1 Introduction and risk profile (continued)

(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.

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.

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
    - Credit portfolio quality
    - Review credit requests and recommend those above its limit to BCC for approval
    - Ensure the Group's Non Performing Loans portfolio is within the acceptable ratio
    - Review all major credit audit issues with a view to adopting learning points for enhancement to the credit process

(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.

4 Financial Risk Management

4.1 Introduction and risk profile (continued)

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
- Manage the Group's balance sheet and ensure compliance with regulatory and statutory ratios and requirements
- Develop an optimal structure of the Group's balance sheet to optimize risk-reward through a review of:
    - Liquidity Gap Analysis
    - Maximum Cumulative Outflow (MCO)
    - Stress Test
    - Wholesale Borrowing Guidelines
    - Contingency Liquidity Plan
- Review Liquidity, Interest Rate and Currency Risks and approve risk mitigation proposals subject to ratification by EMC
- Set pricing strategies for the Group on assets and liabilities (pool rate, asset and/or liability composition) subject to ratification by EMC

(iv) Criticized Assets Committee

The Criticized Assets Committee is a management committee which reviews Past Due Obligations (PDOs) and

- Develops the framework to reduce the Group's portfolio of 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
- 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:

(a) To 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.

(b) To review, assess and make recommendations on the integrity and adequacy of the overall risk management function of the Group.

(c) To review, assess and make recommendations to the Executive Management Committee regarding policies relating to risk management.

(d) To review risk limits and periodic risk and compliance reports and make recommendations to the Executive Management Committee.

(e) Recommend risk approval limits to Executive Management Committee.

(f) To review and recommend on an annual basis the update of the risk management policies, frameworks and procedures of the Group.

(g) Advise Executive Management Committee on any emerging risks that the Group is or could be exposed to and recommend mitigation actions.

(h) Monitor overall risk management framework to ensure that the framework is uniformly applied in all the entities in the Group.

(i) Review IT Risk Management and make recommendations in accordance with the risk appetite of the Group.

(j) Monitor the Basel II Accord Capital Framework implementation and compliance program in the Group.

(k) Periodic review of the Risk Assets Portfolio and Limits in line with internal and regulatory benchmarks.

(l) 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
- Provide assurance that risk management policies and strategies are operating effectively to achieve the Group's business objectives.

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

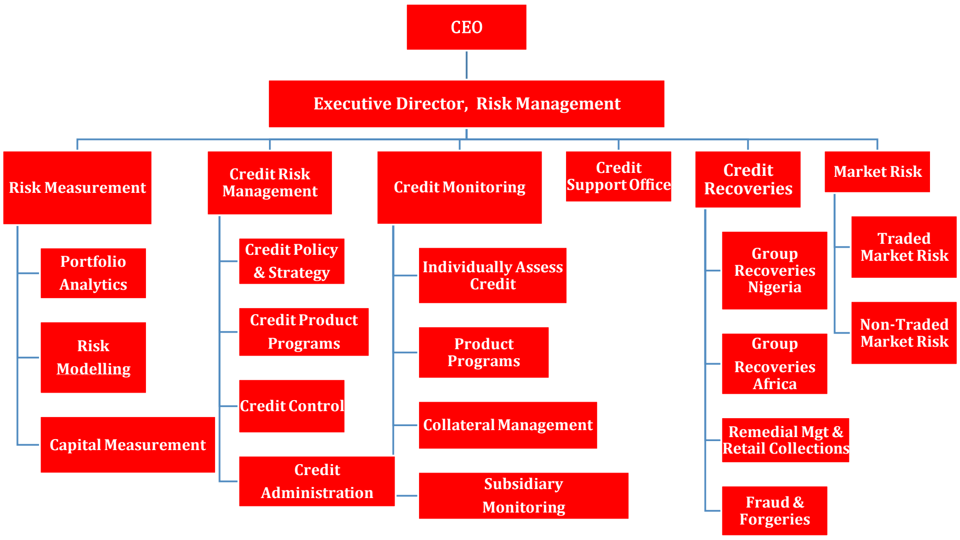
- To identify, assess, control, report and manage the Group's material risks and optimize risk/return decisions
- To ensure business growth plans are properly supported by effective risk infrastructure
- To manage the risk profile to ensure that specific financial deliverables remain possible under a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

4 Financial Risk Management

4.1 Introduction and risk profile (continued)

(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.



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

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

(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.

4 Financial Risk Management

4.1 Introduction and risk profile (continued)

(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 minimize 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:

a. Credit concentration

b. Credit portfolio performance

c. 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:

· It manages its portfolio by ensuring adequate diversification across industries, segments and jurisdictions to maintain high portfolio quality and liquidity

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

(v) Credit Risk Measurement

In measuring credit risk of loans and advances to various counterparties, the Group considers the credit worthiness and financial 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 and debt securities. 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.

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

- Probability of Default (PD)
- Loss Given Default(LGD)
- Exposure at Default

Probability of Default

This is the probability that an obligor or counterparty will default over a given period, usually one year. To measure expected credit loss, we develop a 12-month PD or equivalent (used in Stage 1 provisioning) and a lifetime PD or equivalent (used for Stages 2 and 3 provisioning). The PDs are used to reflect the current expectation of default.

4 Financial Risk Management

4.2 Credit risk (continued)

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 factorsm which are adjusted for forward looking information to measure lifetime expected credit losses.

Exposure at default

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

(vi) Remedial Management Process

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

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

- Rate/Payment modification or longer-term payment relief - adjusting interest rates or payment frequency;
- Ageing/Extension: Modifying the length of the loan;
- Cash Out: Refinancing a loan at a higher principal amount in order to get additional funds for other uses;
- 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.

(vii) Work out and recovery

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

Level 1 is an oversight and supervisory function performed by the Divisional Head through the Regional Heads;
Level 2 is a supervisory and management function performed by the Regional Heads through the Zonal Heads; and
Level 3 is an operational function performed by the Zonal Head in conjunction with the Recovery/Remedial officers from the regional bank offices.

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

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:

	Maximum exposure Group		Maximum exposure Bank	
In millions of Nigerian Naira	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Cash and bank balances				
Current balances with banks	349,840	344,123	250,820	309,921
Unrestricted balances with Central Banks	324,125	202,714	184,189	27,642
Money market placements	85,810	8,467	144,456	51,089
Restricted balances with central banks	570,081	563,683	566,619	551,568
Financial assets at fair value through profit or loss				
Treasury bills	18,675	18,743	18,600	18,743
Bonds	16,981	696	420	696
Promissory Notes	53,763	-	53,763	-
Derivative assets	41,948	34,784	41,948	34,784
Loans and advances to banks:				
Term Loan	81,257	15,797	59,078	15,516
Loans and advances to individuals				
Overdraft	23,486	15,668	12,408	7,525
Term loan	70,427	81,905	12,371	15,508
Loans and advances to corporate entities and others				
Overdraft	433,085	332,505	256,982	179,246
Term Loan	1,157,649	1,280,890	907,944	1,007,204
Others	2,859	4,317	2,859	4,318
Investment securities at fair value through other comprehensive income:				
Treasury bills	678,144	790,292	639,898	705,152
Bonds	141,250	143,608	107,331	118,498
Investment securities at amortised cost:				
Treasury bills	387,110	321,131	-	-
Bonds	229,759	279,658	83,623	84,509
Other assets	48,382	43,583	37,584	38,949
Total	**4,714,631**	**4,482,564**	**3,380,893**	**3,170,868**
Loans exposure to total exposure	38%	39%	37%	39%
Debt securities exposure to total exposure	32%	35%	27%	29%
Other assets exposure to total exposure	30%	27%	36%	32%

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

	Group		Bank	
In millions of Nigerian Naira	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Performance bonds and guarantees	411,298	428,043	314,885	307,680
Letters of credits	366,097	217,764	56,285	71,796
	777,395	**645,807**	**371,170**	**379,476**
Bonds and guarantee exposure to total exposure	53%	66%	85%	81%
Letters of credit exposure to total exposure	47%	34%	15%	19%

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
In millions of Nigerian naira	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Loan commitment to corporate entities and others				
Term Loan	124,782	159,543	124,782	159,543
	124,782	**159,543**	**124,782**	**159,543**

There are no loan commitments to individuals.

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

4.2 Credit risk (continued)

(b) Credit risk Exposure(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:

30 June 2019

In millions of Nigerian Naira	**Group**				**Bank**			
	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	-	243,602	106,238	349,840	-	521	250,299	250,820
- Unrestricted balances with Central Banks	184,189	139,936	-	324,125	184,189	-	-	184,189
- Money market placements			85,810	85,810	134,900	9,556	-	144,456
- Restricted balances with central banks	566,619	3,462	-	570,081	566,619	-	-	566,619
Financial assets at FVTPL:								
- Treasury bills	18,600	75	-	18,675	18,600	-	-	18,600
- Government bonds	420	16,561	-	16,981	420	-	-	420
- Promissory Notes	53,763	-	-	53,763	53,763	-	-	53,763
Derivative assets	41,796	-	152	41,948	41,796	-	152	41,948
Loans and advances to banks								
- Corporates	9,286	-	71,971	81,257	9,286	-	49,792	59,078
Loans and advances to customers:								
Individuals:								
- Overdrafts	12,408	11,078	-	23,486	12,408	-	-	12,408
- Term loans	12,371	58,056	-	70,427	12,371	-	-	12,371
Corporates:								
- Overdrafts	252,283	180,802	-	433,085	252,283	4,700	-	256,982
- Term loans	856,715	300,934	-	1,157,649	856,715	51,229	-	907,944
- Others	2,859	-	-	2,859	2,859	-	-	2,859
Investment securities:								
At amortised cost								
- Treasury bills	-	387,110	-	387,110	-	-	-	-
- Bonds	71,615	137,796	20,348	229,759	71,615	-	12,008	83,623
At FVOCI								
- Treasury bills	639,898	38,246	-	678,144	639,898	-	-	639,898
- Bonds	107,331	33,919	-	141,250	107,331	-	-	107,331
Other assets	22,524	22,934	2,924	48,382	22,524	15,060	-	37,584
Total financial assets	**2,852,677**	**1,574,511**	**287,443**	**4,714,631**	**2,987,577**	**81,066**	**312,251**	**3,380,893**
Commitments and guarantees								
- Performance bonds and guarantees	314,885	96,413	-	411,298	314,885	-	-	314,885
- Letters of credits	56,285	309,812	-	366,097	56,285	-	-	56,285
- Loan commitments	124,782	-	-	124,782	124,782	-	-	124,782
Total commitments and guarantees	**495,952**	**406,225**	**0**	**902,177**	**495,952**	**-**	**0**	**495,952**

United Bank for Africa Plc

Notes to the financial statements

31 December 2018

In millions of Nigerian Naira

	Group				Bank			
	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	-	34,282	309,841	344,123	-	80	309,841	309,921
- Unrestricted balances with Central Banks	27,642	175,072	-	202,714	27,642	-	-	27,642
- Money market placements	-	-	8,467	8,467	-	13,013	38,076	51,089
- Restricted balances with central banks	551,568	12,115	-	563,683	551,568	-	-	551,568
Financial assets held for trading:								
- Treasury bills	18,743	-	-	18,743	18,743	-	-	18,743
- Government bonds	696	-	-	696	696	-	-	696
Derivative assets	34,742	-	42	34,784	34,742	-	42	34,784
Loans and advances to banks								
- Corporates	8,366	7,150	281	15,797	8,366	7,150	-	15,516
Loans and advances to customers:								
Individuals:								
- Overdrafts	7,525	8,143	-	15,668	7,525	-	-	7,525
- Term loans	15,508	66,397	-	81,905	15,508	-	-	15,508
Corporates:								
- Overdrafts	178,955	153,550	-	332,505	178,955	291	-	179,246
- Term loans	968,834	312,056	-	1,280,890	968,834	38,370	-	1,007,204
- Others	4,317	-	-	4,317	4,318	-	-	4,318
Investment securities:								
Held to maturity								
- Treasury bills	-	321,131	-	321,131	-	-	-	-
- Bonds	75,345	189,517	14,796	279,658	75,345	-	9,164	84,509
Available for sale								
- Treasury bills	705,152	85,140	-	790,292	705,152	-	-	705,152
- Bonds	118,498	25,110	-	143,608	118,498	-	-	118,498
Other assets	24,304	18,604	675	43,583	24,304	14,645	-	38,949
Total financial assets	**2,740,195**	**1,408,267**	**334,102**	**4,482,564**	**2,740,196**	**73,549**	**357,123**	**3,170,868**
Commitments and guarantees								
- Performance bonds and guarantees	307,680	120,363	-	428,043	307,680	-	-	307,680
- Letters of credits	71,796	120,427	25,541	217,764	71,796	-	-	71,796
- Loan commitments	159,543	-	-	159,543	159,543	-	-	159,543
Total commitments and guarantees	**539,019**	**240,790**	**25,541**	**805,350**	**539,019**	**-**	**0**	**539,019**

4.2 Credit risk (continued)

(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	Agriculture	Constructio n and Real Estate	Education	Finance and Insurance	General	General Commerce	Governmen ts	Informatio n and Communi cation	Manufact uring	Oil and Gas	Power and Energy	Transportati on and Storage	Total
30 June 2019													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	349,840	-	-	-	-	-	-	-	-	349,840
- Unrestricted balances with Central Banks	-	-	-	324,125	-	-	-	-	-	-	-	-	324,125
- Money market placements	-	-	-	85,810	-	-	-	-	-	-	-	-	85,810
- Restricted balances with central banks	-	-	-	570,081	-	-	-	-	-	-	-	-	570,081
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	18,675	-	-	-	-	-	18,675
- Government bonds	-	-	-	-	-	-	16,981	-	-	-	-	-	16,981
- Promissory Notes	-	-	-	-	-	-	53,763	-	-	-	-	-	53,763
Derivative assets	-	-	-	41,948	-	-	-	-	-	-	-	-	41,948
Loans and advances to banks	-	-	-	81,257	-	-	-	-	-	-	-	-	81,257
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	23,486	-	-	-	-	-	-	-	23,486
- Term loans	-	-	-	-	70,427	-	-	-	-	-	-	-	70,427
Corporates													
- Overdrafts	46,782	9,675	2,694	7,557	13,018	57,239	56,999	4,919	90,730	105,529	36,121	1,820	433,085
- Term loans	9,119	34,219	12,947	103,288	42,799	132,373	141,870	90,444	208,649	254,036	127,627	279	1,157,649
- Others	-	-	-	-	-	-	-	-	2,859	-	-	-	2,859
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	387,110	-	-	-	-	-	387,110
- Bonds	-	-	-	1,103	12,597	-	216,059	-	-	-	-	-	229,759
At FVOCI				-									
- Treasury bills	-	-	-	-	-	-	678,144	-	-	-	-	-	678,144
- Bonds	-	-	-	-	-	-	141,250	-	-	-	-	-	141,250
Other assets	-	-	-	3,721	44,661	-	-	-	-	-	-	-	48,382
Total financial assets	**55,901**	**43,894**	**15,641**	**1,568,730**	**206,988**	**189,611**	**1,710,852**	**95,363**	**302,238**	**359,565**	**163,749**	**2,100**	**4,714,631**
Commitments and guarantees													
- Performance bonds and guarantees	1,466	197,358	14	20,198	5,945	83,018	819	1,227	12,566	52,954	35,323	410	411,298
- Letters of credits	4,662	242,660	-	123	-	24,305	-	3,609	69,689	19,072	1,542	435	366,097
- Loan Commitments	-	-	-	-	-	-	-	-	-	124,782	-	-	124,782
Total commitments and guarantees	**6,128**	**440,018**	**14**	**20,321**	**5,945**	**107,323**	**819**	**4,836**	**82,255**	**196,808**	**36,865**	**845**	**902,177**

Credit concentration - Industry (continued)

Bank	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
30 June 2019													
Financial assets													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	250,820	-	-	-	-	-	-	-	-	250,820
- Unrestricted balances with Central Banks	-	-	-	184,189	-	-	-	-	-	-	-	-	184,189
- Money market placements	-	-	-	144,456	-	-	-	-	-	-	-	-	144,456
- Restricted balances with central banks	-	-	-	566,619	-	-	-	-	-	-	-	-	566,619
Financial assets at FVTPL:	-	-	-	-	-	-		-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	18,600	-	-	-	-	-	18,600
- Government bonds	-	-	-	-	-	-	420	-	-	-	-	-	420
- Promissory Notes	-	-	-	-	-	-	53,763	-	-	-	-	-	53,763
Derivative assets	-	-	-	41,948	-	-	-	-	-	-	-	-	41,948
Loans and advances to banks	-	-	-	59,078	-	-	-	-	-	-	-	-	59,078
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	12,408	-	-	-	-	-	-	-	12,408
- Term loans	-	-	-	-	12,371	-	-	-	-	-	-	-	12,371
Corporates													
- Overdrafts	29,361	8,245	2,373	5,540	13,018	22,040	41,000	855	65,624	35,722	32,795	408	256,982
- Term loans	9,119	33,055	12,468	86,784	42,799	97,212	69,831	71,643	153,722	205,316	125,521	476	907,944
- Others	-	-	-	-	-	2,519	-	-	340	-	-	-	2,859
Investment securities:													
At amortised cost													
- Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	1,103	-	-	82,520	-	-	-	-	-	83,623
At FVOCI													
- Treasury bills	-	-	-	-	-	-	639,898	-	-	-	-	-	639,898
- Bonds	-	-	-	-	-	-	107,331	-	-	-	-	-	107,331
Other assets	-	-	-	27,489	10,095	-	-		-	-	-	-	37,584
Total financial assets	**38,480**	**41,299**	**14,841**	**1,368,026**	**90,691**	**121,771**	**1,013,363**	**72,498**	**219,686**	**241,038**	**158,316**	**884**	**3,380,893**
Commitments and guarantees													
- Performance bonds and guarantees	1,400	200,294	-	37,577	-	24,679	14,944	767	4,756	7,477	21,887	1,105	314,885
- Letters of credits	4,642	5,881	-	123	-	8,278	-	3,609	24,468	8,381	468	435	56,285
- Loan Commitments	-	-	-	-	-	-	-	-	-	124,782	-	-	124,782
Total commitments and guarantees	**6,042**	**206,175**	**-**	**37,700**	**-**	**32,957**	**14,944**	**4,376**	**29,224**	**140,639**	**22,355**	**1,540**	**495,952**

Credit concentration - Industry (continued)

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
31 December 2018													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	344,123	-	-	-	-	-	-	-	-	344,123
- Unrestricted balances with Central Banks	-	-	-	202,714	-	-	-	-	-	-	-	-	202,714
- Money market placements	-	-	-	8,467	-	-	-	-	-	-	-	-	8,467
- Restricted balances with central banks	-	-	-	563,683	-	-	-	-	-	-	-	-	563,683
Financial assets held for trading:													
- Treasury bills	-	-	-	-	-	-	18,743	-	-	-	-	-	18,743
- Government bonds	-	-	-	-	-	-	696	-	-	-	-	-	696
Derivative assets	-	-	-	34,784	-	-	-	-	-	-	-	-	34,784
Loans and advances to banks	-	-	-	15,797	-	-	-	-	-	-	-	-	15,797
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	15,668	-	-	-	-	-	-	-	15,668
- Term loans	-	-	-	-	81,905	-	-	-	-	-	-	-	81,905
Corporates													
- Overdrafts	46,756	10,199	2,630	4,985	8,197	60,672	48,830	5,030	76,824	61,866	5,099	1,417	332,505
- Term loans	36,872	40,680	14,292	103,179	31,402	162,620	108,387	68,465	209,297	321,132	182,938	1,625	1,280,889
- Others	96	-	-	-	-	2,380	-	-	1,842	-	-	-	4,318
Investment securities:													
Held to maturity													
- Treasury bills	-	-	-	-	-	-	321,131	-	-	-	-	-	321,131
- Bonds	-	-	-	-	9,164	-	270,269	-	159	-	-	-	279,592
Available for sale				-	-	-	-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	790,292	-	-	-	-	-	790,292
- Bonds	-	-	-	-	-	-	143,608	-	-	-	-	-	143,608
Other assets	-	-	-	20,001	23,582	-	-	-	-	-	-	-	43,583
Total financial assets	**83,724**	**50,879**	**16,922**	**1,297,733**	**179,082**	**225,672**	**1,972,291**	**73,495**	**288,281**	**382,998**	**188,037**	**3,042**	**4,762,156**
Commitments and guarantees													
- Performance bonds and guarantees	876	245,868		19,104	442	75,850	-	1,153	27,227	27,642	29,790	91	428,043
- Letters of credits	1,339	19,123	-	-	44,883	983	-	9,682	114,591	26,050	922	191	217,764
- Loan commitments	-	-	-	-	-	-	-	67,626	2,366	89,551	-	-	159,543
Total commitments and guarantees	**2,215**	**264,991**	**-**	**19,104**	**45,325**	**76,833**	**-**	**78,461**	**144,184**	**143,243**	**30,712**	**282**	**805,350**

United Bank for Africa Plc

Notes to the financial statements

Credit concentration - Industry (continued)

Bank	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
31 December 2018													
Financial assets													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	309,921	-	-	-	-	-	-	-	-	309,921
- Unrestricted balances with Central Banks	-	-	-	27,642	-	-	-	-	-	-	-	-	27,642
- Money market placements	-	-	-	51,089	-	-	-	-	-	-	-	-	51,089
- Restricted balances with central banks	-	-	-	551,568	-	-	-	-	-	-	-	-	551,568
Financial assets held for trading:	-	-	-	-	-	-		-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	18,743	-	-	-	-	-	18,743
- Government bonds	-	-	-	-	-	-	696	-	-	-	-	-	696
Derivative assets	-	-	-	34,784	-	-	-	-	-	-	-	-	34,784
Loans and advances to banks	-	-	-	15,516	-	-	-	-	-	-	-	-	15,516
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	7,525	-	-	-	-	-	-	-	7,525
- Term loans	-	-	-	-	15,508	-	-	-	-	-	-	-	15,508
Corporates													
- Overdrafts	31,383	8,716	1,919	795	8,077	35,681	34,683	267	35,752	19,771	2,046	156	179,246
- Term loans	17,468	39,529	13,629	87,969	30,168	139,116	60,161	56,368	177,908	231,736	152,913	239	1,007,204
- Others	96	-	-	-	-	2,380	-	-	1,842	-	-	-	4,318
Investment securities:													
Held to maturity													
- Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	-	9,164	-	75,186	-	159		-	-	84,509
Available for sale													
- Treasury bills	-	-	-	-	-	-	705,152	-	-	-	-	-	705,152
- Bonds	-	-	-	-	-	-	118,498	-	-	-	-	-	118,498
Restricted balances with central													-
Other assets	-	-	-	31,513	7,436	-	-		-	-	-	-	38,949
Total financial assets	**48,947**	**48,245**	**15,548**	**1,110,797**	**87,042**	**177,177**	**1,013,119**	**56,635**	**215,820**	**251,507**	**154,959**	**395**	**3,170,868**
Commitments and guarantees													
- Performance bonds and guarantees	683	184,397	-	19,041	440	43,439	-	814	13,151	26,164	19,478	73	307,680
- Letters of credits	360	4,016	-	-	32,950	96	-	9,682	552	23,883	101	156	71,796
- Loan commitments	-	-	-	-	-	-	-	67,625	2,367	89,551	-	-	159,543
Total commitments and guarantees	**1,043**	**188,413**	**-**	**19,041**	**33,390**	**43,535**	**-**	**78,121**	**16,070**	**139,598**	**19,579**	**229**	**539,019**

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 categorized as follows:

Stage 1 Loans and Advances:

These are loans and advances that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (where the optional simplification is applied) at the reporting date.

Stage 2 Loans and Advances:

These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event.

Stage 3 Loans and Advances:

These are loans and advances that have objective evidence of a credit loss event. Stage 3 allocation is driven by either the identification of credit impairment or an exposure being classified as defaulted.

Loans with renegotiated terms

The contractual terms of a loan may be amended 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 30 June 2019, the carrying amount of loans with renegotiated terms was N9.69billion (December 2018 : N89.87 billion). There are no other financial assets with renegotiated terms as at 30 June 2019 (December 2018: nil) and these renogotiated assets do not qualify to be termed modified assets as defined by IFRS 9 and IFRS 7.

Impairment assessment under IFRS

The Group assesses its impairment for the purpose of IFRS reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of *IFRS 9 - Financial Instrument* .

The Group records 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 is 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. The Group recognises 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 and then a lifetime expected loss allowance is recognised.

Credit Quality (continued)

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

30 June 2019	**Group**				**Bank**			
	Stage 1 - 12-month ECL	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	349,840	-	-	349,840	250,820	-	-	250,820
- Unrestricted balances with Central Banks	324,125	-	-	324,125	184,189	-	-	184,189
- Money market placements	85,810	-	-	85,810	144,456	-	-	144,456
- Restricted balances with central banks	570,081	-	-	570,081	566,619	-	-	566,619
Financial assets at FVTPL:								
- Treasury bills	18,675	-	-	18,675	18,600	-	-	18,600
- Government bonds	16,981	-	-	16,981	420	-	-	420
- Promissory Notes	53,763	-	-	53,763	53,763	-	-	53,763
Derivative assets	41,948	-	-	41,948	41,948	-	-	41,948
Loans and advances to banks	81,891	-	-	81,891	59,685	-	-	59,685
Loans and advances to customers								
Individuals								
- Overdrafts	7,741	2,218	15,586	25,545	4,242	36	9,563	13,841
- Term loans	75,438	1,916	2,046	79,400	17,039	-	1,012	18,051
Corporates								
- Overdrafts	299,879	84,851	74,310	459,040	182,834	69,249	20,918	273,001
- Term loans	839,294	346,830	6,877	1,193,001	607,943	321,695	2,182	931,820
- Others	2,875	-	-	2,875	2,875	-	-	2,875
Investment securities:								
At Amortised Cost								
- Treasury bills	387,110	-	-	387,110	-	-	-	-
- Bonds	229,759	-	-	229,759	83,623	-	-	83,623
At FVOCI								
- Treasury bills	678,144	-	-	678,144	639,898	-	-	639,898
- Bonds	141,250	-	-	141,250	107,331	-	-	107,331
Other assets	48,382	-	6,751	55,133	37,584	-	2,056	39,640
Gross financial assets	**4,252,987**	**435,815**	**105,570**	**4,794,372**	**3,003,869**	**390,980**	**35,731**	**3,430,580**
Allowance for impairment on financial assets is as follows:								
Allowance for credit losses								
Loans and advances to customers								
- Individuals	4,384	220	6,428	11,032	1,061	1	6,050	7,113
- Corporates	31,281	14,738	15,304	61,324	15,142	12,564	12,205	39,911
Loans and advances to banks	634	-	-	634	607	-	-	607
	36,299	**14,959**	**21,732**	**72,990**	**16,810**	**12,566**	**18,255**	**47,631**
Allowance for impairment								
Other assets	708	-	6,043	6,751	-	177	1,879	2,056
Investment Securities	458	-	-	458	458	-	-	458
	1,166	**-**	**6,043**	**7,209**	**458**	**177**	**1,879**	**2,514**
Total impairment allowance on financial assets	**37,465**	**14,959**	**27,775**	**80,199**	**17,268**	**12,743**	**20,134**	**50,145**
Net amount	**4,215,522**	**420,856**	**77,795**	**4,714,172**	**2,986,601**	**378,237**	**15,597**	**3,380,435**

Credit Quality (continued)

31 December 2018	Group				Bank			
	Stage 1 - 12-month ECL	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	344,123	-	-	344,123	309,921	-	-	309,921
- Unrestricted balances with Central Banks	202,714	-	-	202,714	27,642	-	-	27,642
- Money market placements	8,467	-	-	8,467	51,089	-	-	51,089
- Restricted balances with central banks	563,683	-	-	563,683	551,568	-	-	551,568
Financial assets held for trading:								
- Treasury bills	18,743	-	-	18,743	18,743	-	-	18,743
- Government bonds	696	-	-	696	696	-	-	696
Derivative assets	34,784	-	-	34,784	34,784	-	-	34,784
Loans and advances to banks	16,147	-	-	16,147	15,859	-	-	15,859
Loans and advances to customers								
Individuals								
- Overdrafts	8,318	2,874	13,386	24,578	6,203	82	7,020	13,305
- Term loans	80,158	1,759	2,431	84,348	15,499	-	997	16,496
Corporates								
- Overdrafts	263,588	46,302	73,525	383,414	167,171	20,929	20,144	208,244
- Term loans	1,131,083	152,318	27,318	1,310,720	874,473	131,431	25,831	1,031,734
- Others	4,333	-	-	4,333	4,333	-	-	4,333
Investment securities:								
- *Held-to-maturity*								
- Treasury bills	321,131	-	-	321,131	-	-	-	-
- Bonds	279,658	-	-	279,658	84,509	-	-	84,509
- Promissory notes	-	-	-	-	-	-	-	-
- *Available-for-sale*								
- Treasury bills	790,292	-	-	790,292	705,152	-	-	705,152
- Bonds	143,608	-	-	143,608	118,498	-	-	118,498
Other assets	43,583	-	5,310	48,893	38,949	-	1,965	40,914
Gross financial assets	**4,255,109**	**203,253**	**121,970**	**4,580,332**	**3,025,089**	**152,442**	**55,956**	**3,233,487**
Allowance for impairment on financial assets is as follows:								
Allowance for credit losses								
Loans and advances to customers								
- Individuals	1,091	60	10,202	11,353	201	1	6,566	6,768
- Corporates	23,856	5,950	50,949	80,755	17,760	5,398	30,385	53,543
Loans and advances to banks	350	-	-	350	343	-	-	343
	25,297	**6,010**	**61,151**	**92,458**	**18,304**	**5,399**	**36,951**	**60,654**
Allowance for impairment								
Other assets	878	-	4,432	5,310	251	-	1,714	1,965
	878	**-**	**4,432**	**5,310**	**251**	**-**	**1,714**	**1,965**
Total impairment allowance on financial assets	**26,175**	**6,010**	**65,583**	**97,768**	**18,555**	**5,399**	**38,665**	**62,619**
Net amount	**4,228,934**	**197,243**	**56,387**	**4,482,564**	**3,006,534**	**147,043**	**17,291**	**3,170,868**

Credit Quality (continued)

(ii) The internal credit rating of total financial assets across risk buckets at the reporting date is as follows:

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Group								
30 June 2019								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	349,840	-	-	-	349,840	-	349,840
- Unrestricted balances with Central Banks	324,125	-	-	-	-	324,125	-	324,125
- Money market placements	-	85,810	-	-	-	85,810	-	85,810
- Restricted balances with central banks	570,081	-	-	-	-	570,081	-	570,081
Financial assets at FVTPL:								
- Treasury bills	18,675	-	-	-	-	18,675	-	18,675
- Government bonds	16,981	-	-	-	-	16,981	-	16,981
- Promissory Notes	53,763	-	-	-	-	53,763	-	53,763
Derivative assets	41,948	-	-	-	-	41,948	-	41,948
Loans and advances to banks	1,601	80,290	-	-	-	81,891	(634)	81,257
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	7,777	2,182	15,586	25,545	(2,059)	23,486
- Term loans	-	-	75,438	1,916	2,046	79,400	(8,973)	70,427
Corporates								
- Overdrafts	318	43,969	340,443	-	74,310	459,040	(25,956)	433,085
- Term loans	54,239	343,699	778,499	9,687	6,877	1,193,001	(35,353)	1,157,648
- Others	0	-	2,875	-	-	2,875	(16)	2,859
Investment securities:								
At Amortised Cost								
- Treasury bills	387,110	-	-	-	-	387,110	(458)	386,652
- Bonds	218,089	10,301	1,369	-	-	229,759	-	229,759
At FVOCI						-		-
- Treasury bills	678,144	-	-	-	-	678,144	-	678,144
- Bonds	141,250	-	-	-	-	141,250	-	141,250
Other assets	-	-	-	-	55,133	55,133	(6,751)	48,382
	2,506,324	**913,909**	**1,206,401**	**13,785**	**153,952**	**4,794,372**	**(80,200)**	**4,714,172**
Commitments and guarantees:								
- Bonds and guarantees	-	85	411,213	-	-	411,298	(4,119)	407,179
- Letters of credits	-	369	365,728	-	-	366,097	(603)	365,494
- Loan Commitments	-	82,652	42,130	-	-	124,782	-	124,782
	-	**83,106**	**819,071**	**-**	**-**	**902,177**	**(4,722)**	**897,455**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Group								
31 December 2018								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	344,123	-	-	-	344,123	-	344,123
- Unrestricted balances with Central Banks	202,714	-	-	-	-	202,714	-	202,714
- Money market placements	-	8,467	-	-	-	8,467	-	8,467
- Restricted balances with central banks	563,683	-	-	-	-	563,683	-	563,683
Financial assets held for trading:								
- Treasury bills	18,743	-	-	-	-	18,743	-	18,743
- Government bonds	696	-	-	-	-	696	-	696
Derivative asset	34,784	-	-	-	-	34,784	-	34,784
Loans and advances to banks	-	16,147	-	-	-	16,147	(350)	15,797
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	24,303	275	-	24,578	(8,910)	15,668
- Term loans	-	-	80,119	4,229		84,348	(2,443)	81,905
Corporates								-
- Overdrafts	973	27,048	346,247	9,147	-	383,414	(50,909)	332,505
- Term loans	58,571	276,358	975,102	690	-	1,310,720	(29,830)	1,280,890
- Others	-	-	4,333	-	-	4,333	(16)	4,317
Investment securities:								
Held to maturity								
- Treasury bills	321,131	-	-	-	-	321,131	-	321,131
- Bonds	257,959	20,398	1,301	-	-	279,658	-	279,658
Available for sale								
- Treasury bills	790,292	-	-	-	-	790,292	-	790,292
- Bonds	143,608	-	-	-	-	143,608	-	143,608
Other assets	-	-	-	-	43,583	43,583	-	43,583
	2,393,154	**692,540**	**1,431,404**	**14,341**	**43,583**	**4,575,022**	**(92,458)**	**4,482,564**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Bank								
30 June 2019								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	250,820	-	-	-	250,820	-	250,820
- Unrestricted balances with Central Banks	184,189	-	-	-	-	184,189	-	184,189
- Money market placements	-	144,456	-	-	-	144,456	-	144,456
- Restricted balances with central banks	566,619	-	-	-	-	566,619	-	566,619
Financial assets at FVTPL:								-
- Treasury bills	18,600	-	-	-	-	18,600	-	18,600
- Government bonds	420	-	-	-	-	420	-	420
- Promissory Notes	53,763	-	-	-	-	53,763	-	53,763
Derivative assets	41,948	-	-	-	-	41,948	-	41,948
Loans and advances to banks	1,601	58,084	-	-	-	59,685	(607)	59,078
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	4,278	-	9,563	13,841	(1,433)	12,408
- Term loans	-	-	17,039	-	1,012	18,051	(5,679)	12,371
Corporates								-
- Overdrafts	159	35,687	216,237	-	20,918	273,001	(16,019)	256,982
- Term loans	54,239	237,062	638,337	-	2,182	931,820	(23,875)	907,944
- Others	-	-	2,875	-	-	2,875	(16)	2,859
Investment securities:								-
At Amortised Cost								-
- Treasury bills	-	-	-	-	-	-	-	-
- Bonds	71,953	10,301	1,369	-	-	83,623	(458)	83,165
At FVOCI								-
- Treasury bills	639,898	-	-	-	-	639,898	-	639,898
- Bonds	107,331	-	-	-	-	107,331	-	107,331
Other assets	-	-	-	-	39,640	39,640	(2,056)	37,584
	1,740,720	**736,410**	**880,135**	**-**	**73,315**	**3,430,580**	**(50,145)**	**3,380,435**
Commitments and guarantees:								
- Bonds and guarantees	-	85	314,800	-	-	314,885	(3,850)	311,035
- Letters of credits	-	369	55,916	-	-	56,285	(593)	55,692
- Loan Commitments	-	82,652	42,130	-	-	124,782	-	124,782
	-	**83,106**	**412,846**	**-**	**-**	**495,952**	**(4,443)**	**491,509**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Bank								
31 December 2018								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	309,921	-	-	-	309,921	-	309,921
- Unrestricted balances with Central Banks	27,642	-	-	-	-	27,642	-	27,642
- Money market placements	-	51,089	-	-	-	51,089	-	51,089
- Restricted balances with central banks	551,568	-	-	-	-	551,568	-	551,568
Financial assets held for trading:								
- Treasury bills	18,743	-	-	-	-	18,743	-	18,743
- Government bonds	696	-	-	-	-	696	-	696
Derivative Asset	34,784	-	-	-	-	34,784	-	34,784
Loans and advances to banks	-	15,859	-	-	-	15,859	(343)	15,516
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	13,305	-	-	13,305	(5,780)	7,525
- Term loans	-	-	16,496	-	-	16,496	(988)	15,508
Corporates								
- Overdrafts	973	24,298	182,974	-	-	208,244	(28,998)	179,246
- Term loans	58,571	273,304	699,859	-	-	1,031,734	(24,530)	1,007,204
- Others	-	-	4,333	-	-	4,333	(15)	4,318
Investment securities:								
Held to maturity								
- Bonds	62,810	20,398	1,301	-	-	84,509	-	84,509
Available for sale								
- Treasury bills	705,152	-	-	-	-	705,152	-	705,152
- Bonds	118,498	-	-	-	-	118,498	-	118,498
Other assets	-	-	-	-	38,949	38,949	-	38,949
	1,579,437	**694,869**	**918,267**	**-**	**38,949**	**3,231,522**	**(60,654)**	**3,170,868**

(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 expected credit loss model required by IFRS under IFRS 9. 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 recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

• Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom should be transferred from the general reserve account to a "regulatory risk reserve".

• Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

As at 30 June 2019, the difference between the Prudential provision and IFRS impairment was N27.594 billion for the Group (December 2018: N21.521 billion) and N29.5 billion for the Bank (December 2018: N15.212 billion). This requires transfer of N14.3billion from retained earnings to regulatory risk reserves for Bank but a transfer of N6.07 billion at group level (December 2018: a transfer of N20,589 billion from retained earnings to regulatory risk reserve for the Group and a transfer of N14,280 billion from retained earnings to regulatory risk reserve for the Bank) as disclosed in the statement of changes in equity. These amounts represent the difference between 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 impairment reserve as determined in line with IFRS 9 as at period end.

In millions of Nigerian Naira	**Group Jun. 2019**	**Group Dec. 2018**	**Bank Jun. 2019**	**Bank Dec. 2018**
Total impairment based on IFRS	59,589	100,757	54,588	65,542
Total impairment based on Prudential Guidelines	87,183	122,212	84,100	80,754
	(27,594)	(21,455)	(29,512)	(15,212)
Regulatory credit risk reserve	**(27,594)**	**(21,521)**	**(29,512)**	**(15,212)**

4.2 Credit risk (continued)

(e) Credit Collateral

The Group holds collateral against loans and advances and off balance sheet engagements to customers (except clean transactions) 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 and undertaking a performance guarantees and commitments.These articulate acceptable collateral in respect of each credit product including description, required documentation for perfection of collateral and minimum realizable value.

All items pledged as security for 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 realizable 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, realization of the security is relatively easy.

3. Stock and shares

Stocks and shares of reputable quoted companies are acceptable collateral securities. Unquoted shares are usually not acceptable as 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 realizing the security. Location restrictions are however specified in respect of landed property.

5. Debenture

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

6. Life Insurance Policies

Generally, life policy with a reputable insurance company approved by the Bank and free of restrictions adverse to the Bank's interest is 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.

4.2 Credit risk (continued)

(e) Credit Collateral (continued)

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

In millions of Nigerian Naira	Group		Bank	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Against Stage 3 loans				
Property	244	1,223	2,560	903
Others	10,143	14,243	8,607	6,800
	10,387	15,466	11,167	7,703
Against Stage 2 loans				
Property	-	284	-	-
Others	5,882	4,398	36	82
	5,882	4,682	36	82
Against Stage 1 loans				
Property	5,445	4,812	4,697	4,651
Others	79,883	85,892	19,232	19,257
	85,328	90,704	23,929	23,908
Total for loans to individuals	**101,597**	**110,852**	**35,132**	**31,693**

Loans to corporates

In millions of Nigerian Naira	Group		Bank	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Against Stage 3 loans				
Property	16,919	64,332	16,574	64,188
Others	103,689	63,232	12,825	8,522
	120,608	127,564	29,400	72,710
Against Stage 2 loans				
Property	51,111	43,633	51,111	40,097
Others	189,567	155,174	160,234	109,353
	240,678	198,807	211,345	149,450
Against Stage 1 loans				
Property	192,543	292,788	183,431	286,776
Others	839,403	1,062,567	580,683	713,749
	1,031,946	1,355,355	764,114	1,000,526
Total for loans to corporates	**1,393,232**	**1,681,726**	**1,004,859**	**1,222,686**
Total for loans and advances to customers	**1,494,829**	**1,792,578**	**1,039,991**	**1,254,379**

4.2 Credit risk (continued)

(e) Credit Collateral (continued)

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.

30 June 2019	**Group**		**Bank**	
In millions of Nigerian Naira	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
Loans and advances to banks				
Unsecured	81,891	-	59,685	-
Loans and advances to customers				
Secured against real estate	261,212	258,375	252,869	258,375
Secured against cash	8,317	8,026	8,317	8,026
Secured against other collateral*	1,348,512	773,592	874,494	773,592
Unsecured	69,465	-	56,885	-
	1,687,506	**1,039,993**	**1,192,564**	**1,039,993**

31 December 2018	**Group**		**Bank**	
In millions of Nigerian Naira	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
Loans and advances to banks				
Unsecured	16,147	-	15,859	-
Loans and advances to customers				
Secured against real estate	325,238	407,072	319,222	396,616
Secured against cash	3,000	5,050	3,000	5,050
Secured against other collateral*	1,343,979	1,378,715	848,511	850,973
Unsecured	43,068	-	43,068	-
	1,715,285	**1,790,837**	**1,213,801**	**1,252,639**

* 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 period, the Group took possession of property amounting to N342 million (2018: N115 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 period is as shown below:

	Loans and advances to customers			
In millions of Nigerian Naira	**Group**		**Bank**	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Property	62	115	62	115
Equities	-	2	-	2
	62	**117**	**62**	**117**

4 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, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress.

Contingency funding plans are reviewed and approved annually. They 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 utilized. 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.

4 Liquidity risk (continued)

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 Jun. 2019	Bank Dec. 2018
At period end	62.99%	55.84%
Average for the period	58.23%	50.28%
Maximum for the period	64.26%	57.03%
Minimum for the period	50.65%	43.37%

(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.

4.3 Liquidity risk (continued)
Maturity analysis for financial liabilities

30 June 2019 **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	171,191	180,565	111,227	-	58,002	11,336	-
Deposits from customers							
Retail Customers:							
Term deposits	478,199	507,823	289,098	210,110	4,147	4,446	22
Current deposits	608,252	608,252	608,252	-	-	-	-
Savings deposits	752,214	758,165	758,165	-	-	-	-
Domiciliary deposits	-	-	-	-	-	-	-
Corporate Customers:							
Term deposits	438,239	479,774	295,810	176,734	6,959	268	3
Current deposits	1,233,333	1,263,838	1,263,838	-	-	-	-
Domiciliary deposits	-	-	-	-	-	-	-
Other liabilities	132,257	132,257	132,257				
Borrowings	689,637	758,486	165	216,749	101,765	73,195	366,612
Subordinated liabilities	29,976	43,064	-	-	2,529	2,495	38,040
Total financial liabilities	**4,533,298**	**4,732,224**	**3,458,813**	**603,593**	**173,402**	**91,740**	**404,677**
Derivative liabilities:							
Cross Currency Swap	1,285	1,285	684	11	-	590	-
Contingents and loan commitments							
Performance bonds and guarantees	411,298	411,298	173,423	154,370	75,389	1,129	6,988
Letters of credit	366,097	367,990	155,162	138,115	67,451	1,010	6,252
Loan commitments	124,782	124,782	-	5,066	-	34,231	85,485
Assets used to manage liquidity							
Cash and bank balances	1,416,170	1,593,623	763,319	25,294	31,644	25,927	747,440
Financial assets at FVTPL							
Treasury bills	18,675	18,675	18,675	-	-	-	-
Promissory notes	53,763	53,763	53,763				
Bonds	16,981	16,981	16,981	-	-	-	-
Loans and advances to banks	81,257	107,294	107,294	-	-	-	-
Loans and advances to customers							
Individual							
Term loans	70,427	86,828	36,044	1,218	1,239	1,040	47,287
Overdrafts	23,486	23,486	23,486	-	-	-	-
Corporates							
Term loans	1,157,649	1,289,276	547,933	18,423	18,660	15,475	688,785
Overdrafts	433,085	437,965	437,965	-	-	-	-
Others	2,859	3,222	1,369	46	47	39	1,721
Investment securities							
At FVOCI							
Treasury bills	678,144	767,913	330	218,726	214,758	334,099	-
Bonds	141,250	476,309	6,509	2,779	1,579	16,593	448,849
At amortised cost							
Treasury bills	387,110	387,110	-	-	-	-	387,110
Bonds	229,759	229,759	386	2,609	23,677	30,585	172,502
Restricted balances with central							
Other assets	48,382	54,019	54,019	-	-	-	-
Derivative assets	41,948	41,948	143	9,584	-	32,222	-
Total financial assets	**4,800,945**	**5,588,171**	**2,068,216**	**278,679**	**291,604**	**455,980**	**2,493,694**
Gap	**(635,815)**	**(49,408)**	**(1,719,867)**	**(622,475)**	**(24,638)**	**327,281**	**1,990,292**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

30 June 2019 **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	25,608	26,658	14,540	-	10,137	1,981	-
Deposits from customers							
Retail Customers:							
Term deposits	403,868	408,763	210,067	190,866	3,746	4,062	22
Current deposits	465,473	465,473	465,473	-	-	-	-
Savings deposits	623,772	625,851	625,851	-	-	-	-
Domiciliary deposits	-	-	-	-	-	-	-
Corporate Customers:							
Term deposits	324,252	327,665	202,492	120,282	4,710	178	3
Current deposits	740,001	751,038	751,038	-	-	-	-
Domiciliary deposits	-	-	-	-	-	-	-
Other liabilities	94,030	94,030	94,030	-	-	-	-
Borrowings	689,637	758,486	165	216,749	101,765	73,195	366,612
Subordinated liabilities	29,976	43,064	-	-	2,529	2,495	38,040
Total financial liabilities	**3,396,617**	**3,501,028**	**2,363,656**	**527,897**	**122,887**	**81,911**	**404,677**
Derivative liabilities							
Cross Currency Swap and forwards	1,285	1,285	684	11	-	590	-
Contingents and loan commitments							
Performance bonds and guarantees	314,885	314,885	34,555	138,110	58,504	64,785	18,931
Letters of credit	56,285	56,285	23,733	21,125	10,317	154	956
Loan commitments	124,782	124,782	-	5,066	-	34,231	85,485
Assets used to manage liquidity							
Cash and bank balances	1,205,804	1,207,778	494,729	146,430	-	-	566,619
Financial assets at FVTPL							
Treasury bills	18,600	18,600	18,600	-	-	-	-
Promissory notes	53,763	53,763	53,763	-	-	-	-
Bonds	420	420	420	-	-	-	-
Loans and advances to banks	59,078	59,685	59,685	-	-	-	-
Loans and advances to customers							
Individual :							
Term loans	12,371	17,673	3,114	1,205	1,717	1,705	9,932
Overdrafts	12,408	13,841	13,841	-	-	-	-
Corporates :							
Term loans	907,944	936,592	52,374	74,009	74,724	66,471	669,015
Overdrafts	256,982	277,055	219,387	2,112	3,169	16,027	36,360
Others	2,859	2,958	1,813	1,145	-	-	-
Investment securities							
At FVOCI							
Treasury bills	639,898	679,687	292	193,596	190,084	295,714	-
Bonds	107,331	283,031	3,868	1,652	938	9,860	266,714
At amortised cost							
Treasury bills	-	-	-	-	-	-	-
Bonds	83,623	94,207	168	1,132	9,838	12,834	70,235
Other assets	37,584	37,584	37,584	-	-	-	-
Derivative asset	41,948	41,948	143	9,584	-	32,222	-
Total financial assets	**3,440,613**	**3,724,822**	**959,781**	**430,865**	**280,470**	**434,833**	**1,618,875**
Gap	**(453,241)**	**(273,443)**	**(1,462,847)**	**(261,344)**	**88,762**	**253,161**	**1,108,826**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2018 **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	174,836	176,747	150,341	26,406	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	353,247	357,559	204,202	146,507	5,518	738	594
Current deposits	663,514	663,514	663,514	-	-	-	-
Savings deposits	701,980	704,320	704,320	-	-	-	-
Corporate Customers:							
Term deposits	419,230	424,130	262,234	148,835	13,053	-	8
Current deposits	1,211,149	1,211,620	1,211,620	-	-	-	-
Domiciliary deposits	-	-	-	-	-	-	-
Other liabilities	101,864	101,864	101,864	-	-	-	-
Borrowings	683,532	802,505	-	36,587	81,058	226,892	457,969
Subordinated liabilities	29,859	45,552	-	-	2,509	2,509	40,535
Total financial liabilities	**4,339,211**	**4,487,811**	**3,298,095**	**358,335**	**102,138**	**230,138**	**499,106**
Derivative liabilities:							
Cross Currency Swap	99	99	99	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	428,043	428,043	27,233	41,988	140,900	153,710	64,212
Letters of credit	217,764	217,764	27,878	32,484	103,513	37,788	16,101
Loan commitments	159,543	159,543	-	6,477	-	43,767	109,299
Assets used to manage liquidity							
Cash and bank balances	1,220,596	1,248,096	681,632	-	9,230	5,664	551,571
Financial assets held for trading							
Treasury bills	18,743	18,743	18,743	-	-	-	-
Bonds	696	696	696	-	-	-	-
Loans and advances to banks	15,797	16,762	1,602	-	-	1,129	14,031
Loans and advances to customers							
Individual							
Term loans	81,905	94,727	39,323	1,328	1,352	1,135	51,589
Overdrafts	15,668	15,851	15,851	-	-	-	-
Corporates							
Term loans	1,280,890	1,439,920	611,956	20,575	20,840	17,283	769,266
Overdrafts	332,505	336,384	336,384	-	-	-	-
Others	4,317	4,852	2,062	69	70	58	2,593
Investment securities							
Available for sale							
Treasury bills	790,292	846,855	56,725	218,289	213,210	358,631	-
Bonds	143,608	418,589	-	-	-	915	417,674
Held to maturity							
Treasury bills	321,131	344,115	23,050	88,701	86,637	145,728	-
Bonds	279,658	436,402	-	-	-	28,620	407,781
Promissory notes	-	-	-	-	-	-	-
Other assets	43,583	43,600	43,600	-	-	-	-
Derivative assets	34,784	34,784	598	9,034	-	25,152	-
Total financial assets	**4,584,173**	**5,300,376**	**1,832,221**	**337,996**	**331,339**	**584,314**	**2,214,505**
Gap	**(560,487)**	**7,116**	**(1,521,084)**	**(101,288)**	**(15,212)**	**118,911**	**1,525,787**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2018 **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	30,502	31,005	26,229	4,776	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	270,968	274,276	156,639	112,382	4,233	566	456
Current deposits	512,468	512,468	512,468	-	-	-	-
Savings deposits	578,963	580,893	580,893	-	-	-	-
Corporate Customers:							
Term deposits	308,871	312,479	193,199	109,655	9,619	-	6
Current deposits	752,838	753,131	753,131	-	-	-	-
Other liabilities	76,949	76,949	76,949	-	-	-	-
Borrowings	657,134	773,799	-	36,587	81,058	198,185	457,969
Subordinated liabilities	29,859	45,552	-	-	2,509	2,509	40,535
Total financial liabilities	**3,218,552**	**3,360,552**	**2,299,508**	**263,400**	**97,419**	**201,260**	**498,966**
Derivative liabilities							
Cross Currency Swap	99	99	99	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	307,680	307,680	33,764	134,950	57,165	63,303	18,498
Letters of credit	71,796	71,797	30,273	26,947	13,160	197	1,220
Loan commitments	159,543	159,543	-	6,477	-	43,767	109,299
Assets used to manage liquidity							
Cash and bank balances	1,015,199	1,016,587	440,229	-	15,358	9,433	551,568
Financial assets held for trading							
Treasury bills	18,743	18,743	18,743	-	-	-	-
Bonds	696	696	696	-	-	-	-
Loans and advances to banks	15,516	16,498	1,561	-	-	1,157	13,780
Loans and advances to customers							
Individual :							
Term loans	15,508	18,459	5,505	316	344	304	11,990
Overdrafts	7,525	7,528	7,528	-	-	-	-
Corporates :							
Term loans	1,007,204	1,156,376	355,809	20,346	20,608	17,090	742,523
Overdrafts	179,246	179,316	179,316	-	-	-	-
Others	4,318	4,423	1,533	86	86	67	2,651
Investment securities							
Available for sale							
Treasury bills	705,152	755,621	50,614	194,772	190,240	319,994	-
Bonds	118,498	345,398	-	-	-	755	344,643
Held to maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	84,509	131,875	-	-	-	8,649	123,226
Promissory notes	-	-	-	-	-	-	-
Other assets	38,949	38,964	38,964	-	-	-	-
Derivative asset	34,784	34,784	51	-	19,455	15,278	-
Total financial assets	**3,245,847**	**3,725,268**	**1,100,548**	**215,520**	**246,091**	**372,727**	**1,790,381**
Gap	**(511,823)**	**(174,403)**	**(1,263,096)**	**(216,254)**	**78,347**	**64,200**	**1,162,399**

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 FVOCI and amortised cost.

(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 stabilize earnings and capital and also to ensure that the Group carries out its affairs within acceptable parameters and in line with the market risk appetite.

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

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

The universal market risk factors in UBA Group are 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 Group Asset & Liability Management Committee (GALCO). GALCO has Group oversight and is charged with ensuring that market risks are managed homogeneously in all areas of operation. Further to the above, oversight of market risk is vested in BRMC, GALCO and the Finance & General Purpose Committee (FGPC) while the day to day management rests with the Executive Director, Risk Management, Corporate Governance & 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 to day 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 market risk include limit monitoring, daily valuation of positions, Value at Risk (VaR), Backtesting, stop loss triggers, stress testing/sensitivity analysis etc.

4 Financial Risk Management - Continued

4.4 Market risk - continued

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 categorized into:
1) Fair value through profit or loss(FVTPL) – valued on fair value accounting methodology and MTM daily.
2) Fair value through other comprehensive income(FVOCI) – valued on fair value accounting methodology and MTM monthly.
3) Amortised cost – 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. 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 macro economic 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 organization, 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

4 Financial Risk Management - Continued

4.4 Market risk - continued

(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 or EaR on a portfolio over the life of its assets and liabilities. EaR is usually calculated at various levels of change to simulate the likely change in the course of normal business or the expected risk where there is an unusual market event.
GALCO has oversight for compliance with these limits and execution of gapping strategy is carried out by Group Treasury.

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 repricing 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.

30 June 2019
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	1,416,170	61,494	5,122	16,056	3,138	-	1,330,360
Financial assets at FVTPL							
Treasury bills	18,675	18,675	-	-	-	-	-
Promissory notes	53,763	53,763	-	-	-	-	-
Bonds	16,981	16,981	-	-	-	-	-
Loans and advances to banks	81,257	81,257	-	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	70,427	798	1,518	687	1,770	65,654	-
Overdrafts	23,486	23,486	-	-	-	-	-
Corporates							
Term loans	1,157,649	44,001	83,670	37,831	97,545	894,602	-
Overdrafts	433,085	433,085	-	-	-	-	-
Others	2,859	1,366	546	954	(6)	-	-
Investment securities:							
At FVOCI:							
Treasury bills	678,144	311	205,922	202,186	269,726	-	-
Bonds	141,250	2,406	1,027	584	6,134	131,099	-
Equity	105,021	-	-	-	-	-	105,021
At amortised cost:							
Treasury bills	387,110	-	-	-	-	387,110	
Bonds	229,759	386	2,609	22,677	29,585	174,501	
Promissory notes	-	-	-	-	-	-	-
Derivative assets	41,948	-	-	-	-	-	41,948
Other assets	48,382	-	-	-	-	-	48,382
	4,905,966	**738,009**	**300,414**	**280,975**	**407,892**	**1,652,966**	**1,525,711**
Derivative liability	1,285	-	-	-	-	-	1,285
Deposits from banks	171,191	160,493	10,698	-	-	-	-
Deposits from customers	3,510,237	1,326,506	225,500	33,532	57,491	25,623	1,841,585
Other liabilities	132,257	-	-	-	-	-	132,257
Subordinated liabilities	29,976	-	-	2,529	2,495	24,952	-
Borrowings	689,637	165	216,749	101,765	73,195	297,763	-
	4,534,583	**1,487,164**	**452,947**	**137,826**	**133,181**	**348,338**	**1,975,127**
Gaps	**371,383**	**(749,155)**	**(152,533)**	**143,149**	**274,711**	**1,304,628**	**(449,416)**

Interest rate risk (continued)

31 December 2018

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	1,220,596	4,530	-	2,374	1,563	-	1,212,129
Financial assets held for trading							
Treasury bills	18,743	18,743	-	-	-	-	-
Bonds	696	696	-	-	-	-	-
Loans and advances to banks	15,797	8,997	4,081	2,719	-	-	-
Loans and advances to customers:							
Individual							
Term loans	81,905	-	-	-	-	81,905	-
Overdrafts	15,668	15,668	-	-	-	-	-
Corporates							
Term loans	1,280,890	-	-	-	-	1,280,890	-
Overdrafts	332,505	332,505	-	-	-	-	-
Others	4,317	-	-	-	4,317	-	-
Investment securities:							
Available for sale:							
Treasury bills	790,292	52,937	203,709	198,969	334,677	-	-
Bonds	143,608	-	-	-	314	143,294	-
Equity	102,753	-	-	-	-	-	102,753
Held to maturity:							
Treasury bills	321,131	90,483	22,908	43,283	164,457	-	
Bonds	279,658	6,973	10,968	5,366	14,437	241,914	
Promissory notes	-	-	-	-	-	-	-
Derivative assets	34,784	-	-	-	-	-	34,784
Other assets	43,583	-	-	-	-	-	43,583
	4,686,926	**531,532**	**241,666**	**252,711**	**519,765**	**1,748,003**	**1,393,249**
Derivative liability	99	-	-	-	-	-	99
Deposits from banks	174,836	148,430	26,406	-	-	-	-
Deposits from customers	3,349,120	1,163,926	291,770	17,401	750	611	1,874,663
Other liabilities	101,864	-	-	-	-	-	101,864
Subordinated liabilities	29,859	-	-	2,009	2,043	25,807	-
Borrowings	683,532	691	73,001	79,443	214,710	316,200	-
	4,339,310	**1,313,047**	**391,177**	**98,853**	**217,503**	**342,618**	**1,976,626**
Gaps	**347,616**	**(781,515)**	**(149,511)**	**153,858**	**302,262**	**1,405,385**	**(583,377)**

Interest rate risk - continued

30 June 2019 **Bank**	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
				Re-pricing period			
In millions of Nigerian Naira							
Cash and bank balances	1,205,804	129,947	14,509	-	-	-	1,061,348
Financial assets at FVTPL							
Treasury bills	18,600	18,600	-	-	-	-	-
Promissory notes	53,763	53,763	-	-	-	-	-
Bonds	420	420	-	-	-	-	-
Loans and advances to banks	59,078	59,078	-	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	12,371	572	1,087	492	1,267	8,953	-
Overdrafts	12,408	12,408	-	-	-	-	-
Corporates							
Term loans	907,944	59,944	94,560	50,577	78,361	624,502	-
Overdrafts	256,982	256,982	-	-	-	-	-
Others	2,859	1,791	391	683	- 6		-
Investment securities:							
At FVOCI:							
Treasury bills	639,898	3,866	58,944	80,641	496,447	-	-
Bonds	107,331	3,415	1,204	4,987	16,971	80,754	-
Equity	104,491	-	-	-	-	-	104,491
At amortised cost:							
Treasury bills	-	-	-	-	-	-	-
Bonds	83,623	2,661	938	3,886	13,223	62,915	
Promissory notes	-	-	-	-	-	-	-
Derivative assets	41,948	-	-	-	-	-	41,948
Other assets	37,584	-	-	-	-	-	37,584
	3,545,104	**603,447**	**171,633**	**141,266**	**606,263**	**777,124**	**1,245,371**
Derivative liability	1,285	-	-	-	-	-	1,285
Deposits from banks	25,608	23,008	2,600	-	-	-	-
Deposits from customers	2,557,366	1,030,492	308,776	8,392	4,208	25	1,205,474
Other liabilities	94,030	-	-	-	-	-	94,030
Subordinated liabilities	29,976	-	-	2,529	2,495	24,952	-
Borrowings	689,637	165	216,749	101,765	73,195	297,763	-
	3,397,902	**1,053,665**	**528,125**	**112,687**	**79,898**	**322,741**	**1,300,789**
Gaps	**147,202**	**(450,218)**	**(356,492)**	**28,579**	**526,366**	**454,383**	**(55,418)**

Interest rate risk - continued

31 December 2018				**Re-pricing period**			
Bank	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
In millions of Nigerian Naira							
Cash and bank balances	1,015,199	27,335	-	14,322	9,433	-	964,110
Financial assets held for trading							
Treasury bills	18,743	18,743	-	-	-	-	-
Bonds	696	696	-	-	-	-	-
Loans and advances to banks	15,516	-	-	-	-	15,516	-
Loans and advances to customers:							
Individual							
Term loans	15,508	-	-	-	-	15,508	-
Overdrafts	7,525	7,525	-	-	-	-	-
Corporates							
Term loans	1,007,204	-	-	-	-	1,007,204	-
Overdrafts	179,246	179,246	-	-	-	-	-
Others	4,318	-	-	-	4,318		-
Investment securities:							
Available for sale:							
Treasury bills	705,152	47,234	181,763	177,534	298,622	-	-
Bonds	118,498	-	-	-	259	118,239	-
Equity	102,242	-	-	-	-	-	102,242
Held to maturity:							
Bonds	84,509	-	-	-	5,542	78,967	
Promissory notes	-	-	-	-	-	-	-
Derivative assets	34,784	-	-	-	-	-	34,784
Other assets	38,949	-	-	-	-	-	38,949
	3,348,089	**280,779**	**181,763**	**191,856**	**318,174**	**1,235,434**	**1,140,085**
Derivative liability	99	-	-	-	-	-	99
Deposits from banks	30,502	25,895	4,607	-	-	-	-
Deposits from customers	2,424,108	925,710	219,009	13,061	563	458	1,263,742
Other liabilities	76,949	-	-	-	-	-	76,949
Subordinated liabilities	29,859	-	-	2,009	2,043	25,807	-
Borrowings	657,134	664	70,129	76,317	206,263	303,761	-
	3,218,651	**952,269**	**293,746**	**91,388**	**208,868**	**330,026**	**1,340,790**
Gaps	**129,438**	**(671,490)**	**(111,983)**	**100,468**	**109,305**	**905,408**	**(200,705)**

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 financial 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	
Borrowings	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
In millions of Nigerian Naira				
- European Investment Bank (EIB) (note 37.4)	23,378	23,539	23,378	23,539
- Africa Trade Finance Limited (note 37.5)	25,742	43,359	25,742	25,419
- African Development Bank (note 37.6)	50,569	54,842	50,569	54,842
- Credit Suisse (note 37.7)	108,490	108,065	108,490	108,065
- Eurobond debt security (note 37.8)	178,734	177,634	178,734	177,634
- JP Morgan Securities Limited (note 37.9)	72,373	72,062	72,373	72,062
-Societe Generale Bank (note 37.11)	36,124	35,967	36,124	35,967
-Mashreqbank psc (note 37.12)	18,054	17,969	18,054	17,969
-Rand Merchant Bank (note 37.13)	27,160	27,015	27,160	27,015
-ABSA Bank Limited (note 37.14)	27,061	21,534	27,061	21,534
-International Finance Corporation (IFC) (note 37.15)	-	8,458	-	-
-Sumitomo Mitsui Banking Corporation (SMBC) (note 37.16)	36,008	-	36,008	-
	603,693	**590,444**	**603,693**	**564,046**

	Group		Bank	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Impact on income statement:				
Favourable change @ 0.5% increase in rates	(3,018)	(2,952)	(3,018)	(2,820)
Unfavourable change @ 0.5% reduction in rates	3,018	2,952	3,018	2,820

(c) Price risk

The Group is exposed to the impact of price changes on its financial assets measured at FVTPL, FVTOCI and its equity instruments.

Price sensitivity analysis for financial instruments measured at FVTPL

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 & 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	Group		Bank	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Financial assets at FVTPL				
Treasury bills	18,675	18,743	18,600	18,743
Government bonds	16,981	696	420	696
	35,656	**19,439**	**19,020**	**19,439**
Impact on income statement:				
Favourable change @ 2% increase in prices	(713)	(389)	(380)	(389)
Unfavourable change @ 2% reduction in prices	713	389	380	389
Derivative assets	41,948	34,784	41,948	34,784
Impact on income statement:				
Favourable change @ 2% increase in rates	(1,050)	(696)	(1,050)	(696)
Unfavourable change @ 2% reduction in rates	1,050	696	1,050	696
Derivative liabilities	1,285	99	1,285	99
Impact on income statement:				
Favourable change @ 2% increase in rates	26	2	26	2
Unfavourable change @ 2% reduction in rates	(26)	(2)	(26)	(2)

Price sensitivity analysis for financial instruments measured at FVOCI:

The table below shows the impact of price changes (increase / decrease) on the Group's financial instruments at FVOCI 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.

	Group		Bank	
In millions of Nigerian Naira	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Debt securities				
Investment securities at FVOCI:				
Treasury bills	678,144	790,292	639,898	705,152
Government bonds	141,250	143,608	107,331	118,498
Total	**819,394**	**933,900**	**747,229**	**823,650**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in prices	16,388	18,678	14,945	16,473
Unfavourable change @ 2% reduction in prices	(16,388)	(18,678)	(14,945)	(16,473)

4 Financial Risk Management - Continued

4.4 Market risk - continued

(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 FVOCI. Sensitivity analysis for the Group's equity securities is shown below.

	Group		Bank	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Total Equity Positions				
In million of Nigerian Naira				
Investment securities at FVOCI	105,021	102,753	104,491	102,242
Total	**105,021**	**102,753**	**104,491**	**102,242**
Impact on Other comprehensive income:				
Favourable change @ 5% decrease in unobservable inputs	6,018	6,621	6,018	6,621
Favourable change @ 5% increase in unobservable inputs	(5,702)	(5,789)	(5,702)	(5,789)

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 period. 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

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
30 June 2019						
Cash and bank balances	750,808	337,528	188,449	7,352	132,032	1,416,170
Financial assets at FVTPL	89,419	-	-	-	-	89,419
Derivative assets	-	41,865	80	3	0	41,948
Loans and advances to banks	-	80,248	1,009	-	-	81,257
Loans and advances to customers	652,236	612,461	10,645	45	412,120	1,687,506
Investment securities	922,967	39,110	-	-	578,749	1,540,826
Other assets	24,580	20,433	14	4	3,351	48,382
Total financial assets	**2,440,010**	**1,131,644**	**200,197**	**7,404**	**1,126,252**	**4,905,508**
Derivative liability	590	695	-	-	-	1,285
Deposits from banks	482	138,037	-	179	32,493	171,191
Deposits from customers	1,896,828	682,113	28,180	7,452	895,663	3,510,237
Other liabilities	77,547	36,418	3,823	436	14,032	132,257
Borrowings	85,944	603,693	-	-	-	689,637
Subordinated liabilities	29,976	-	-	-	-	29,976
Total financial liabilities	**2,091,367**	**1,460,956**	**32,003**	**8,067**	**942,188**	**4,534,583**
Swap and forward contracts	(360,560)	360,560				
Net FCY Exposure		**31,248**	**168,194**	**(663)**	**184,064**	
Effect of naira depreciation by 15% on profit before tax		4,687	25,229	(99)	27,610	57,426
Effect of naira appreciation by 15% on profit before tax		(4,687)	(25,229)	99	(27,610)	(57,426)

Group

In millions of Nigerian Naira

31 December 2018	Naira	US Dollar	Euro	Pound	Others	Total
Cash and bank balances	545,005	247,198	185,849	8,779	233,765	1,220,596
Financial assets held for trading	19,439	-	-	-	-	19,439
Derivative assets	-	34,784	-	-	-	34,784
Loans and advances to banks	-	12,960	2,769	68	-	15,797
Loans and advances to customers	625,496	637,905	4,026	82	447,776	1,715,285
Investment securities	1,051,567	65,702	-	-	519,863	1,637,132
Other assets	10,409	24,491	-	73	8,610	43,583
Total financial assets	**2,251,916**	**1,023,040**	**192,644**	**9,002**	**1,210,014**	**4,686,616**
Derivative liability		99	-	-	-	99
Deposits from banks	655	130,380	6,505	66	37,230	174,836
Deposits from customers	1,793,193	491,391	137,741	7,482	919,313	3,349,120
Other liabilities	25,449	29,917	6,401	397	39,700	101,864
Borrowings	93,088	590,444	-	-	-	683,532
Subordinated liabilities	29,859	-	-	-	-	29,859
Total financial liabilities	**1,942,244**	**1,242,231**	**150,647**	**7,945**	**996,243**	**4,339,310**
Swap and forward contracts	(287,032)	287,032	-	-	-	-
Net FCY Exposure		**67,841**	**41,997**	**1,057**	**213,771**	
Effect of naira depreciation by 15% on profit before tax		10,176	6,300	159	32,066	48,700
Effect of naira appreciation by 15% on profit before tax		(10,176)	(6,300)	(159)	(32,066)	(48,700)

4.4 Market risk

(c) Exchange rate exposure limits - continued

In millions of Nigerian Naira

Bank	**Naira**	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
30 June 2019						
Cash and bank balances	750,808	355,662	90,010	8,024	1,300	1,205,804
Financial assets at FVTPL	72,783	-	-	-	-	72,783
Derivative assets	-	41,865	80	3	0	41,948
Loans and advances to banks	-	59,078	-	-	-	59,078
Loans and advances to customers	632,887	553,550	6,094	33	-	1,192,564
Investment securities	922,967	11,918	-	-	-	934,885
Other assets	20,057	17,509	14	4	-	37,584
Total financial assets	**2,399,502**	**1,039,582**	**96,198**	**8,064**	**1,300**	**3,544,646**
Derivative liability	590	695	-	-	-	1,285
Deposits from banks	482	25,126	-	-	-	25,608
Deposits from customers	1,896,828	632,627	21,000	6,877	34	2,557,366
Other liabilities	65,807	24,853	2,055	190	1,124	94,030
Borrowings	91,113	598,524	-	-	-	689,637
Subordinated liabilities	29,976	-	-	-	-	29,976
Total financial liabilities	**2,084,796**	**1,281,825**	**23,055**	**7,067**	**1,158**	**3,397,902**
Swap and forward contracts	(360,560)	360,560				
Net FCY Exposure		**118,317**	**73,143**	**997**	**142**	
Effect of naira depreciation by 15% on profit before tax		17,748	10,971	150	21	28,890
Effect of naira appreciation by 15% on profit before tax		(17,748)	(10,971)	(150)	(21)	(28,890)

31 December 2018	**Naira**	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
Cash and bank balances	604,279	168,107	231,585	8,151	3,077	1,015,199
Financial assets held for trading	19,439	-	-	-	-	19,439
Derivative assets	-	34,784	-	-	-	34,784
Loans and advances to banks	-	10,274	5,242	-	-	15,516
Loans and advances to customers	628,609	575,606	9,494	92	-	1,213,801
Investment securities	995,680	14,477	-	-	-	1,010,157
Other assets	34,947	3,984	14	4	-	38,949
Total financial assets	**2,282,954**	**807,232**	**246,335**	**8,247**	**3,077**	**3,347,845**
Derivative liability	-	99	-	-	-	99
Deposits from banks	6,181	22,982	1,288	51	-	30,502
Deposits from customers	1,807,402	410,798	198,708	7,189	11	2,424,108
Other liabilities	47,921	24,077	3,058	226	1,667	76,949
Borrowings	92,209	564,925	-	-	-	657,134
Subordinated liabilities	29,859	-	-	-	-	29,859
Total financial liabilities	**1,983,572**	**1,022,881**	**203,054**	**7,466**	**1,678**	**3,218,651**
Swap and forward contracts	(287,032)	287,032	-	-	-	-
Net FCY Exposure		**71,383**	**43,281**	**781**	**1,399**	
Effect of naira depreciation by 15% on profit before tax		10,707	6,492	117	210	17,527
Effect of naira appreciation by 15% on profit before tax		(10,707)	(6,492)	(117)	(210)	(17,527)

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 structure

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 regulatory 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 FVOCI.

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.

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

Capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. UBA Plc operates under an international banking authorization with a minimum regulatory capital of N50 billion and a minimum capital adequacy ratio of 16%. During the year, the Group complied with all external capital requirements.

5 Capital

(f) Capital management

In millions of Nigeria naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Tier 1 capital				
Ordinary share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	195,065	168,073	89,153	99,332
Other reserves	90,783	90,783	74,603	74,603
Gross Tier 1 capital	401,663	374,671	279,571	289,750
Less:				
Deferred tax on accumulated losses	-	10,779	125	10,779
Intangible assets	17,969	18,168	7,056	6,911
Tier 1 Capital After Regulatory Deduction	**383,694**	**345,724**	**272,390**	**272,060**
Investment in subsidiaries	-	-	(51,638)	(51,889)
Eligible Tier 1 Capital	**383,694**	**345,724**	**220,752**	**220,171**
Tier 2 capital				
Fair value reserve for securities measured at FVOCI	85,790	69,099	86,355	69,751
Subordinated liabilities	12,200	29,859	12,200	29,859
Less: limit of tier 2 to tier 1 capital	-	(12,295)	(7,758)	(12,295)
Qualifying Tier 2 Capital Before Deductions	**97,990**	**86,663**	**90,797**	**87,315**
Less: Investment in subsidiaries	-	-	(51,638)	(51,889)
Net Tier 2 Capital	**97,990**	**86,663**	**39,159**	**35,426**
Qualifying capital				
Net Tier I regulatory capital	383,694	345,724	220,752	210,056
Net Tier II regulatory capital	97,990	86,663	39,159	35,426
Total qualifying capital	481,684	432,387	259,911	245,482
Composition of risk-weighted assets:				
Risk-weighted amount for credit risk	1,067,603	1,234,765	885,152	873,808
Risk-weighted amount for operational risk	569,966	569,966	369,284	348,242
Risk-weighted amount for market risk	24,141	26,921	12,428	26,460
Total Basel II Risk-weighted assets	1,661,710	1,831,652	1,266,864	1,248,510
Basel II Capital ratios				
Risk Weighted Capital Adequacy Ratio	**29.0%**	**23.6%**	**20.5%**	**19.7%**

The above capital adequacy computation is based on full impact of IFRS 9. The CAR, based on adjusted impact is Bank: 24.3%; Group: 31.1%, taking in relief granted by CBN Circular (BSD/DIR/GEN/LAB/11/027) dated October 18, 2018 on adoption of IFRS 9.

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 maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:

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

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

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

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. The Group's valuation methodology for securities uses a discounted cash flow methodology and dividend discount methodology. The methodologies are often used by market participants to price similar securities.

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

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

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

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgment in determining appropriate portfolio-level adjustments such as bid-ask spreads and relevant risk premiums.

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 measurement unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

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

5 Risk management report

6 Fair value measurement - continued

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.

Group:
30 June 2019
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	23				
Government bonds		16,981	-	-	16,981
Promissory Notes		53,763			53,763
Treasury bills		18,675	-	-	18,675
Derivative assets measured at fair value through profit and loss:	33(a)	-	41,948	-	41,948
Investment securities at FVOCI	26				
Treasury bills		678,144	-	-	678,144
Bonds		141,250	-	-	141,250
Equity investments		-	6,007	99,014	105,021
Total assets		**908,813**	**47,955**	**99,014**	**1,055,782**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	1,285	-	1,285

Bank:
30 June 2019
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	23				
Government bonds		420	-	-	420
Promissory Notes		53,763			53,763
Treasury bills		18,600	-	-	18,600
Equities					-
					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	41,948	-	41,948
					-
Investment securities at FVOCI	26				-
Treasury bills		639,898	-	-	639,898
Bonds		107,331	-	-	107,331
Equity investments		-	6,007	98,484	104,491
		820,012	**47,955**	**98,484**	**966,451**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	1,285	-	1,285

6 Fair value measurement - continued

6.3 Financial instruments measured at fair value

Group:
31 December 2018
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	23				
Government bonds		696	-	-	696
Treasury bills		18,743	-	-	18,743
Derivative assets measured at fair value through profit and loss:	33(a)	-	34,784	-	34,784
Available for sale investment securities	26				
Treasury bills		790,292	-	-	790,292
Bonds		143,608	-	-	143,608
Equity investments		-	4,755	97,998	102,753
Total assets		**953,339**	**39,539**	**97,998**	**1,090,876**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**123**	**-**	**14**

Bank:
31 December 2018
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	23				
Government bonds		696	-	-	696
Treasury bills		18,743	-	-	18,743
Equities					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	34,784	-	34,784
Available for sale investment securities	26				
Treasury bills		705,152	-	-	705,152
Bonds		118,498	-	-	118,498
Equity investments		-	4,755	97,487	102,242
		843,089	**39,539**	**97,487**	**980,115**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**123**	**-**	**123**

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

	Group Jun. 2019	**Group Dec. 2018**	**Bank Jun. 2019**	**Bank Dec. 2018**
In millions of Nigerian Naira				
Balance, beginning of year	97,998	90,530	97,487	89,870
Addition during the year	-	76	-	76
Gain recognised in other comprehensive income (under fair value gain on FVOCI)	2,249	6,412	2,249	6,412
Translation differences	(1,234)	980	(1,252)	1,129
Balance, end of year	99,014	97,998	98,484	97,487

Fair value measurement (continued)

(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 2019.

(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 period.

The table below sets out information about significant unobservable inputs used as at 30 June 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 30 June 2019 N'million	Fair value as at 31 December 2018 N'million	Valuation technique	Unobservable input	Range of estimates for unobservable inputs (30 June 2019)	Range of estimates for unobservable inputs (31 December 2018)	Relationship of unobservable inputs to fair value
Unquoted equity securities	91,629	90,706	Income Approach (Discounted cashflow method)	Cost of equity	16.3% - 23.3%	9.12% - 23.9%	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	1.4%-2.0%	1.5%-3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	1,940	1,671	Income Approach (Dividend discount model)	Cost of equity	12.0% - 29.9%	12.75% - 32.00%	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	9.3% - 22.3%	9.4% - 24.3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values.

Fair value measurement (continued)

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

Significant unobservable inputs are developed as follows:

Discounted cashflow

• The Group used the Capital Asset Pricing Model to determine the cost of equities for its various unquoted equities which were fair valued at year end.
• The risk free rate was determined using the yield on 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), adjusted for size premium.

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

The Group believes that its estimates of fair values are appropriate. However, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3, changing the cost of equity or terminal growth rate by a reasonable possible value, in isolation, would have the following effects on other comprehensive income for the

In millions of Nigerian Naira

Key Assumption	Effect on other comprehensive income (OCI)			
	Jun. 2019		Dec. 2018	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Cost of Equity	(6,266)	6,648	(7,217)	7,953
Terminal Growth Ra	865	(930)	1,666	(1,570)

Fair value measurement - continued

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	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
In millions of Nigerian Naira					
30 June 2019					
Assets					
Cash and bank balances	-	1,416,170	-	1,416,170	1,416,170
Loans and advances to banks	-	-	82,176	82,176	81,257
Loans and advances to customers					
-Individual					
Term loans	-	-	84,181	84,181	81,905
Overdrafts	-	-	17,470	17,470	15,668
-Corporate					
Term loans	-	-	1,293,107	1,293,107	1,280,890
Overdrafts	-	-	342,212	342,212	332,505
Others		-	4,364	4,364	4,317
Investment Securities - Amortised cost					
Treasury bills	405,519	-	-	405,519	387,110
Bonds	383,155	-	-	383,155	229,759
Other assets	-		48,382	48,382	48,382
Liabilities					
Deposits from banks	-		171,191	171,191	171,191
Deposits from customers	-	-	3,557,357	3,557,357	3,510,237
Subordinated liabilities	-	81,470	-	81,470	29,976
Other liabilities	-		132,257	132,257	132,257
Borrowings	-	-	443,357	443,357	689,637

Group	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
In millions of Nigerian Naira					
31 December 2018					
Assets					
Cash and bank balances	-	1,220,596	-	1,220,596	1,220,596
Loans and advances to banks	-	-	15,976	15,976	15,797
Loans and advances to customers					
-Individual					
Term loans	-	-	84,181	84,181	81,905
Overdrafts	-	-	17,470	17,470	15,668
-Corporate					
Term loans	-	-	1,293,107	1,293,107	1,280,890
Overdrafts	-	-	342,212	342,212	332,505
Others		-	4,364	4,364	4,317
Investment Securities - Held to maturity					
Treasury bills	321,131	-	-	321,131	321,131
Bonds	195,149	-	-	195,149	279,658
Other assets	-		43,583	43,583	43,583
Liabilities					
Deposits from banks	-		174,836	174,836	174,836
Deposits from customers	-	-	3,392,507	3,392,507	3,349,120
Subordinated liabilities	-	30,969	-	30,969	29,859
Other liabilities	-		101,864	101,864	101,864
Borrowings	-	-	802,505	802,505	683,532

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
30 June 2019					
Assets					
Cash and bank balances	-	1,205,804	-	1,205,804	1,205,804
Loans and advances to banks	-	-	59,746	59,746	59,078
Loans and advances to customers					-
-Individual					
Term loans	-	-	15,939	15,939	15,508
Overdrafts	-	-	8,390	8,390	7,525
-Corporate					
Term loans	-	-	1,016,811	1,016,811	1,007,204
Overdrafts	-	-	184,479	184,479	179,246
Others	-	-	4,365	4,365	4,318
Investment Securities - Amortised cost					
Treasury bills	18,409	-	-	18,409	-
Bonds	237,019	-	-	237,019	83,623
Other assets	-		37,584	37,584	37,584
Liabilities					
Deposits from banks	-	-	25,608	25,608	25,608
Deposits from customers	-	-	2,595,326	2,595,326	2,557,366
Subordinated liabilities	-	81,470	-	81,470	29,976
Other liabilities	-		94,030	94,030	94,030
Borrowings	-	-	443,357	443,357	689,637
31 December 2018					
Assets					
Cash and bank balances	-	1,015,199	-	1,015,199	1,015,199
Loans and advances to banks	-	-	15,692	15,692	15,516
Loans and advances to customers					-
-Individual					
Term loans	-	-	15,939	15,939	15,508
Overdrafts	-	-	8,390	8,390	7,525
-Corporate					
Term loans	-	-	1,016,811	1,016,811	1,007,204
Overdrafts	-	-	184,479	184,479	179,246
Others	-	-	4,365	4,365	4,318
Investment Securities - Held to Maturity					
Promissory notes	-	-	-	-	-
Bonds	-	-	-	-	84,509
Other assets	-		38,949	38,949	38,949
Liabilities					
Deposits from banks	-	-	30,502	30,502	30,502
Deposits from customers	-	-	2,457,716	2,457,716	2,424,108
Subordinated liabilities	-	30,969	-	30,969	29,859
Other liabilities	-		76,949	76,949	76,949
Borrowings	-	-	773,799	773,799	657,134

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 cash equivalents 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Group 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 recognized 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.

Group
30 June 2019
In millions of Nigerian Naira

	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	45,310	(30,394)	14,916

Financial liabilities			
- Creditors and payables (note 36) (a)	127,448	(30,394)	97,054

Group
31 December 2018

In millions of Nigerian Naira	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	86,060	(66,059)	20,001
Financial liabilities			
- Creditors (note 36) (a)	127,821	(66,059)	61,762

Bank
30 June 2019

In millions of Nigerian Naira	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	42,823	(30,394)	12,429
Financial liabilities			
- Creditors (note 36) (a)	94,160	(30,394)	63,766

Bank
31 December 2018

In millions of Nigerian Naira	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	82,927	(66,059)	16,868
Financial liabilities			
- Creditors (note 36) (a)	107,794	(66,059)	41,735

(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 judgments

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) Measurement of the expected credit loss allowance

The measurement of the expected credit loss(ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Details of the inputs, assumptions and estimation methodologies used in measuring ECL are described in note 3.27.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.27.

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

The table below shows the fair value of the Group's derivatives if there is 5% change in interest rates or a 15% change in foreign currency exchange rates.

	Interest rates		Exchange rates	
	5% decrease	**5% increase**	**15% decrease**	**15% increase**
In millions of Nigerian Naira				
Derivative assets	(719)	710	(5,517)	5,517
Derivative liabilities	(261)	258	(193)	193

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

Critical accounting judgments made in applying the Group's accounting policies include:

(i) Fair value of equity 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 value 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 6.

(ii) Allowance for credit losses

In estimating credit losses, the Group considers the credit worthiness and financial 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 Exposure at Default (EAD). The table below shows the sensitivities of the impairment loss provision for 1% increase or decrease in the LGD and PD.

(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 equity insturments measured at FVOCI

The Group determines that equity investments measured at FVOCI 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. USD transactions and balances have been translated using rates quoted on on Importers and Exporters (I&E) window of FMDQ whilst rates used for other countries were sourced from the Bloomberg.

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 UK 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.

(a) Geographical segments

(i) 30 June 2019

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	211,285	81,241	11,566	(10,402)	**293,690**
Derived from other geographic segments	-	-	-	-	**-**
Total revenue	**211,285**	**81,241**	**11,566**	**(10,402)**	**293,690**
Profit before tax	**42,853**	**26,496**	**5,985**	**(5,060)**	**70,274**
Interest income	150,022	47,471	10,746	(3,354)	**204,885**
Interest expenses	(80,657)	(15,369)	(2,119)	3,383	**(94,762)**
Share of loss in equity-accounted investee	-	342	-	-	**342**
Impairment loss recognised in income statement	(3,071)	(50)	-	1	**(3,120)**
Income tax expenses	(7,164)	(4,553)	-	(1,818)	**(13,535)**
Profit for the period	**35,689**	**21,943**	**5,985**	**(6,878)**	**56,739**
30 June 2019					
Total segment assets*	3,741,145	1,509,555	155,311	(303,888)	**5,102,123**
Total segment liabilities	**3,341,389**	**1,293,123**	**133,387**	**(208,234)**	**4,559,665**

* Includes:					
Investments in associate and accounted for by using the equity method	-	3,889	-	-	**3,889**
Expenditure for reportable segment:					
Depreciation	4,340	1,501	174	-	**6,015**
Amortisation	708	68	62	-	**838**

(ii) 30 June 2018

In millions of Nigerian Naira	**Nigeria**	**Rest of Africa**	**Rest of the World**	**Eliminations**	**Total**
External revenues	178,662	78,233	6,620	(5,597)	**257,918**
Derived from other geographic segments	-	-	-	-	**-**
Total revenue	**178,662**	**78,233**	**6,620**	**(5,597)**	**257,918**
Profit before tax	**34,445**	**21,512**	**2,200**	**(17)**	**58,140**
Interest income	124,623	50,660	13,757	(1,746)	**187,294**
Interest expenses	(60,374)	(16,079)	(1,563)	1,798	**(76,218)**
Share of loss in equity-accounted investee	-	124	-	-	**124**
Impairment loss recognised in income statement	(1,928)	(5,075)	266	5	**(6,732)**
Income tax expenses	(13,201)	(1,147)	-	-	**(14,348)**
Profit for the period	**21,244**	**20,365**	**2,200**	**(17)**	**43,792**
31 December 2018					
Total segment assets**	3,651,853	1,528,634	130,699	(441,448)	**4,869,738**
Total segment liabilities	3,286,846	1,323,847	108,754	(352,317)	**4,367,130**

** Includes:					
Investments in associate and joint venture accounted for by using the equity method	-	4,610	-	-	**4,610**
Expenditure for reportable segment:					
Depreciation	3,309	1,425	149	-	**4,883**
Amortisation	644	81	51	-	**776**

9 Operating segments

(b) Business reporting

The following table presents income and profit and certain asset and liability information for the Group's business segment

(i) **30 June 2019**

In millions of Nigerian Naira	**Corporate**	**Retail and commercial**	**Treasury and financial markets**	**Total**
Revenue:				
Derived from external customers	100,068	103,206	90,416	293,690
Derived from other business segments	(11,856)	53,723	(41,868)	-
Total revenue	**88,212**	**156,929**	**48,548**	**293,690**
Interest expenses	(29,786)	(40,649)	(24,327)	(94,762)
Fee and commission expense	(40)	(16,249)	(0)	(16,289)
Net impairment loss on financial assets	556	(3,378)	(299)	(3,120)
Operating expenses	(16,721)	(73,158)	(10,896)	(100,775)
Depreciation and amortisation	(60)	(8,749)	(4)	(8,812)
Share of profit of equity-accounted investee	5	310	27	342
Profit before income tax	**42,166**	**15,058**	**13,050**	**70,274**
Taxation	(8,857)	(1,897)	(2,781)	(13,535)
Profit for the period	**33,309**	**13,161**	**10,269**	**56,739**
30 June 2019				
Loans and advances	1,161,874	411,419	195,471	1,768,763
Deposits from customers and banks	828,394	2,324,074	528,960	3,681,428
Total segment assets	3,288,731	1,260,104	553,288	5,102,123
Total segment liabilities	1,034,362	2,864,826	660,478	4,559,665

(ii) **30 June 2018**

In millions of Nigerian Naira	**Corporate**	**Retail and commercial**	**Treasury and financial markets**	**Total**
Revenue:				
Derived from external customers	90,687	90,884	76,347	257,918
Derived from other business segments	(15,622)	61,443	(45,821)	-
Total revenue	**75,065**	**152,327**	**30,526**	**257,918**
Interest expenses	(32,990)	(42,843)	(385)	(76,218)
Fee and commission expense	(28)	(13,218)	(2)	(13,248)
Net impairment loss on financial assets	(4,743)	(1,977)	(12)	(6,732)
Operating expenses	(15,296)	(73,043)	(9,706)	(98,045)
Depreciation and amortisation	(56)	(5,603)	-	(5,659)
Share of loss of equity-accounted investee	90	34	-	124
Profit before income tax	**22,042**	**15,677**	**20,421**	**58,140**
Taxation	(5,382)	(3,979)	(4,987)	(14,348)
Profit for the period	**16,660**	**11,698**	**15,434**	**43,792**
31 December 2018				
Loans and advances	1,135,826	397,674	197,583	1,731,082
Deposits from customers and banks	842,308	2,258,976	422,672	3,523,956
Total segment assets	3,200,002	1,113,080	556,656	4,869,738
Total segment liabilities	1,049,803	2,790,533	526,794	4,367,130

	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
10 Interest income				
In millions of Nigerian Naira				
Interest income on amortised cost and FVOCI securities				
Cash and bank balances	8,272	4,669	8,861	3,709
Loans and advances to banks	1,225	1,567	599	475
Loans and advances to customers				
- To individuals				
Term loans	2,846	2,654	1,068	1,659
Overdrafts	1,211	1,101	896	722
- To corporates				
Term loans	82,982	71,116	69,010	55,594
Overdrafts	16,283	24,820	11,850	18,183
Others	321	123	321	123
Investment securities				
- Treasury bills	63,103	43,729	46,764	27,303
- Bonds	24,621	35,181	11,637	18,035
- Promissory notes	3,917	-	3,917	-
	204,781	184,960	154,923	125,803
Interest income on financial assets at fair value through profit or loss				
- Bonds	104	2,334	104	2,334
	204,885	187,294	155,027	128,137

11 Interest expense *In millions of Nigerian Naira*	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Deposits from banks	7,122	4,183	4,731	1,785
Deposits from customers	66,629	48,460	56,291	36,040
Borrowings	18,445	18,420	18,113	18,189
Subordinated liabilities	2,566	5,155	2,567	5,155
	94,762	76,218	81,702	61,169

12 Allowance for credit losses on financial assets *In millions of Nigerian Naira*	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Allowance for credit losses on loans and advances to customers:				
- allowance for credit losses (Note 25)	2,000	6,989	167	1,187
Allowance for credit losses on loans and advances to banks:				
- allowance for credit losses ((Note 24)	451	76	452	49
Allowance for credit losses on off-balance sheet items	1,764		1,764	
Allowance for credit losses on investment securities	214	-	214	-
Write-off on loans and receivables *	553	1,308	461	785
Recoveries on loans written-off	(2,232)	(1,842)	(78)	(373)
Impairment loss on other assets (Note 27(a))	370	201	91	-
	3,120	6,732	3,071	1,648

*Loans with a contractual amount of N3.41bn written off during the period are still subject to enforcement activity/recovery.

13 Fees and commission income *In millions of Nigerian Naira*	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Credit-related fees and commissions	4,553	5,503	3,049	3,505
Commission on turnover	616	517	-	-
Account maintenance fee	3,388	2,913	3,388	2,913
Electronic banking income	16,862	12,146	11,698	8,612
Funds transfer fee	5,040	3,303	168	343
Trade transactions income	7,520	10,214	3,676	6,890
Remittance fee	4,183	2,468	3,269	1,816
Commissions on transactional services	7,709	5,981	3,305	2,110
Pension funds custody fees	2,473	2,800	-	-
Internal transfer pricing charges	-	-	2,034	2,156
	52,344	45,845	30,587	28,345

14 Fees and commission expense

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
E-Banking expense	13,192	10,709	10,757	7,818
Trade related expenses	763	2,423	710	2,363
Funds transfer expense	2,334	116	80	37
	16,289	13,248	11,547	10,218

15 Net trading and foreign exchange income

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Fixed income securities[1]	11,230	3,857	11,108	3,653
Foreign exchange trading income	14,426	6,334	3,449	6,047
Foreign currency revaluation gain/(loss)	1,111	(2,346)	10	(4,410)
Net Fair value gain on derivatives (see note 33 (c))	5,979	12,611	5,979	12,926
	32,746	20,456	20,546	18,216

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

[1]This includes gains and losses arising from sales and purchase of fair value through profit and loss securities, as well as changes in their fair value.

16 Other operating income

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Dividend income	3,105	2,956	7,731	4,628
Rental income	212	215	209	191
Income on cash handling and other income [1]	398	1,152	295	607
	3,715	4,323	8,235	5,426

[1]Included in other income was ₦175.6m excess cash received over the cost of investment ,resulting from a liquidation of FX Mart Ltd.

17 Employee benefit expenses

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Wages and salaries	35,867	33,984	20,160	19,812
Defined contribution plans	1,311	1,230	615	637
	37,178	35,214	20,775	20,449

18

Depreciation and amortisation *In millions of Nigerian Naira*	**Group Jun. 2019**	**Group Jun. 2018**	**Bank Jun. 2019**	**Bank Jun. 2018**
Depreciation of property and equipment (note 30)	6,015	4,883	4,451	3,401
Amortisation of intangible assets (note 31)	838	776	693	625
Right-of-use assets amortisation (note 3.3)	1,959		786	
	8,812	5,659	5,930	4,026

19 Other operating expenses

In millions of Nigerian Naira	**Group Jun. 2019**	**Group Jun. 2018**	**Bank Jun. 2019**	**Bank Jun. 2018**
Directors' fees	18	13	18	13
Banking sector resolution cost	19,992	14,659	19,991	14,659
Deposit insurance premium	4,975	3,819	4,734	3,593
Non-deposit insurance costs	818	1,061	307	536
Auditors' remuneration	275	271	166	150
Occupancy and premises maintenance costs [1]	4,331	6,788	537	2,244
Business travels	2,757	4,110	2,095	3,174
Advertising, promotions and branding	3,092	3,796	2,381	3,336
Contract services	4,811	6,575	3,438	5,212
Communication	4,568	2,723	3,085	1,360
IT support and related expenses	319	600	141	462
Printing, stationery and subscriptions	2,299	3,422	1,766	2,966
Security and cash handling expenses	1,933	2,887	1,259	1,088
Fuel, repairs and maintenance	10,685	9,392	5,616	7,335
Bank charges	1,280	336	965	218
Donations	40	522	32	342
Training and human capital development	1,315	558	1,121	451
Penalties	9	2	8	2
Loan recovery expenses	66	1,297	66	1,297
Loss on disposal of property and equipment	14	-	14	-
	63,597	62,831	47,740	48,438

[1]Included in occupancy and premises maintenance costs for H1-2018 was operating lease expense of ₦990m for Bank and ₦1.7Bn for the Group. These costs were separately disclosed as part of depreciation and amortisation costs in H1-2019.

20 Taxation

Recognised in the statement of comprehensive income *In millions of Nigerian Naira*	**Group Jun. 2019**	**Group Jun. 2018**	**Bank Jun. 2019**	**Bank Jun. 2018**
(a) Current tax expense				
Current period	12,105	13,226	7,164	7,213
(b) Deferred tax expense/(credit)				
Origination and reversal of temporary differences (Note 32)	1,430	1,122	-	5,316
Total income tax expense/(credit)	13,535	14,348	7,164	12,529

(c) Current tax liabilities

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Balance, beginning of period	8,892	7,668	706	1,108
Tax paid	(14,680)	(21,822)	(1,577)	(9,389)
Income tax charge	12,105	23,046	7,164	8,987
Balance, end of period	6,317	8,892	6,293	706

(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:

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	70,274	58,140	43,630	34,176
Income tax using the domestic corporation tax rate	21,082	17,442	13,089	10,253
Tax effects of :				
Withholding tax on dividend	-	323	-	323
Information Technology Levy	468	778	468	341
Education tax	-	41	-	-
Minimum tax/excess dividend tax adjustment	2,048	5,377	2,210	5,377
Prior year under Provision of current tax	4,486		4,486	
Interim dividend tax adjustment - current year				
Effect of permanent differences - income not subject to tax	(20,190)	(9,617)	(19,084)	(3,769)
Effect of permanent differences - expenses not deductible	11	4	11	4
Effect of temporary differences not recognised in Deferred Tax	(9,741)		(9,387)	
Losses/(Relief) not recognised in Deferred Tax	15,371		15,371	
Total income tax expense in comprehensive income	13,535	14,348	7,164	12,529
Effective tax rate	19%	25%	16%	37%

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.

21 Earnings per share

The calculation of basic earnings per share as at 30 June 2019 was based on the profit attributable to ordinary shareholders of N42.192 billion (Bank: N21.647 billion) and the weighted average number of ordinary shares outstanding of 34.199 billion (Bank: 34.199 billion). The Bank had no dilutive instruments as at period end (June 2018 : nil). Hence the basic and diluted earnings per share are equal.

In millions of Nigerian Naira	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Profit from continuing operations attributable to owners of the parent	56,739	43,792	36,466	21,647
Profit from discontinued operations attributable to owners of the parent	-	-	-	-
Profit attributable to equity holders of the parent	55,295	42,192	36,466	21,647
Weighted average number of ordinary shares outstanding *(in millions)*	34,199	34,199	34,199	34,199
From continuing operations	1.62	1.23	1.07	0.63
From discontinued operations	-	-	-	-
Basic and diluted earnings per share (Naira)	1.62	1.23	1.07	0.63

22 Cash and bank balances

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Cash	86,314	101,609	59,720	74,979
Current balances with banks	349,840	344,123	250,820	309,921
Unrestricted balances with central banks	324,125	202,714	184,189	27,642
Money market placements	85,810	8,467	144,456	51,089
Restricted balances with central banks (note (i) below)	570,081	563,683	566,619	551,568
	1,416,170	1,220,596	1,205,804	1,015,199

(i) Restricted balances with central banks comprise:
In millions of Nigerian Naira

Mandatory reserve deposits with central banks (note (a) below)	515,363	508,965	511,901	496,850
Special Intervention Reserve (note (b) below)	54,718	54,718	54,718	54,718
	570,081	563,683	566,619	551,568

(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 channeled 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.

(ii) Cash and cash equivalents for the purposes of the statements of cash flows include the following :

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Cash and current balances with banks	436,154	445,732	310,540	384,900
Unrestricted balances with central banks	324,125	202,714	184,189	27,642
Money market placements (less than 90 days)	5,122	8,467	14,509	32,189
Financial assets at FVTPL (less than 90 days)	9,312	5,332	9,312	5,332
Cash and cash equivalents	774,713	662,245	518,550	450,063

23 Financial assets at fair value through profit or loss

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Government bonds	16,981	696	420	696
Promissory notes	53,763	-	53,763	-
Treasury bills (less than 90 days maturity) (note (i) below)	9,312	5,332	9,312	5,332
Treasury bills (above 90 days maturity)	9,363	13,411	9,288	13,411
	89,419	19,439	72,783	19,439
Current	89,419	19,439	72,783	19,439
Non-current	-	-	-	-
	89,419	19,439	72,783	19,439

Note 23 continued

Fixed income trading activities are restricted to the parent alone.

(i) This represents treasury bills measured at fair value through profit or loss, 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

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Loans:				
Gross amount	81,891	16,147	59,685	15,859
Less: Allowance for credit losses				
Stage 1 loans	(634)	(350)	(607)	(343)
Stage 2 loans	-	-	-	-
Stage 3 loans	-	-	-	-
	81,257	15,797	59,078	15,516
Current	81,257	15,797	59,078	15,516
Non-current	-	-	-	-
	81,257	15,797	59,078	15,516

(a) Allowance for credit losses on loans and advances to banks

30 June 2019

Group

Allowance for credit loss

In millions of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of the period	350			**350**
Impairment (reversal)/ charge in the period	451	-	-	**451**
Exchange difference	(167)	-	-	**(167)**
Balance, end of period	**634**	**-**	**-**	**634**

Bank

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of the period	343	-	-	343
Impairment (reversal)/ charge in the period	452	-	-	452
Exchange difference	(188)			(188)
Balance, end of period	**607**	**-**	**-**	**607**

31 December 2018

Group

(b) Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of the period	188			188
Impairment (reversal)/ charge in the period	(213)		-	(213)
Exchange difference	375		-	375
Balance, end of period	**350**	**-**	**-**	**350**

31 December 2018

Bank

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of the period	200		-	200
Impairment (reversal)/ charge in the period	(213)		-	(213)
Exchange difference	356		-	356
Balance, end of period	**343**	**-**	**-**	**343**

25 Loans and advances to customers

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Loans:				
Gross amount	1,759,862	1,807,393	1,239,588	1,274,112
Allowance for credit losses	(72,356)	(92,108)	(47,024)	(60,311)
	1,687,506	1,715,285	1,192,564	1,213,801
Further analysis of loans to customers				
Current	926,742	970,376	595,601	580,011
Non-current	760,764	744,909	596,963	633,790
	1,687,506	1,715,285	1,192,564	1,213,801

(a) 30 June 2019

Loans and advances to customers

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Gross amount	1,759,862	1,807,393	1,239,588	1,274,112
Allowance for credit losses:				
- Impairment loss on Stage 1 loans	(35,664)	(24,947)	(16,202)	(17,961)
- Impairment loss on Stage 2 loans	(14,958)	(6,010)	(12,566)	(5,399)
- Impairment loss on Stage 3 loans	(21,734)	(61,151)	(18,256)	(36,951)
Total provision for credit losses	(72,356)	(92,108)	(47,024)	(60,311)
Carrying amount	**1,687,506**	**1,715,285**	**1,192,564**	**1,213,801**

Loans and advances to individuals

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Gross amount	104,945	108,926	31,892	29,801
Allowance for credit losses:				
- Impairment loss on Stage 1 loans	(4,384)	(1,091)	(1,061)	(201)
- Impairment loss on Stage 2 loans	(220)	(60)	(1)	(1)
- Impairment loss on Stage 3 loans	(6,428)	(10,202)	(6,051)	(6,566)
Total provision for credit losses	(11,032)	(11,353)	(7,113)	(6,768)
Carrying amount	**93,913**	**97,573**	**24,779**	**23,033**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Gross amount	1,654,917	1,698,467	1,207,696	1,244,311
Provision for credit losses:				
- Impairment loss on Stage 1 loans	(31,281)	(23,856)	(15,142)	(17,760)
- Impairment loss on Stage 2 loans	(14,738)	(5,950)	(12,564)	(5,398)
- Impairment loss on Stage 3 loans	(15,305)	(50,949)	(12,205)	(30,385)
Total provision for credit losses	(61,324)	(80,755)	(39,911)	(53,543)
Carrying amount	**1,593,593**	**1,617,712**	**1,167,785**	**1,190,768**

Group

Loans and advances to individuals	Gross amount	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Overdrafts	25,545	(1,084)	(116)	(858)	(2,059)	23,486
Term loans	79,400	(3,300)	(104)	(5,570)	(8,973)	70,427
	104,945	**(4,384)**	**(220)**	**(6,428)**	**(11,032)**	**93,913**
Loans and advances to corporate entities and other organizations						
Overdrafts	459,040	(9,194)	(1,833)	(14,928)	(25,956)	433,085
Term loans	1,193,001	(22,071)	(12,905)	(377)	(35,353)	1,157,649
Others	2,875	(16)	-	-	(16)	2,859
	1,654,917	**(31,281)**	**(14,738)**	**(15,305)**	**(61,325)**	**1,593,593**

Loans and advances to customers - continued

Bank

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	13,841	(898)	-	(537)	(1,433)	12,408
Term loans	18,051	(163)	(1)	(5,515)	(5,679)	12,371
	31,892	**(1,061)**	**(1)**	**(6,051)**	**(7,113)**	**24,779**
Loans and advances to corporate entities and other organizations						
Overdrafts	273,001	(2,940)	(1,001)	(12,079)	(16,019)	256,982
Term loans	931,820	(12,185)	(11,564)	(126)	(23,875)	907,944
Others	2,875	(16)	-	-	(16)	2,859
	1,207,696	**(15,142)**	**(12,564)**	**(12,205)**	**(39,911)**	**1,167,785**

(b) 31 December 2018

(i) Group

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	24,578	(66)	(38)	(8,806)	(8,910)	15,668
Term loans	84,348	(1,026)	(21)	(1,396)	(2,443)	81,905
	108,926	**(1,092)**	**(59)**	**(10,202)**	**(11,353)**	**97,573**
Loans and advances to corporate entities and other organizations						
Overdrafts	383,414	(3,220)	(457)	(47,232)	(50,909)	332,505
Term loans	1,310,720	(20,620)	(5,493)	(3,717)	(29,830)	1,280,890
Others	4,333	(16)	-	-	(16)	4,317
	1,698,467	**(23,856)**	**(5,950)**	**(50,949)**	**(80,755)**	**1,617,712**

Loans and advances to customers - continued

(ii) Bank

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdraft	13,305	(37)	(1)	(5,742)	(5,780)	7,525
Term Loans	16,496	(164)	-	(824)	(988)	15,508
	29,801	**(201)**	**(1)**	**(6,566)**	**(6,768)**	**23,033**

Bank

Loans and advances to corporate entities and other organizations

	Gross amount	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	208,244	(1,922)	(115)	(26,961)	(28,998)	179,246
Term loans	1,031,734	(15,824)	(5,283)	(3,423)	(24,530)	1,007,204
Others	4,333	(15)	-	-	(15)	4,318
	1,244,311	**(17,761)**	**(5,398)**	**(30,384)**	**(53,543)**	**1,190,768**

(c) Allowance for credit losses on loans and advances to customers

30 June 2019

(i) Group

In millions of Nigerian Naira	**Stage 1- 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of period	24,947	6,010	61,151	92,108
Impairment charge/(write back) in the period	(5,077)	7,118	(2,273)	(232)
Transfer between stages	15,795	1,830	(17,625)	-
Write offs	-	-	(19,520)	(19,519)
Balance, end of period	**35,664**	**14,958**	**21,733**	**72,357**

Loans and advances to individuals

In millions of Nigerian Naira	Stage 1- 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of period	1,091	60	10,202	**11,353**
Impairment charge/(write back) in the period	2,924	(245)	3,062	**5,740**
Transfer between stages	369	405	(774)	**-**
Write offs	-	-	(6,061)	**(6,061)**
Balance, end of period	**4,384**	**220**	**6,428**	**11,032**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1- 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of period	23,856	5,950	50,949	**80,755**
Impairment charge/(write back) in the period	(8,001)	7,363	(5,334)	**(5,972)**
Transfer between stages	15,425	1,425	(16,851)	**-**
Write offs	-	-	(13,459)	**(13,459)**
Balance, end of period	**31,280**	**14,738**	**15,305**	**61,324**

(ii) Bank

In millions of Nigerian Naira	Stage 1- 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of period	17,961	5,399	36,951	**60,311**
Impairment charge/(write back) in the period	(17,811)	6,137	11,763	**89**
Transfer between stages	16,052	1,030	(17,082)	**-**
Write offs	-	-	(13,376)	**(13,376)**
Balance, end of period	**16,202**	**12,566**	**18,256**	**47,024**

Loans and advances to individuals

In millions of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	201	1	6,566	6,768
Impairment charge/(write back) in the period	556	0	(3,248)	(2,692)
Transfer between stages	303	-	(303)	-
Write offs			3,036	3,036
Balance, end of period	1,060	1	6,051	7,112

Loans to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of period	17,760	5,398	30,385	53,543
Impairment charge/(write back) in the period	(18,367)	6,136	15,011	2,780
Transfer between stages	15,749	1,030	(16,779)	-
Write offs			(16,412)	(16,412)
Balance, end of period	15,142	12,564	12,205	39,911

31 December 2018

(iii) Allowance for credit losses on loans and advances to customers

Group

In millions of Nigerian Naira	Stage 1- 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of period	31,416	7,087	66,004	104,507
Impairment charge/(write back) in the period	(6,469)	(1,077)	4,835	(2,711)
Write offs	-	-	(9,688)	(9,688)
Balance, end of period	**24,947**	**6,010**	**61,151**	**92,108**

Loans and advances to individuals

In millions of Nigerian Naira	Stage 1 - 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of period	1,634	189	5,594	7,417
Impairment charge/(write back) in the period	(543)	(129)	4,609	3,937
Write offs	-	-	(1)	(1)
Balance, end of period	**1,091**	**60**	**10,202**	**11,353**

(iv) Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1 -	Stage 2 -	Stage 3 -	Total
Balance, beginning of period	29,782	6,898	60,410	97,090
Impairment charge/(write back) in the period	(5,926)	(948)	226	(6,648)
Write offs	-	-	(9,687)	(9,687)
Balance, end of period	**23,856**	**5,950**	**50,949**	**80,755**

Bank

In millions of Nigerian Naira	Stage 1 - 12-month	Stage 2 - Lifetime	Stage 3 - Lifetime	Total
Balance, beginning of period	23,933	5,446	43,123	72,502
Impairment charge/(write back) in the period	(5,972)	(47)	4,911	(1,108)
Write offs	-	-	(11,083)	(11,083)
Balance, end of period	**17,961**	**5,399**	**36,951**	**60,311**

Loans and advances to individuals

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of period	201	1	3,724	3,926
Impairment charge/(write back) in the period	-	-	2,844	2,844
Write offs	-	-	(2)	(2)
Balance, end of period	**201**	**1**	**6,566**	**6,768**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of period	23,732	5,445	39,399	68,576
Impairment charge/(write back) in the period	(5,972)	(47)	2,067	(3,952)
Write offs		-	(11,081)	(11,081)
Balance, end of period	**17,760**	**5,398**	**30,385**	**53,543**

26 Investment securities

In millions of Nigerian Naira	Group June 2019	Group Dec 2018	Bank June 2019	Bank Dec 2018
(a) At fair value through other comprehensive income (see note (i)):				
Treasury bills	678,144	790,292	639,898	705,152
Bonds	141,250	143,608	107,331	118,498
Equity investments (see note (ii))	105,021	102,753	104,491	102,242
	924,415	1,036,653	851,720	925,892

(b) At amortised cost (see note (i)):	**Group June 2019**	**Group Dec 2018**	**Bank June 2019**	**Bank Dec 2018**
Treasury bills	387,110	321,131	-	-
Bonds	229,759	279,658	83,623	84,509
Gross amount	616,869	600,789	83,623	84,509
Allowance for credit losses	(458)	(310)	(458)	(244)
Net carrying amount	616,411	600,479	83,165	84,265
Carrying amount	**1,540,826**	**1,637,132**	**934,885**	**1,010,157**
Current	532,365	1,251,924	597,936	812,951
Non-current	1,008,461	385,208	336,949	197,206
	1,540,826	**1,637,132**	**934,885**	**1,010,157**

(i) Included in investment securities at FVOCI and amortised cost 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 Jun. 2019**	**Group Dec. 2018**	**Bank Jun. 2019**	**Bank Dec. 2018**
Bonds (at FVOCI)	12,554	9,166	12,554	9,166
Treasury bills (at FVOCI)	66,873	353,994	66,873	353,994
Bonds (at amortised cost)	178,371	39,814	178,371	39,814
	257,798	402,974	257,798	402,974

(ii) (ii) Unquoted equity securities at FVOCI are analysed below:

In millions of Nigerian Naira	**Group Jun. 2019**	**Group Dec. 2018**	**Bank Jun. 2019**	**Bank Dec. 2018**
Africa finance corporation	87,709	87113	87,709	87113
SMEEIS investment	4,640	4,640	4,640	4,640
Unified payment services limited	3,921	3,593	3,921	3,593
MTN Nigeria	3,211	2,499	3,211	2,499
Central securities clearing system	2,797	2,255	2,797	2,255
Nigeria interbank settlement system plc.	1,535	1,482	1,535	1,482
African export-import bank	405	388	405	388
FMDQ OTC Plc	124	124	124	124
Credit reference company	98	98	98	98
NG Clearing Limited	50	50	50	50
Others[1]	530	511	-	-
	105,021	**102,753**	**104,491**	**102,242**

[1] These relate to other unquoted equity investments (in enties such as GIM UEMOA, The Insurance and Reinsurance Company of the Gulf of Guinea (ARGG) and others) held across the Group by different subsidiaries.

(ii) Upon transition to IFRS 9, the Group elected to measure equity investment at fair value through other comprehensive income.

27 Other assets

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Financial assets				
Electronic payments receivables	14,916	20,001	12,429	16,868
Accounts receivable	39,285	28,148	12,151	9,401
Intercompany receivables	-	-	8,969	8,896
Dividends receivable	385	-	6,091	5,749
Pension custody fees receivable	547	744	-	-
	55,133	48,893	39,640	40,914

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Non-financial assets				
Prepayments	18,406	14,387	11,411	7,565
Recoverable taxes	1,762	1,565	465	128
Stock of consumables	4,600	3,477	9,471	3,000
	24,768	19,429	21,347	10,693
Right-of-use assets	8,168		6,820	
Allowance for impairment on accounts receivable	(6,751)	(5,310)	(2,056)	(1,965)
	81,318	63,012	65,751	49,642
(a) *Movement in impairment for other assets*				
At start of period	5,310	3,328	1,965	2,216
Charge for the period (Note 12)	370	4,162	91	3,105
Reversal/Balances written off	-	(3,356)	-	(3,356)
Exchange difference	1,071	1,176	-	-
	6,751	5,310	2,056	1,965
(b) Current	76,802	59,441	62,262	47,268
Non-current	4,516	3,571	3,489	2,374
	81,318	63,012	65,751	49,642

28 Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investee as at 30 June 2019. 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 the Group’s interest in the Associate Company.

(a) Movement in investment in equity-accounted investee

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Balance, beginning of the period	4,610	2,860	2,715	1,770
Additional investment	179	945	-	945
Share of current period's result	342	419	-	-
Share of foreign currency translation differences	(1,242)	386	-	-
Balance, end of the period	**3,889**	**4,610**	**2,715**	**2,715**

(i) Reconciliation of summarised financial information

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

In millions of Nigerian Naira	Jun. 2019	Dec. 2018
Opening net assets	5,063	3,420
Profit for the period	698	856
Foreign currency translation differences	(610)	787
Closing net assets	**5,151**	**5,063**
Group's interest in associate (49%)	2,703	3,424
Notional goodwill	1,186	1,186
Carrying amount	**3,889**	**4,610**

(b) 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 period.

(c) Summarised financial information for associate

(i) Summarised Statement of Financial Position

In millions of Nigerian Naira	Jun. 2019	Dec. 2018
Assets		
Cash and cash equivalents	1,876	6,314
Other current assets	32,084	22,550
Non-current assets	414	518
Total assets	**34,374**	**29,382**
Financial liabilities	27,478	21,168
Other current liabilities	1,745	3,151
Other non-current liabilities	-	-
Total liabiliities	**29,223**	**24,319**
Net assets	**5,151**	**5,063**

(ii) Summarised statement of comprehensive income

	Jun. 2019	Jun. 2018
Operating income	2,522	2,525
Operating expense	(1,821)	(1,847)
Net impairment loss on financial assets	(3)	(424)
Profit/(Loss) before tax	**698**	**254**
Income tax expense	-	-
Profit/(Loss) for the period	**698**	**254**
Other comprehensive income	-	-
Total comprehensive income/(loss)	**698**	**254**

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 Jun. 2019**	**Bank Dec. 2018**
Bank subsidiaries (see note (i) below):	**Year of acquisition/ Commencement**	**Holding**	**Non-controlling interest**	**Country**	**Industry**		
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	0%	Cameroun	Banking	1,845	1,845
UBA Cote d'Ivoire	2008	100%	0%	Cote d'Ivoire	Banking	12,295	12,295
UBA Liberia Limited	2008	100%	0%	Liberia	Banking	2,330	2,330
UBA (SL) Limited	2008	100%	0%	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	11,451
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	4,332
UBA Gabon	2010	100%	0%	Gabon	Banking	2,760	2,760
UBA Guinea (SA)	2010	100%	0%	Guinea	Banking	1,475	1,475
UBA Congo DRC (SA)	2011	100%	0%	Congo DRC	Banking	10,375	10,375
UBA Congo Brazzaville (SA)	2011	100%	0%	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	96%	4%	Mozambique	Banking	8,156	8,156
UBA Mali	2017	100%	-	Mali	Banking	6,300	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
UBA UK Limited (see (iv) below)	2012	100%	-	United Kingdom	Investment banking	9,974	9,974
						103,275	**103,777**

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 period is as follows:

In millions of Nigerian Naira	**Bank Jun. 2019**	**Bank Dec. 2018**
The movement in the investment in subsidiaries during the period is as follows:		
Balance, beginning of the period	103,777	103,777
Disposal of investments during the period	(502)	-
Balance, end of the period	**103,275**	**103,777**

During the period, the gain recorded from liquidation of FX Mart by the Bank was determined as follows:

	N'Million
Net assets of FX Marts as at Liquidation date	677.6
Cost of investment in subsidiary	(502.0)
Net gains from Liquidation	**175.6**

During the year, the Bank did not make any additional investments or capital injection into the existing subsidiaries.

(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 FX Mart was incorporated on January 30, 2008 and commenced operations on May 22, 2008. It operates as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, Management made a decision to suspend the Company's operations. As at the reporting date, the Company has been liquidated.

(iv) UBA UK 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 .

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the period is N18.706 billion (2018: N19.139 billion) is attributed to the following non-fully owned subsidiaries:

	Jun. 2019	Dec. 2018
UBA Ghana Limited	4,000	3,897
UBA Burkina Faso	5,881	6,439
UBA Benin	1,982	1,947
UBA Uganda Limited	1,267	1,235
UBA Kenya Bank Limited	1,480	1,444
UBA Senegal (SA)	2,114	2,360
UBA Mozambique (SA)	363	364
UBA Chad (SA)	1,165	1,018
UBA Tanzania Limited	454	435
	18,706	19,139

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 30 June 2019. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of Nigerian Naira	**UBA Ghana Limited**		**UBA Burkina Faso**		**UBA Benin**	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	44,405	34,862	11,167	23,857	13,214	14,446
Other financial assets	151,717	191,759	177,055	180,760	108,903	105,825
Non-financial assets	3,111	1,917	3,124	3,191	2,149	2,619
Total assets	**199,233**	**228,538**	**191,346**	**207,808**	**124,266**	**122,890**
Financial liabilities	150,194	171,927	171,396	188,676	109,249	108,259
Non-financial liabilities	5,703	6,676	3,731	1,375	2,773	2,606
Total liabilities	**155,897**	**178,603**	**175,127**	**190,051**	**112,022**	**110,865**
Net assets	**43,336**	**49,935**	**16,219**	**17,757**	**12,244**	**12,025**
Summarized statement of comprehensive income	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**
Revenue	**16,345**	**20,820**	**6,477**	**7,485**	**7,041**	**5,420**
Profit for the period	6,080	5,082	1,120	1,355	868	1,512
Other comprehensive income	-	-	-	-		
Total comprehensive income	**6,080**	**5,082**	**1,120**	**1,355**	**868**	**1,512**
Total comprehensive income allocated to non-controlling interest	561	469	406	491	141	245
Summarized cash flows						
Cash flows from operating activities	1,673	829	(13,447)	(19,671)	1,003	(877)
Cash flows from financing activities	704	(503)	(2,658)	(1,369)	(649)	1,248
Cash flows from investing activities	(1,204)	(622)	3,415	15,878	(1,586)	10,387
Net (decrease)/increase in cash and cash equivalents	**1,173**	**(296)**	**(12,690)**	**(5,162)**	**(1,232)**	**10,758**

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

In millions of Nigerian Naira	**UBA Uganda Limited**		**UBA Kenya Bank Limited**		**UBA Senegal (SA)**	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	10,360	10,639	13,199	12,071	71,759	64,492
Other financial assets	20,650	13,252	40,296	40,671	122,115	122,093
Non-financial assets	466	416	1,585	1,472	1,063	1,119
Total assets	**31,476**	**24,307**	**55,080**	**54,214**	**194,937**	**187,704**
Financial liabilities	24,348	20,307	46,498	27,901	173,903	164,781
Non-financial liabilities	3,024	-	790	18,714	5,387	5,460
Total liabilities	**27,372**	**20,307**	**47,288**	**46,615**	**179,290**	**170,241**
Net assets	**4,104**	**4,000**	**7,792**	**7,599**	**15,647**	**17,463**
Summarized statement of comprehensive income	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**
Revenue	**1,975**	**1,283**	**2,881**	**1,282**	**5,204**	**5,186**
Profit/(loss) for the period	179	148	99	110	671	1,949
Other comprehensive income	-	-	-	-		
Total comprehensive income	**179**	**148**	**99**	**110**	**671**	**1,949**
Total comprehensive income allocated to non-controlling interest	55	46	19	21	91	263
Summarized cash flows						
Cash flows from operating activities	7,301	7,151	18,217	7,846	9,097	7,958
Cash flows from financing activities	(78)	(952)	(17,845)	18,082	(2,487)	(3,442)
Cash flows from investing activities	(7,502)	(4,837)	756	(20,963)	657	2,718
Net increase/(decrease) in cash and cash equivalents	**(279)**	**1,362**	**1,128**	**4,965**	**7,267**	**7,234**

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

	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	5,290	4,335	10,380	6,280	27,488	6,423
Other financial assets	10,424	15,190	34,337	34,399	11,010	10,224
Non-financial assets	249	233	681	1,199	191	160
Total assets	**15,963**	**19,758**	**45,398**	**41,878**	**38,689**	**16,807**
Financial liabilities	7,324	11,037	32,971	31,377	35,795	14,090
Non-financial assets	190	260	1,837	1,245	356	281
Total liabilities	**7,514**	**11,297**	**34,808**	**32,622**	**36,151**	**14,371**
Net assets	**8,449**	**8,461**	**10,590**	**9,256**	**2,538**	**2,436**
Summarized statement of comprehensive income	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**	**Jun. 2019**	**Jun. 2018**
Revenue	**1,107**	**401**	**3,461**	**2,669**	**1,179**	**742**
(Loss)/Profit for the period	(12)	270	1,407	922	92	(266)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(12)**	**270**	**1,407**	**922**	**92**	**(266)**
Total comprehensive income allocated to non-controlling interest	(1)	12	155	101	16	(48)
Summarized cash flows						
Cash flows from operating activities	(3,726)	3,744	8,968	2,033	21,946	7,689
Cash flows from financing activities	2	(496)	(73)	(2,644)	11	(767)
Cash flows from investing activities	4,679	(435)	(4,795)	(4,444)	(892)	(196)
Net increase/(decrease) in cash and cash equivalents	**955**	**2,813**	**4,100**	**(5,055)**	**21,065**	**6,726**

30 Property and equipment
(a) As at 30 June 2019
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 2019	34,390	36,956	13,259	8,564	14,367	11,640	41,936	44,910	11,453	217,475
Additions	171	52	180	-	319	414	764	2,171	5,295	9,366
Reclassifications	(406)	265	446	-	61	51	841	1,901	(3,158)	-
Disposals	-	(45)	(403)	-	(235)	(242)	(325)	(388)	(100)	(1,738)
Transfers	-	-	-	-	-	-	-	-	187	187
Write-off	-	(8)	-	-	(42)	(0)	(1)	(7)	-	(59)
Exchange difference (note i)	(68)	(107)	(118)	-	(108)	(123)	(77)	(108)	(145)	(853)
Balance at 30 June 2019	**34,087**	**37,113**	**13,364**	**8,564**	**14,362**	**11,740**	**43,138**	**48,478**	**13,532**	**224,378**
Accumulated depreciation										
Balance at 1 January 2019	-	14,461	7,542	1,666	11,567	9,201	28,783	28,282	-	101,502
Charge for the period	-	585	246	204	373	382	1,955	2,270	-	6,015
Reclassifications	-	(10)	30	-	19	(44)	(24)	29	-	-
Disposals	-	(23)	(396)	-	(131)	(237)	(231)	(253)	-	(1,271)
Write-off	-	(1)	-	-	(38)	(0)	(1)	(6)	-	(46)
Exchange difference (note i)	-	(34)	(116)	-	(22)	(156)	(35)	(28)	-	(390)
Balance at 30 June 2019	**-**	**14,977**	**7,307**	**1,870**	**11,769**	**9,146**	**30,447**	**30,293**	**-**	**105,810**
Carrying amounts										
Balance at 30 June 2019	**34,087**	**22,136**	**6,057**	**6,694**	**2,593**	**2,594**	**12,691**	**18,185**	**13,532**	**118,571**

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

(ii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2018: nil)

Notes to the financial statements

Group

(b) **As at 31 December 2018**

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 2018	34,380	36,533	13,305	8,564	14,071	11,049	33,389	38,430	12,702	202,423
Additions	63	580	574	-	779	728	1,832	5,779	8,709	19,044
Reclassifications	(22)	928	277	-	23	136	7,182	1,417	(9,941)	-
Disposals	(3)	(573)	(558)	-	(342)	(135)	(276)	(446)	(99)	(2,432)
Transfers	-	-	-	-	-	-	-	-	233	233
Write-off	-	(6)	-	-	(1)	-	-	-	-	(7)
Exchange difference	(28)	(506)	(339)	-	(163)	(138)	(191)	(270)	(151)	(1,786)
Balance at 31 December 2018	**34,390**	**36,956**	**13,259**	**8,564**	**14,367**	**11,640**	**41,936**	**44,910**	**11,453**	**217,475**
Accumulated depreciation										
Balance at 1 January 2018	-	14,595	7,319	1,258	11,035	8,268	27,400	24,910	-	94,785
Charge for the year	-	514	868	408	907	1,207	2,329	3,966	-	10,199
Reclassifications	-	(7)	7	-	-	(1)	(5)	6	-	-
Disposals	-	(399)	(382)	-	(219)	(97)	(707)	(345)	-	(2,149)
Transfers	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1)	-	-	-	-	(1)
Exchange difference	-	(242)	(270)	-	(155)	(176)	(234)	(255)	-	(1,332)
Balance at 31 December 2018	**-**	**14,461**	**7,542**	**1,666**	**11,567**	**9,201**	**28,783**	**28,282**	**-**	**101,502**
Carrying amounts										
Balance at 31 December 2018	**34,390**	**22,495**	**5,717**	**6,898**	**2,800**	**2,439**	**13,153**	**16,628**	**11,453**	**115,973**

Bank

(c) **As at 30 June 2019**

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 2019	33,372	26,316	4,034	8,564	10,227	7,815	35,336	37,776	7,706	171,146
Additions	171	41	-	-	170	219	573	982	4,867	7,022
Reclassifications	(406)	242	341	-	41	47	821	1,866	(2,952)	-
Disposals	-	(0)	(2)	-	(75)	(22)	(169)	(138)	(100)	(506)
Transfers		-	-	-	-	-	-	-	187	187
Write-off		(8)	-	-	(42)	(0)	(1)	(7)	-	(59)
Exchange difference (note i)			2	-	0	1	5	0		8
Balance at 30 June 2019	**33,137**	**26,591**	**4,375**	**8,564**	**10,322**	**8,059**	**36,564**	**40,478**	**9,709**	**177,798**
Accumulated depreciation										
Balance at 1 January 2019	-	9,082	1,626	1,666	8,364	5,733	24,096	23,077	-	73,644
Charge for the period	-	210	53	204	267	286	1,367	2,063	-	4,451
Reclassifications	-	(13)	13	-	-	2	(44)	42	-	-
Disposals	-	(0)	(1)	-	(72)	(22)	(166)	(133)	-	(394)
Write-off	-	(1)	-	-	(38)	(0)	(1)	(6)	-	(46)
Exchange difference (note i)	-		1	-	0	1	2	0	-	5
Balance at 30 June 2019	**-**	**9,277**	**1,693**	**1,870**	**8,522**	**6,000**	**25,255**	**25,043**	**-**	**77,660**
Carrying amounts										
Balance at 30 June 2019	**33,137**	**17,314**	**2,682**	**6,694**	**1,800**	**2,059**	**11,309**	**15,435**	**9,709**	**100,138**

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

(ii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2018: nil)

United Bank for Africa Plc

Notes to the financial statements

(d) **As at 31 December 2018**

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 2018	33,334	25,499	3,673	8,564	10,041	7,270	27,115	31,483	9,083	156,062
Additions	63	318	77	-	319	422	1,142	5,137	8,014	15,492
Reclassifications	(22)	512	277	-	23	136	7,182	1,417	(9,525)	-
Disposals	(3)	(7)	(20)	-	(158)	(27)	(150)	(275)	(99)	(739)
Transfers	-	-	-	-	-	-	-	-	233	233
Write-off	-	(6)	-	-	(1)	-	-	-	-	(7)
Exchange difference	-	-	27	-	3	14	47	14	-	105
Balance at 31 December 2018	**33,372**	**26,316**	**4,034**	**8,564**	**10,227**	**7,815**	**35,336**	**37,776**	**7,706**	**171,146**
Accumulated depreciation										
Balance at 1 January 2018	-	8,691	1,520	1,258	7,888	5,185	22,240	19,995	-	66,777
Charge for the year	-	400	93	408	603	561	1,985	3,318	-	7,368
Reclassifications	-	(7)	7	-	-	(1)	(5)	6	-	-
Disposals	-	(2)	(14)	-	(128)	(25)	(142)	(258)	-	(569)
Transfers	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1)	-	-	-	-	(1)
Exchange difference	-	-	20	-	2	13	18	16	-	69
Balance at 31 December 2018	**-**	**9,082**	**1,626**	**1,666**	**8,364**	**5,733**	**24,096**	**23,077**	**-**	**73,644**
Carrying amounts										
Balance at 31 December 2018	**33,372**	**17,234**	**2,408**	**6,898**	**1,863**	**2,082**	**11,240**	**14,699**	**7,706**	**97,502**

31 Intangible assets

(a) (i) As at 30 June 2019

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2019	9,735	20,092	3,710	33,537
Additions	-	174	1,037	1,211
Reclassifications	-	123	(123)	-
Disposal	-	-	(11)	(11)
Transfers*	-	-	(188)	(188)
Exchange difference	(170)	(254)	0	(424)
Balance at 30 June 2019	9,565	20,135	4,425	34,126
Amortization				
Balance at 1 January 2019	-	15,369	-	15,369
Amortisation for the period	-	838	-	838
Exchange difference	-	(50)	-	(50)
Balance at 30 June 2019	-	16,157	-	16,157
Carrying amounts				
Balance at 30 June 2019	9,565	3,978	4,425	17,969

(ii) As at 31 December 2018

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2018	9,792	18,506	2,533	30,831
Additions	-	994	2,370	3,364
Reclassifications	-	926	(926)	-
Disposal	-	-	(33)	(33)
Transfers*	-	-	(234)	(234)
Exchange difference	(57)	(334)	-	(391)
Balance at 31 December 2018	9,735	20,092	3,710	33,536
Amortization				
Balance at 1 January 2018	-	13,940	-	13,940
Amortisation for the year	-	1,602	-	1,602
Exchange difference	-	(172)	-	(172)
Balance at 31 December 2018	-	15,369	-	15,369
Carrying amounts				
Balance at 31 December 2018	**9,735**	**4,723**	**3,710**	**18,168**

(b) (i) Bank

Cost			
Balance at 1 January 2019	14,885	3,698	18,582
Additions	1	1,035	1,036
Reclassifications	123	(123)	-
Disposal	-	(11)	(11)
Transfers*	-	(187)	(187)
Exchange difference	3	-	3
Balance at 30 June 2019	15,013	4,412	19,424
Amortization			
Balance at 1 January 2019	11,672	-	11,672
Amortisation for the period	693	-	693
Exchange difference	3	-	3
Balance at 30 June 2019	12,368	-	12,368
Carrying amounts			
Balance at 30 June 2019	2,645	4,412	7,056

(ii) **Bank**

Cost	**Purchased software**	**Work in progress**	**Total**
In millions of Nigerian Naira			
Balance at 1 January 2018	13,683	2,533	16,216
Additions	274	2,346	2,621
Reclassifications	926	(926)	-
Disposal	-	(33)	(33)
Transfers*	2	(233)	(231)
Exchange difference	-	11	11
Balance at 31 December 2018	14,885	3,698	18,583
Amortization			
Balance at 1 January 2018	10,370	-	10,370
Amortisation for the year	1,302	-	1,302
Balance at 31 December 2018	11,672	-	11,672
Carrying amounts			
Balance at 31 December 2018	**3,213**	**3,698**	**6,911**

There were no capitalised borrowing costs related to the internal development of software during the period (December 2018: 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 period as disclosed in Note 30.

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 UK Limited have been identified as individual cash generating units. UBA Benin and UBA UK 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 UK Limited**
	Jun. 2019	**Jun. 2019**
Gross earnings (% annual growth rate)	11.0	11.0
Deposits (% annual growth rate)	15.0	5.0
Loans and advances (% annual growth rate)	15.0	10.0
Operating expenses (% annual growth rate)	10.0	5.0
Terminal growth rate (%)	1.5	2.0
Discount rate (pre-tax) (%)	18.5	6.6

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
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
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.

Below is the result of the impairment test:

	UBA Benin		**UBA UK Limited**	
	Jun. 2019	**Dec. 2018**	**Jun. 2019**	**Dec. 2018**
In millions of Nigerian Naira				
Recoverable amount	33,788	33,788	48,818	48,818
Less: Carrying amount				
Goodwill	(5,589)	(5,779)	(3,976)	(3,956)
Net assets	(12,244)	(12,025)	(18,674)	(16,497)
Total carrying amount	(17,833)	(17,804)	(22,650)	(20,453)
Excess of recoverable amount over carrying amount	**15,955**	**15,984**	**26,168**	**28,365**

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, terminal 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:

	Jun. 2019		**Dec. 2018**	
	%	**%**	**%**	**%**
UBA Benin	**From**	**To**	**From**	**To**
Deposit growth rate	15.0	8.1	15.0	8.1
Discount rate	18.5	36.9	18.5	36.9
UBA UK Limited				
Deposit growth rate	5.0	1.1	5.0	1.1
Discount rate	6.6	16.0	6.6	16.0

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

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In millions of Nigerian Naira	Group			Bank		
(a) ***30 June 2019***	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, equipment, and software	17,840	137	17,703	14,626	-	14,626
Allowances for loan losses	7,117	-	7,117	7,111	-	7,111
Account receivable/tax on financial assets at FVOCI	695	-	695	695	-	695
Tax losses carried forward	10,795	-	10,795	10,779	-	10,779
Prior year DTA written-off in FY2018	247	5,316	(5,069)	-	5,316	(5,316)
Current Year DTA in SOCIE Not Recognised	-	1,440	(1,440)	-	1,440	(1,440)
Current Year DTA in SOCI Not Recognised	-	7,625	(7,625)	-	7,625	(7,625)
Exchange difference on monetary items	-	-	-	-	-	-
Fair value gain on derivatives	-	8,069	(8,069)	-	8,069	(8,069)
Loss on revaluation of investment securities	-	(1,440)	1,440	-	(1,440)	1,440
Foreign currency revaluation Loss	-	(7,410)	7,410	-	(9,368)	9,368
Others	293	-	293	293	-	293
Net deferred tax assets /liabilities	36,987	13,737	23,250	33,504	11,642	21,862

In millions of Nigerian Naira	Group			Bank		
31 December 2018	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, equipment, and software	17,734	28	17,706	14,626	-	14,626
Allowances for loan losses	7,111	-	7,111	7,111	-	7,111
Account receivable/tax on financial assets at FV	695	-	695	695	-	695
Tax losses carried forward	10,779	-	10,779	10,779	-	10,779
Prior year DTA written-off in FY2018	-	5,316	(5,316)	-	5,316	(5,316)
Current Year DTA in SOCIE Not Recognised	-	1,440	(1,440)	-	1,440	(1,440)
Current Year DTA in SOCI Not Recognised	-	7,625	(7,625)	-	7,625	(7,625)
Exchange difference on monetary items	-	-	-	-	-	-
Fair value gain on derivatives	-	8,069	(8,069)	-	8,069	(8,069)
Loss on revaluation of investment securities	-	(1,440)	1,440	-	(1,440)	1,440
Foreign currency revaluation Loss	-	(9,368)	9,368	-	(9,368)	9,368
Others	293	-	293	293	-	293
Net deferred tax assets /liabilities	36,612	11,670	24,942	33,504	11,642	21,862

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

(i) Deferred tax assets

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Recognised deferred tax assets	36,987	36,612	33,504	33,504
Amounts offset*:				
- Fair value gain on derivatives	(8,069)	(8,097)	(8,069)	(8,069)
- Unwound fair value gain	-	-	-	-
Property, equipment, and software	(137)			
Prior year DTA written-off in FY2018	(5,316)	(5,316)	(5,316)	(5,316)
Current Year DTA in SOCIE Not Recognised	(1,440)	(1,440)	(1,440)	(1,440)
Current Year DTA in SOCI Not Recognised	(7,625)	(7,625)	(7,625)	(7,625)
Loss on revaluation of investment securities	1,440	1,440	1,440	1,440
Foreign currency revaluation Loss	7,410	9,368	9,368	9,368
Deferred tax assets in the statement of financial position	23,250	24,942	21,862	21,862

(ii) Deferred tax liabilities

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Recognised deferred tax liabilities	13,737	11,670	11,642	11,642
Amounts offset*:				
Loss on revaluation of investment securities	1,440	1,440	1,440	1,440
Foreign currency revaluation Loss	7,410	9,368	9,368	9,368
- Fair value gain on derivatives	(8,069)	(8,069)	(8,069)	(8,069)
Prior year DTA written-off in FY2018	(5,316)	(5,316)	(5,316)	(5,316)
Current Year DTA in SOCIE Not Recognised	(1,440)	(1,440)	(1,440)	(1,440)
Current Year DTA in SOCI Not Recognised	(7,625)	(7,625)	(7,625)	(7,625)
Deferred tax liabilities in the statement of financial position	137	28	-	-

*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.

Movements in temporary differences during the period
30 June 2019
Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	17,706	(3)	-	17,703
Allowances for loan losses	7,111	6	-	7,117
Account receivable/tax on financial assets at FVOCI	695		-	695
Tax losses carried forward	10,779	16	-	10,795
Prior year DTA written-off in FY2018	(5,316)	247	-	(5,069)
Current Year DTA in SOCIE Not Recognised	(1,440)		-	(1,440)
Current Year DTA in SOCI Not Recognised	(7,625)		-	(7,625)
Exchange difference on monetary items	-		-	-
Fair value gain on derivatives	(8,069)		-	(8,069)
Loss on revaluation of investment securities	1,178	262	-	1,440
Foreign currency revaluation Loss	9,368	(1,958)	-	7,410
Others	293		-	293
	24,680	(1,430)	-	23,250

Bank *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	14,626	-	-	14,626
Allowances for loan losses	7,111	-	-	7,111
Account receivable/tax on financial assets at FVOCI	695	-	-	695
Tax losses carried forward	10,779	-	-	10,779
Prior year DTA written-off in FY2018	(5,316)	-	-	(5,316)
Current Year DTA in SOCIE Not Recognised	(1,440)	-	-	(1,440)
Current Year DTA in SOCI Not Recognised	(7,625)	-	-	(7,625)
Exchange difference on monetary items	-	-	-	-
Fair value gain on derivatives	(8,069)	-	-	(8,069)
Loss on revaluation of investment securities	9,368	-	-	1,440
Foreign currency revaluation Loss	1,440	-		9,368
Others	293	-	-	293
	21,862	-	-	21,862

31 December 2018 **Group** *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	15,203	2,528	(25)	17,706
Allowances for loan losses	3,783	3,328	-	7,111
Account receivable	672	23	-	695
Tax losses carried forward	8,643	2,136	-	10,779
Prior year DTA written-off in FY2018	-	(5,316)	-	(5,316)
Current Year DTA in SOCIE Not Recognised	-	(1,440)	-	(1,440)
Current Year DTA in SOCI Not Recognised	-	(7,625)	-	(7,625)
Exchange difference on monetary items	436	(436)	-	-
Tax losses on fair value gain on derivatives	(63)	(8,006)	-	(8,069)
Foreign currency revaluation Loss	-	9,368	-	9,368
Loss on revaluation of investment securities	852	326	-	1,178
Others	-	293	-	293
	29,526	(4,820)	(25)	24,680

Bank *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	12,855	1,771	-	14,626
Allowances for loan losses	3,783	3,328	-	7,111
Account receivable	672	23	-	695
Tax losses carried forward	8,643	2,136	-	10,779
Prior year DTA written-off in FY2018	-	(5,316)	-	(5,316)
Current Year DTA in SOCIE Not Recognised	-	(1,440)	-	(1,440)
Current Year DTA in SOCI Not Recognised	-	(7,625)	-	(7,625)
Exchange difference on monetary items	436	(436)	-	-
Tax losses on fair value gain on derivatives	(63)	(8,006)	-	(8,069)
Foreign currency revaluation Loss	-	9,368	-	9,368
Loss on revaluation of investment securities	852	588	-	1,440
Others	-	293	-	293
	27,178	(5,316)	-	21,862

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 period end and are indicative of neither the market risk nor the credit risk.

In millions of Nigerian Naira

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Derivative assets				
Carrying value	41,948	34,784	41,948	34,784
Notional amount	422,012	318,172	422,012	318,172
Derivative liabilities				
Carrying value	1,285	99	1,285	99
Notional amount	193,058	18,815	193,058	18,815

(a) **Derivative assets**

In millions of Nigerian Naira

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Instrument type:				
Cross-currency swaps	36,960	34,776	36,960	34,776
Foreign exchange forward contracts	4,988	8	4,988	8
	41,948	34,784	41,948	34,784
The movement in derivative assets is as follows:				
Balance, beginning of period	34,784	8,227	34,784	7,911
Fair value of derivatives derecognised/remeasured in the period	(34,784)	(8,227)	(34,784)	(7,911)
Fair value of derivatives acquired/remeasured in the period	41,948	34,784	41,948	34,784
Balance, end of period	41,948	34,784	41,948	34,784

Derivative assets are current in nature

(b) **Derivative liabilities**

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Instrument type:				
Cross-currency swap	978	34	978	34
Foreign exchange forward contracts	307	65	307	65
	1,285	99	1,285	99
The movement in derivative liability is as follows:				
Balance, beginning of period	99	123	99	123
Fair value of derivatives derecognised/remeasured in the period	(99)	(123)	(99)	(123)
Fair value of derivatives acquired/remeasured in the period	1,285	99	1,285	99
Balance, end of period	1,285	99	1,285	99

Derivative liabilities are current in nature

(c) **Fair value gain on derivatives**	Group Jun. 2019	Group Jun. 2018	Bank Jun. 2019	Bank Jun. 2018
Derivative assets :				
Fair value gain on additions in the period	41,948	20,759	41,948	21,074
Fair value loss on maturities in the period	(34,784)	(8,227)	(34,784)	(8,227)
Net fair value gain on derivative assets	7,164	12,532	7,164	12,847
Derivative liabilities:				
Fair value loss on additions in the period	(1,285)	(44)	(1,285)	(44)
Fair value gain on maturities in the period	99	123	99	123
Net fair value gain on derivative liabilities	(1,186)	79	(1,186)	79
Net fair value gain/(loss) on derivative assets and liabilities (note 15)	**5,979**	**12,611**	**5,979**	**12,926**

34 Deposits from banks

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Money market deposits	119,407	153,419	482	11,610
Due to other banks	51,784	21,417	25,126	18,892
	171,191	**174,836**	**25,608**	**30,502**
Current	171,191	174,836	25,608	30,502

35 Deposits from customers

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Retail customers:				
Term deposits	478,199	353,247	403,868	270,968
Current deposits	608,252	663,514	465,473	512,468
Savings deposits	752,214	701,980	623,772	578,963
Corporate customers:				
Term deposits	438,239	419,230	324,252	308,871
Current deposits	1,233,333	1,211,149	740,001	752,838
	3,510,237	**3,349,120**	**2,557,366**	**2,424,108**
Current	3,510,212	3,348,658	2,557,341	2,423,646
Non-current	25	462	25	462
	3,510,237	3,349,120	2,557,366	2,424,108

36 Other liabilities

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
In millions of Nigerian Naira				
Financial liabilities				
Creditors and payables	97,054	61,762	63,766	41,735
Managers cheques	4,278	5,233	3,051	3,728
Unclaimed dividends (note (i))	7,508	7,076	7,508	7,076
Customers' deposit for foreign trade (note (ii))	21,609	27,793	18,016	24,410
Lease Liabilities	1,808	-	1,689	-
	132,257	101,864	94,030	76,949
Non-financial liabilities				
Provisions (note (iii))	255	252	147	147
Allowance for credit losses on off-balance sheet items (note (iv))	4,722	3,264	4,443	2,679
Deferred income	332	319	332	319
Accrued expenses	13,319	15,065	3,304	4,205
	18,628	18,900	8,226	7,350
Total other liabilities	**150,885**	**120,764**	**102,256**	**84,299**
Current	150,885	120,764	102,256	84,299

(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 30 June 2019. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

The movement in provision during the period is as follows:

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
At 1 January (legal claims provisions)	252	252	147	147
At 1 January (Off balance sheet provisions)	3,264	-	2,679	
Additional provisions (legal claims provisions)	3	3,264	-	2,679
Additional provisions (off balance sheet provisions)	1,458	-	1,764	-
At 30 June	**4,977**	**3,516**	**4,590**	**2,826**
Analysis of total provisions:				
Current	4,977	3,516	2,826	2,826

(iv) This represents allowance for credit loss for off-balance sheet engagements such as loan commitments and financial guarantees recognised upon adoption of IFRS 9.

37 Borrowings

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
- Central Bank of Nigeria (note 37.1)	78,944	85,380	78,944	85,380
- Bank of Industry (BoI) (note 37.2)	7,000	7,708	7,000	7,708
- European Investment Bank (EIB) (note 37.4)	23,378	23,539	23,378	23,539
- Africa Trade Finance Limited (note 37.5)	25,742	43,359	25,742	25,419
- African Development Bank (note 37.6)	50,569	54,842	50,569	54,842
- Credit Suisse (note 37.7)	108,490	108,065	108,490	108,065
- Eurobond debt security (note 37.8)	178,734	177,634	178,734	177,634
- JP Morgan Securities Limited (note 37.9)	72,373	72,062	72,373	72,062
-Societe Generale Bank (note 37.11)	36,124	35,967	36,124	35,967
-Mashreqbank psc (note 37.12)	18,054	17,969	18,054	17,969
-Rand Merchant Bank (note 37.13)	27,160	27,015	27,160	27,015
-ABSA Bank Limited (note 37.14)	27,061	21,534	27,061	21,534
-International Finance Corporation (IFC) (note 37.15)	-	8,458	-	-
-Sumitomo Mitsui Banking Corporation (SMBCE) (note 37.16)	36,008	-	36,008	-
	689,637	**683,532**	**689,637**	**657,134**
Current	233,911	202,180	233,911	202,180
Non-current	455,726	481,352	455,726	454,954
	689,637	683,532	689,637	657,134

Movement in borrowings during the period:

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Opening balance	683,532	502,209	657,134	502,209
Additions	46,508	235,128	46,508	235,128
Interest expense	18,445	35,151	18,113	33,509
Interest paid	(24,940)	(37,167)	(24,940)	(36,842)
Repayments (principal)	(36,851)	(116,117)	(10,453)	(116,117)
Exchange difference	2,943	64,328	3,275	39,247
	689,637	683,532	689,637	657,134

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

(a) N30.138 billion 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) N24.912 billion 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) N29.061 billion 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.

(d) N1.46billion 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 $75 million 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 $16.296 million 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 2017. 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 facilities provided by Africa Trade Finance Limited (ATF) :

(a) For UBA Nigeria, 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.

(b) ATF also granted $50million line of credit to UBA Kenya in April 2018. The facility is for six months and matures in October 2018. Interest rate on the facility is 90 days USD LIBOR plus 250 basis points and is payable quarterly.

37.6 This represents the amount granted under a $150million line of credit by African Development Bank, Cote d'Ivoire in November 2017. The first tranche of $120million was disbursed to the Bank in December 2017 while the second tranche of $30 million was disbursed to the Bank 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.

37.7 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.

37.8 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.

37.9 This represents the outstanding balance on $100million and $100million trade finance loan facilities granted by JP Morgan in August and December 2018. The facilities are for a tenor of one year and Interest rate is three (3) months USD LIBOR plus 222 basis points. The interest payments are on a quarterly basis while principal repayments are due upon maturity in August and December 2019 respectively.

37.10 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 were serviced on a quarterly basis while the principal repayment was due upon maturity in June 2018.

37.11 This represents the amount granted under a $100 million trade finance loan facility granted by Societe Generale Bank in September 2018. The facility is for one year and Interest rate is three (3) months USD LIBOR plus 220 basis points. The interest and principal repayments are due upon maturity in September 2019.

37.1 This represents the amount granted under a $50 million trade finance loan facility granted by Mashreqbank psc in December 2018. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 300 basis points. The interest and principal repayments are due upon maturity in June 2019.

37.1 This represents the amount granted under a $75 million trade finance loan facility granted by Rand Merchant Bank in December 2018. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 300 basis points. The interest and principal repayments are due upon maturity in June 2019.

37.1 This represents the amount granted under a $60 million trade finance loan facility granted by ABSA Bank Ltd in December 2018. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 300 basis points. The interest and principal repayments are due upon maturity in June 2019.

37.2 This represents facilities provided by International FInance Corporation (IFC):

(a) This represents the amount granted to UBA Ghana under a $25 million term loan facility granted by International FInance Corporation (IFC) in February 2018. The facility is for a tenor of five (5) years and Interest rate is six (6) months USD LIBOR plus 525 basis points paid quarterly. The principal repayment will be on a semi-annual basis after a two-year moratorium period.

(b) This represents the amount granted to UBA Liberia under a $2 million term loan facility granted by International FInance Corporation (IFC). The facility is for a tenor of two (2) years and Interest rate is 8.25% paid semi-annually while the principal repayment is due upon maturity

37.2 This represents the amount granted under a $100 million trade finance loan facility granted by Sumitomo Mitsui Banking Corporation Europe Limited (SMBCE) in May 2019. The facility is for a tenor of twelve (12) months and Interest rate is three (3) months USD ICE LIBOR of 2.60%. The interest is payable quarterly in arrears while the principal repayment is due upon maturity in May 2020.

38 Subordinated liabilities

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Medium term notes - series 3	29,976	29,859	29,976	29,859
	29,976	**29,859**	**29,976**	**29,859**
Current	-	5,017	-	5,017
Non-current	29,976	24,842	29,976	24,842
	29,976	29,859	29,976	29,859

Subordinated liabilities represent medium-term bonds issued by the Bank. In September 2011, the Bank offered N35billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. In December 2014, the Bank also offered N30.5 billion fixed rate unsecured notes maturing in 2021 with a coupon of 16.45%. Coupon on the notes are payable semi-annually while principal is payable on maturity.

Movement in subordinated liabilities:

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Opening balance	29,859	65,741	29,859	65,741
Interest accrued	2,605	9,032	2,605	9,032
Interest paid	(2,488)	(9,897)	(2,488)	(9,897)
Repayments	-	(35,017)	-	(35,017)
	29,976	29,859	29,976	29,859

39 Capital and reserves

(a) Share capital

Share capital comprises:

		Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
(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	17,100	17,100	17,100

The movement in the share capital account during the period is as follows:

In millions				
Number of shares in issue at start of the period	34,200	34,200	34,200	34,200
Number of shares in issue at end of the period	34,200	34,200	34,200	34,200

(b) Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

(c) Retained earnings

Retained earnings is the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

(d) Other Reserves

Other reserves include the following:

In millions of Nigerian Naira	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Translation reserve (note (i))	8,703	18,178	-	-
Statutory reserve (note (ii))	90,783	90,783	74,603	74,603
Fair value reserve (note (iii))	85,790	69,099	86,355	69,751
Regulatory (Credit) risk reserve (note (iv))	27,594	21,521	29,512	15,212
Treasury shares (note (v))	-		-	-
	212,870	199,581	190,470	159,566

(i) Translation reserve

Translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations.

(ii) Statutory reserve

Statutory reserve includes:

- Statutory reserve: this represents the cumulative appropriation from earnings in accordance with existing legislation that require the Bank to make an annual appropriation, In the current period, the Bank transferred NN6,157 billion billion representing 15% (2018: 15%) of its profit after taxation to statutory reserves.

- Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserves of N2.635 billion as at 30 June 2019(December 2018: N2.635 billion) . The Bank has since suspended further appropriation to SMEEIS reserve in line with the directives of the Central Bank of Nigeria.

- Agriculture/Small and Medium Enterprises Equity Investment Scheme (AGSMEEIS) reserves of N4.499 billion as at 30 June 2019 (December 2018: N4.499). The reserve was set aside in compliance with Central Bank of Nigeria's directive of April 2017.

(iii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of investments at fair value through other comprehensive income. Such fair value changes are maintained until the investment is derecognised or impaired.

(iv) Regulatory (Credit) risk reserve

The regulatory (credit) risk reserve represents the difference between the impairment on loans and advances determined using the prudential guidelines issued by the various Central Banks of the various operating jurisdictions compared with the expected credit 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 expected credit 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.

40 Dividends

The Board of Directors have proposed an interim dividend of N0.20 per share (30 June 2018: N0.20 per share) from the retained earnings account as at 30 June 2019.
The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 30 June 2019 and 31 December 2018 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 834 legal cases (2018: 714). The total amount claimed in the cases against the Bank is estimated at N618.3billion (2018: N745.45billion). The directors having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements.

(ii) Contingent liabilities

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

Nature of instruments

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

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

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

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.
The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk. There are no guarantees, commitments or other contingent liabilities arising from related party transactions.

In millions of Nigerian naira	**Group Jun. 2019**	**Group Dec. 2018**	**Bank Jun. 2019**	**Bank Dec. 2018**
Performance bonds and guarantees	411,298	428,043	314,885	307,680
Allowance for credit losses	(4,119)	(2,075)	(3,850)	(2,075)
Net carrying amount	407,179	425,968	311,035	305,605
Letters of credits	366,097	217,764	56,285	71,796
Allowance for credit losses	(603)	(604)	(593)	(604)
Net carrying amount	365,494	217,160	55,692	71,192
Gross amount	777,395	645,807	371,170	379,476
Total allowance for credit losses	(4,722)	(2,679)	(4,443)	(2,679)
Total carrying amount for performance bonds and guarantees	772,673	643,128	366,727	376,797

(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 N124 billion (December 2018: N159 billion) in respect of various loan contracts.

(iii) 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 N3.287 billion (December 2018: N8.130 billion) in respect of authorised and contracted capital projects.

	Group Jun. 2019	Group Dec. 2018
In millions of Nigerian naira		
Property and equipment	973	6,118
Intangible assets	2,314	2,012
	3,287	8,130

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 period and at period end are as follows:

(i) Cash and cash equivalents with the following subsidiaries are:

Name of Subsidiary	Nature of Balance	Jun. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Senegal	Money market placement	61,225	206
UBA Tanzania	Money market placement	852	436
UBA Kenya	Money market placement	1,991	1,977
UBA Ghana	Money market placement	9,088	9,712
UBA UK Limited	Money market placement	34,572	32,595
		107,727	44,926

(ii) Loan and advances

Name of Subsidiary	Type of Loan	Jun. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Tanzania	Term Loans	1,082	1,652
UBA Cameroun	Overdraft	2,799	255
UBA Senegal	Overdraft	-	54
UBA Gabon	Overdraft	1,696	251
UBA Chad	Overdraft	41	-
UBA Cote D'Ivoire	Overdraft	45	120
UBA Congo Brazzaville	Overdraft	197	1,512
UBA Benin	Overdraft	3,268	1,968
UBA Burkina Faso	Overdraft	3,217	3,324
		12,344	9,136

Term loans to subsidiaries are unsecured.

United Bank for Africa Plc

Notes to the financial statements

(iii) Deposits

Name of Subsidiary	**Type of Deposit**	**Jun. 2019**	**Dec. 2018**
In millions of Nigerian naira			
UBA Benin	Current	5	-
UBA Mali	Current	1	-
UBA Chad	Current	0	2
UBA Congo DRC	Current	8	-
UBA Cote D'Ivoire	Current	4	25
UBA Congo Brazzaville	Current	11	17
Burkina Faso	Current	6	-
UBA Ghana	Current	5	14
UBA Mozambique	Current	1	3
UBA Pension Custodian	Current	9	6
UBA Kenya	Current	175	1,117
UBA Guinea	Current	4	3
UBA Senegal	Current	1	3
UBA Tanzania	Current	2	18
UBA Uganda	Current	23	167
UBA Gabon	Current	3	6
UBA Liberia	Current	11	22
UBA Sierra Leone	Current	-	47
UBA Cameroon	Current	7	9
UBA Burkina Faso	Domiciliary	291	-
UBA Cote D'Ivoire	Domiciliary	67	90,252
UBA Gabon	Domiciliary	2	127
UBA Cameroon	Domiciliary	1	40
UBA Benin	Domiciliary	7	7
UBA Ghana	Domiciliary	96	703
UBA Senegal	Domiciliary	273	44
UBA Guinea	Domiciliary	64	45
UBA Sierra Leone	Domiciliary	1	6
UBA Tanzania	Domiciliary	36	34
UBA Uganda	Domiciliary	58	103
UBA Kenya	Domiciliary	21	39
UBA Liberia	Domiciliary	1,384	4,261
UBA Congo Brazzaville	Domiciliary	86	38
UBA Mozambique	Domiciliary	23	21
UBA Chad	Domiciliary	-	23
UBA Congo DRC	Domiciliary	1,976	1,554
UBA Mali	Domiciliary	303	-
UBA UK Limited	Term deposit	25,742	26,428
UBA Ghana	Money market deposit	-	915
UBA Uganda	Money market deposit	-	915
UBA Burkina Faso	Money market deposit	1,641	1,643
UBA UK Limited	Money market deposit	-	3,598
UBA Kenya	Money market deposit	620	-
UBA Pension Custodian	Money market deposit	95	451
		33,063	132,706

(iv) Accounts receivable from the following subsidiaries are:		Jun. 2019	Dec. 2018
UBA Ghana	Accounts receivable	2,791	2,578
UBA Congo Brazzaville	Accounts receivable	251	1,078
UBA Gabon	Accounts receivable	205	340
UBA Guinea	Accounts receivable	492	380
UBA Senegal	Accounts receivable	490	1,209
UBA Chad	Accounts receivable	192	134
UBA Retail Financial Serv	Accounts receivable	-	131
UBA Sierra Leone	Accounts receivable	72	55
UBA Liberia	Accounts receivable	115	119
UBA Benin	Accounts receivable	672	558
UBA Cameroon	Accounts receivable	95	281
UBA Burkina Faso	Accounts receivable	1,215	957
UBA Uganda	Accounts receivable	275	217
UBA Tanzania	Accounts receivable	121	102
UBA Cote D'Ivoire	Accounts receivable	868	710
UBA DRC Congo	Accounts receivable	204	145
UBA Kenya	Accounts receivable	40	24
UBA Mozambique	Accounts receivable	34	11
UBA Mali	Accounts receivable	222	
		8,353	9,029

In millions of Nigerian naira	Jun. 2019	Dec. 2018
(v) Dividend receivable from the following subsidiaries are:		
UBA Cameroon	2,209	1,005
UBA Liberia	335	335
UBA Sierra Leone	762	762
UBA Senegal	1,353	642
UBA Chad	791	-
UBA Gabon	963	-
UBA Pension Custodian	-	3,006
	6,413	5,750

(vi) Internal transfer pricing charges from the following subsidiaries are:	Jun. 2019	June. 2018
UBA Ghana	207	182
UBA Burkina Faso	320	338
UBA Congo Brazaville	91	120
UBA Senegal	212	291
UBA Chad	70	105
UBA Benin	136	195
UBA Cameroun	119	145
UBA Cote d' Ivoire	200	172
UBA Gabon	96	103
UBA Liberia	87	56
UBA Guinea Conakry	63	59
UBA Sierra Leone	81	63
UBA Tanzania	23	65
UBA Congo DRC	70	84
UBA Kenya	18	3
UBA Mozambique	28	1
UBA Mali	11	-
UBA Uganda	69	-
UBA Pension	64	174
	1,964	2,156

(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 period:

Loans and advances to key management personnel	**Jun. 2019**	**Dec. 2018**
In millions of Nigerian Naira		
Loans and advances as at period end	364	310

	Jun. 2019	**June. 2018**
Interest income earned during the period	21	24

42 Related parties - continued

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 (2018: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at June 2019:

In millions of Nigerian naira

Name of company/ individual	**Name of Director**	**Facility Type**	**Security**	**Status**	**Rate**	**Currency**	**Jun. 2019**	**Dec. 2018**
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9.0%	NGN	10	15
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	14.0%	NGN	1,002	6,324
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	16.0%	NGN	21,131	18,637
Aneke Angela Nkiruka	Aneke Angela Nkiruka	Overdraft	Real Estate	Performing	19.0%	NGN		39
Abdulqadir J. Bello	Abdulqadir J. Bello	Term Loan	Real Estate	Performing	18.0%	NGN	10	15
							22,154	25,030

	Jun. 2019	**June. 2018**
Interest income earned during the period	1,408	352

Deposit liabilities

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

In millions of Nigerian Naira	**Jun. 2019**	**Dec. 2018**
Deposits as at period end	1,483	2,535

	Jun. 2019	**June. 2018**
Interest expense during the period	2	8

Compensation

Aggregate remuneration to key management staff during the period is as follows:

	Jun. 2019	June. 2018
In millions of Nigerian Naira		
Executive compensation	404	404
Defined contribution plan	12	12
Total benefits cost	416	416

43 Compensation to Employees and Directors

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

(In absolute units)	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
Group executive directors	9	9	9	9
Management	100	90	80	68
Non-management	13,015	12,790	9,586	9,505
	13,124	12,889	9,675	9,582

Compensation for the above personnel (including executive directors):	Jun. 2019	June. 2018	Jun. 2019	June. 2018
In millions of Nigerian Naira				
Salaries and wages	35,867	33,984	20,160	19,812
Defined contribution plans	1,311	1,230	615	637
	37,178	35,214	20,775	20,449

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

	Group Jun. 2019	Group Dec. 2018	Bank Jun. 2019	Bank Dec. 2018
N300,001 - N2,000,000	7,281	6,496	5,005	4,988
N2,000,001 - N2,800,000	2,265	2,310	1,918	1,910
N2,800,001 - N3,500,000	304	257	1	-
N3,500,001 - N4,000,000	751	882	688	716
N4,000,001 - N5,500,000	547	625	316	304
N5,500,001 - N6,500,000	57	190	-	-
N6,500,001 - N7,800,000	590	642	517	500
N7,800,001 - N9,000,000	402	454	372	359
N9,000,001 - above	918	1,024	849	796
	13,115	12,880	9,666	9,573

(iii) Directors

In millions of Nigerian naira	Jun. 2019	June. 2018	Jun. 2019	June. 2018
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	18	13	18	13
Executive compensation	404	404	404	404
Defined contribution plan	12	12	12	12
	434	429	434	429
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	1	1	1	1
The highest paid Director	70	70	70	70

The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:
(In absolute units)

N1,000,001 - N3,000,000	9	10	9	10
N3,000,001 - N5,000,000	-	-	-	-
N5,000,001 and above	9	9	9	9
	18	19	18	19

44 Transactions requiring regulatory approval

The estwhile rules of the Financial Reporting Council of Nigeria titled **"Transactions requiring registration from statutory bodies such as the National Office for Technology Acquisition and Promotion "** which required that transactions or agreements requiring registration by regulatory bodies in Nigeria be recognised in the financial statements to the extent that approval is obtained had been revoked . Hence, all those events and transactions which were hitherto required to be disclosed by way of note in the financial statetements are by this revocation non-required.

45 Non-audit services

During the period, the Bank's external auditors (PricewaterhouseCoopers) rendered the following non-audit service to the Bank:

(i) Training of selected UBA Plc employees on Fundamentals of Bank Financial Analysis. The total amount paid by UBA Plc for this service was N500,000. This amount is included as part of training and human capital development expense in "other operating expenses" in note 19.

46 Compliance with banking regulations

During the period, the Bank paid the following penalties:

In millions of Nigerian Naira

	Description	Amount
1	Late resolution of customer complaint	2
2	Deficiency in account documentation/late records retrieval	6
	Total	**8**

47 Events after the reporting date

There were no significant events that have post-balance sheet adjustment effect, after the period ended 30 June, 2019.

48 Condensed result of consolidated subsidiaries

For the period ended 30 June 2019

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	16,345	1,780	6,117	5,165	2,881	1,574	3,531	5,425
Total operating expenses	(7,418)	(1,415)	(3,743)	(3,841)	(2,733)	(1,625)	(1,955)	(6,173)
Net impairment (loss)/gain on financial assets	(416)	(51)	(255)	(316)	(50)	(41)	56	1,616
Profit/(loss) before income tax	**8,511**	**314**	**2,119**	**1,008**	**98**	**(92)**	**1,632**	**868**
Income tax expense	(2,431)	-	-	(337)	-	-	-	-
Profit for the period	**6,080**	**314**	**2,119**	**671**	**98**	**(92)**	**1,632**	**868**
Condensed statements of financial position								
Assets								
Cash and bank balances	44,405	18,579	9,911	71,759	13,199	(2,902)	3,736	13,214
Financial assets at FVTPL	75	-	-	916	-	15,645	-	-
Loans and Advances to Banks	9,160	-	-	-	-	-	-	-
Loans and advances to customers	42,413	8,838	90,740	72,592	10,367	17,789	18,397	35,339
Investment securities	98,077	4,834	33,324	47,336	27,295	8,370	22,718	71,516
Other assets	1,992	1,829	-	1,271	2,634	2,287	2,572	2,048
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	2,985	791	523	1,042	322	541	2,467	2,134
Intangible assets	56	23	8	21	24	6	3	15
Deferred tax asset	70	2	-	-	1,239	-	-	-
	199,233	34,896	134,506	194,937	55,080	41,736	49,893	124,266
Financed by:								
Deposits from banks	13,597	378	1,586	95,435	27,262	-	-	22,342
Deposits from customers	136,597	27,779	113,989	78,468	19,236	34,658	33,662	86,907
Other liabilities	5,806	1,303	5,388	5,387	790	3,265	5,897	2,773
Current tax liability	(169)	-	-	-	-	-	-	-
Deferred tax liability	66	-	-	-	-	-	-	-
Total Equity	43,336	5,436	13,543	15,647	7,792	3,813	10,334	12,244
	199,233	34,896	134,506	194,937	55,080	41,736	49,893	124,266
Condensed cash flows								
Net cash from operating activities	(30,972)	(33)	(74,658)	9,097	18,217	(5,848)	(926)	1,003
Net cash from financing activities	(4,969)	(930)	(331)	(2,487)	(17,845)	(1,002)	(361)	(649)
Net cash from investing activities	45,484	(1,222)	(3,124)	657	756	(6,043)	(8,442)	(1,586)
Increase/(decrease) in cash and cash equivalents	**9,543**	**(2,185)**	**(78,113)**	**7,267**	**1,128**	**(12,893)**	**(9,729)**	**(1,232)**
Cash and cash equivalents at beginning of period	34,862	20,764	88,024	64,492	12,071	9,991	13,465	14,446
Cash and cash equivalents at end of the period	**44,405**	**18,579**	**9,911**	**71,759**	**13,199**	**(2,902)**	**3,736**	**13,214**

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2019

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	2,432	6,381	3,243	1,962	9,869	1,095	10,156	3,108	536
Total operating expenses	(1,099)	(5,107)	(1,668)	(1,774)	(5,766)	(1,121)	(5,823)	(623)	(1,169)
Net impairment gain/(loss) on financial assets	-	(101)	(168)	(6)	(204)	12	(153)	-	56
Profit before income tax	1,333	1,173	1,407	182	3,899	(14)	4,180	2,485	(577)
Income tax expense	(295)	(53)	-	-	-	-	(1,437)	-	-
Profit for the period	1,038	1,120	1,407	182	3,899	(14)	2,743	2,485	(577)
Condensed statements of financial position									
Assets									
Cash and bank balances	7,719	11,167	10,380	10,360	13,808	5,290	74,671	8,350	3,274
Loans and advances to customers	2,095	74,513	17,851	3,300	33,524	257	56,625	58	8,539
Investment securities	13,178	100,165	15,481	17,350	20,576	9,495	75,574	-	-
Other assets	303	2,377	1,005	-	1,775	672	3,127	931	391
Property and Equipment	543	3,028	673	438	559	228	1,055	176	-
Intangible assets	-	96	8	28	-	21	7	23	-
Deferred tax asset	2	-	-	-	-	-	-	76	-
	23,840	191,346	45,398	31,476	70,242	15,963	220,502	9,614	12,204
Financed by:									
Deposits from banks	116	30,215	501	777	-	879	25,447	509	96
Deposits from customers	17,407	141,181	32,470	23,571	46,201	6,445	160,931	-	5,219
Other liabilities	665	3,731	1,837	3,024	3,811	190	11,961	1,165	1,677
Current tax liability	31	-	-	-	-	-	-	353	-
Deferred tax liability	-	-	-	-	-	-	-	21	-
Total Equity	5,621	16,219	10,590	4,104	20,230	8,449	22,163	7,566	5,212
	23,840	191,346	45,398	31,476	70,242	15,963	220,502	9,614	12,204
Condensed cash flows									
Net cash from operating activities	1,673	(13,447)	8,968	7,301	8,308	(3,726)	51,510	(971)	(1,260)
Net cash from financing activities	704	(2,658)	(73)	(78)	(1,481)	2	(81)	(12)	91
Net cash from investing activities	(1,204)	3,415	(4,795)	(7,502)	(8,917)	4,679	(3,228)	8,864	582
(Decrease)/Increase in cash and cash equivalents	**1,173**	**(12,690)**	**4,100**	**(279)**	**(2,090)**	**955**	**48,201**	**7,881**	**(587)**
Cash and cash equivalents at beginning of period	6,546	23,857	6,280	10,639	15,898	4,335	26,470	469	3,861
Cash and cash equivalents at end of the period	**7,719**	**11,167**	**10,380**	**10,360**	**13,808**	**5,290**	**74,671**	**8,350**	**3,274**

Condensed result of consolidated subsidiaries continued

For the period ended 30 June 2019

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA UK Limited	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	1,171	1,578	-	5,362	-	-	140,186	(11,546)	218,694
Total operating expenses	(1,087)	(1,518)	-	(2,639)	-	-	(74,445)	23,155	(109,587)
Net impairment gain/(loss) on financial assets	8	(38)	-	-	-	-	(3,071)	2	(3,120)
(Loss)/Profit before income tax	92	22	-	2,723	-	-	62,670	11,954	70,274
Income tax expense	-	-	-	-	-	-	(7,164)	(14,101)	(13,535)
(Loss)/Profit for the period	**92**	**22**	**-**	**2,723**	**-**	**-**	**55,506**	**(2,147)**	**56,739**
Condensed statements of financial position									
Assets									
Cash and bank balances	27,488	11,764	-	9,740	-	-	1,205,804	(155,546)	1,416,170
Financial assets at FVTPL	-	-	-	-	-	-	72,783	-	89,419
Derivative assets	-	-	-	-	-	-	41,948	(9,443)	41,948
Loans and Advances to Banks	-	-	-	29,318	-	-	59,078	(25,742)	81,257
Loans and advances to customers	4,488	8,102	-	2,186	-	-	1,192,564	(1,133,542)	1,687,506
Investment securities	6,104	5,864	-	33,575	-	-	934,885	(4,891)	1,540,826
Other assets	418	4,391	-	2,924	-	-	65,751	(17,380)	81,318
Investments in equity-accounted investee	-	-	-	-	-	-	2,715	1,174	3,889
Investments in Subsidiaries	-	-	-	-	-	-	103,275	(103,275)	-
Property and Equipment	185	461	-	281	-	-	100,138	1	118,571
Intangible assets	6	46	-	961	-	-	7,056	9,561	17,969
Deferred tax asset	-	-	-	-	-	-	21,862	(1)	23,250
	38,689	**30,628**	**-**	**78,985**	**-**	**-**	**3,807,859**	**(1,439,084)**	**5,102,123**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	1,285	-	1,285
Deposits from banks	8,388	-	-	54,378	-	-	25,608	(136,323)	171,191
Deposits from customers	27,407	17,407	-	551	-	-	2,557,366	(57,215)	3,510,237
Other liabilities	356	4,002	-	5,382	-	-	102,256	(19,781)	150,885
Current tax liability	-	4	-	-	-	-	6,293	(195)	6,317
Subordinated liabilities	-	-	-	-	-	-	29,976	-	29,976
Borrowings	-	-	-	-	-	-	689,637	-	689,637
Deferred tax liability	-	50	-	-	-	-	-	-	137
Total Equity	2,538	9,165	-	18,674	-	-	395,438	(95,656)	542,458
	38,689	**30,628**	**-**	**78,985**	**-**	**-**	**3,807,859**	**(309,170)**	**5,102,123**
Condensed cash flows									
Net cash from operating activities	21,946	6,390	(578)	12,487	-	-	130,656	90,610	235,747
Net cash from financing activities	11	(1,162)	(96)	(546)	-	-	(10,328)	7,223	(37,058)
Net cash from investing activities	(892)	(2,192)	2	(11,278)	-	-	(59,053)	(8,938)	(63,977)
Increase/(decrease) in cash and cash equivalents	**21,065**	**3,036**	**(672)**	**663**	**-**	**-**	**61,275**	**88,895**	**134,712**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	7,212	(29,456)	(22,244)
Cash and cash equivalents at beginning of period	6,423	8,728	672	9,077	-		450,063	(169,188)	662,245
Cash and cash equivalents at end of the period	**27,488**	**11,764**	**-**	**9,740**	**-**	**-**	**518,550**	**(109,749)**	**774,713**

United Bank for Africa Plc

Notes to the financial statements

48 Condensed result of consolidated subsidiaries

For the period ended 30 June 2018

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
In millions of Nigerian Naira								
Condensed statements of comprehensive income								
Operating income	20,820	1,260	5,014	5,739	2,063	1,297	3,211	5,135
Total operating expenses	(9,927)	(986)	(3,958)	(3,285)	(1,899)	(1,410)	(1,788)	(4,097)
Net impairment (loss)/gain on financial assets	(3,445)	(40)	210	(106)	(52)	(39)	(35)	213
Profit before income tax	**7,448**	**234**	**1,266**	**2,348**	**112**	**(152)**	**1,388**	**1,251**
Income tax expense	(2,368)	50	1,562	(399)	-	3,260	(470)	261
Profit/(loss) for the period	**5,080**	**284**	**2,828**	**1,949**	**112**	**3,108**	**918**	**1,512**
Condensed statements of financial position								
As at 31 December 2018								
Assets								
Cash and bank balances	34,862	20,764	88,024	64,492	12,071	9,991	13,465	14,446
Loans and advances to customers	41,368	9,695	79,059	72,293	12,040	14,796	22,974	35,268
Investment securities	144,787	3,680	30,174	47,937	28,031	17,972	14,395	69,755
Other assets	5,604	1,189	48	1,863	600	2,220	206	802
Property and Equipment	1,808	720	547	1,104	331	547	2,345	2,305
Intangible assets	82	26	10	15	35	-	6	19
Deferred tax assets	27	162	-	-	1,106	968	-	295
	228,538	36,236	197,862	187,704	54,214	46,494	53,391	122,890
Financed by:								
Deposits from banks	37,082	377	1,559	35,329	6,719	9,532	-	29,528
Deposits from customers	134,845	28,668	179,655	129,452	21,182	29,293	38,352	78,731
Other liabilities	6,676	1,043	4,876	5,228	774	2,756	5,002	2,539
Current tax liabilities	-	96	17	232	-	-	974	67
Deferred tax liabilities	7,710	748	-	-	17,940	-	-	-
Total Equity	42,225	5,304	11,755	17,463	7,599	4,913	9,063	12,025
	228,538	36,236	197,862	187,704	54,214	46,494	53,391	122,890
Condensed cash flows								
For the period ended 30 June 2018								
Net cash from operating activities	37,767	4,695	(2,044)	7,958	7,846	(5,350)	14,523	(877)
Net cash from financing activities	2,472	(309)	(666)	(3,442)	18,082	3,170	(1,707)	1,248
Net cash from investing activities	(39,032)	(324)	(1,178)	2,718	(20,963)	2,501	(4,281)	10,387
(Decrease)/Increase in cash and cash equivalents	**1,207**	**4,062**	**(3,888)**	**7,234**	**4,965**	**321**	**8,535**	**10,758**
Cash and cash equivalents at beginning of period	39,500	14,368	10,136	27,115	2,313	9,245	11,052	8,727
Cash and cash equivalents at end of period	**40,707**	**18,430**	**6,248**	**34,349**	**7,278**	**9,566**	**19,587**	**19,485**

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2018

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	1,658	7,119	2,770	1,703	4,454	1,937	11,084	3,429	141
Total operating expenses	(891)	(5,791)	(1,543)	(1,517)	(2,904)	(1,669)	(6,297)	(815)	(97)
Net impairment (loss)/gain on financial assets	-	56	33	29	-	-	(1,948)	-	-
Profit/(loss) before income tax	**767**	**1,384**	**1,260**	**215**	**1,550**	**268**	**2,839**	**2,614**	**44**
Income tax expense	(225)	(29)	(341)	(66)	(958)	-	(1,069)	(672)	-
Profit/(loss) for the period	**542**	**1,355**	**919**	**149**	**592**	**268**	**1,770**	**1,942**	**44**
Condensed statements of financial position									
As at 31 December 2018									
Assets									
Cash and bank balances	6,546	23,857	6,280	10,639	15,898	4,335	26,470	469	3,861
Derivative assets	-	-	-	-	-	-	-	-	-
Loans and advances to customers	2,645	74,573	22,861	2,607	39,918	269	64,101	-	-
Investment securities	11,957	103,535	10,595	9,898	11,500	14,190	72,331	8,818	2,688
Other assets	286	2,652	943	747	856	731	3,613	1,332	97
Property and Equipment	560	3,112	761	387	662	171	1,067	204	550
Intangible assets	-	57	11	29	56	62	10	41	32
Deferred tax assets	(6)	22	427	-	-	-	-	78	-
	21,988	**207,808**	**41,878**	**24,307**	**68,890**	**19,758**	**177,791**	**10,942**	**7,228**
Financed by:									
Deposits from banks	790	42,331	4,160	625	4,104	1,605	13,272	-	-
Deposits from customers	15,627	146,345	27,217	19,682	40,554	9,432	134,111	-	17
Other liabilities	601	1,375	610	-	4,649	236	6,765	4,471	1,513
Current tax liabilities	53	-	635	-	1,771	24	4,142	1,357	-
Deferred tax liability	7	-	-	-	-	-	-	21	-
Total Equity	4,910	17,757	9,256	4,000	17,812	8,461	19,501	5,093	5,698
	21,988	**207,808**	**41,878**	**24,307**	**68,890**	**19,758**	**177,791**	**10,942**	**7,228**
Condensed cash flows									
For the period ended 30 June 2018									
Net cash from operating activities	829	(19,671)	2,033	7,151	3,453	3,744	10,423	(449)	150
Net cash from financing activities	(503)	(1,369)	(2,644)	(952)	(1,500)	(496)	(2,624)	(4)	(420)
Net cash from investing activities	(622)	15,878	(4,444)	(4,837)	4,909	(435)	10,080	8,281	-
(Decrease)/Increase in cash and cash equivalents	**(296)**	**(5,162)**	**(5,055)**	**1,362**	**6,862**	**2,813**	**17,879**	**7,828**	**(270)**
Cash and cash equivalents at beginning of year	6,120	24,682	13,526	10,037	10,782	3,949	39,907	92	6,648
Cash and cash equivalents at end of year	**5,824**	**19,520**	**8,471**	**11,399**	**17,644**	**6,762**	**57,786**	**7,920**	**6,378**

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2018

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA UK Limited	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	734	2,077	-	1,729	-	-	108,737	(23,659)	168,452
Total operating expenses	(1,045)	(993)	-	(1,853)	-	-	(72,913)	21,974	(103,704)
Net impairment gain/(loss) on financial assets	49	-	-	(14)	-	-	(1,648)	5	(6,732)
(Loss)/Profit before income tax	**(262)**	**1,084**	**-**	**(138)**	**-**	**-**	**34,176**	**(1,680)**	**58,140**
Income tax expense	-	(355)	-	-	-	-	(12,529)	(7,581)	(14,348)
(Loss)/Profit for the period	**(262)**	**729**	**-**	**(138)**	**-**	**-**	**21,647**	**(9,261)**	**43,792**
Condensed statements of financial position									
As at 31 December 2018									
Assets									
Cash and bank balances	6,423	8,728	672	9,077	-	455	1,015,199	(176,428)	1,220,596
Financial assets held for trading	-	-	-	-	-	-	19,439	-	19,439
Derivative assets	-	-	-	-	-	-	34,784	(10,199)	34,784
Loans and Advances to Banks	-	-	-	26,708	-	-	15,516	(36,626)	15,797
Loans and advances to customers	4,597	9,614	-	10	-	2	1,213,801	(1,127,677)	1,715,285
Investment securities	5,243	3,500	99	22,258	-	-	1,010,157	(6,364)	1,637,132
Other assets	384	5,720	-	675	-	114	49,642	(17,312)	63,012
Investments in equity-accounted	-	-	-	-	-	-	2,715	1,895	4,610
Investments in Subsidiaries	-	-	-	-	-	-	103,777	(103,777)	-
Property and Equipment	153	659	2	274	-	203	97,502	(1)	115,973
Intangible assets	7	20	-	1,007	-	-	6,911	9,732	18,168
Deferred tax assets	-	-	-	-	-	-	21,862	1	24,942
	16,807	**28,241**	**773**	**60,009**	**-**	**774**	**3,591,305**	**(1,466,756)**	**4,869,738**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	99	-	99
Deposits from banks	7,162	-	-	38,315	-	-	30,502	(88,156)	174,836
Deposits from customers	6,928	12,821	-	3,375	-	70	2,424,108	(131,345)	3,349,120
Other liabilities	274	4,985	677	1,822	-	36	84,299	(20,443)	120,764
Current tax liabilities	8	130	-	-	-	-	706	(1,319)	8,892
Subordinated liabilities	-	-	-	-	-	-	29,859	-	29,859
Borrowings	-	-	-	-	-	-	657,134	-	683,532
Deferred tax liabilities	-	-	-	-	-	-	-	-	28
Total Equity	2,435	10,305	96	16,497	-	668	364,598	(94,826)	502,608
	16,807	**28,241**	**773**	**60,009**	**-**	**774**	**3,591,305**	**(336,089)**	**4,869,738**
Condensed cash flows									
For the period ended 30 June 2018									
Net cash from operating activities	7,689	(7,386)	-	10,828	-	-	119,793	(78,157)	124,948
Net cash from financing activities	(767)	6,345	-	457	-	-	7,786	(38,310)	(16,153)
Net cash from investing activities	(196)	3,078	-	(12,926)	-	-	(137,432)	97,460	(71,378)
Increase/(decrease) in cash and cash equivalents	**6,726**	**2,037**	**-**	**(1,641)**	**-**	**-**	**(9,853)**	**(19,007)**	**37,417**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	5,535	(18,440)	(12,905)
Cash and cash equivalents at beginning of year	6,961	10,103	672	11,992	-	455	273,125	(113,079)	428,428
Cash and cash equivalents at end of year	**13,687**	**12,140**	**672**	**10,351**	**-**	**455**	**268,807**	**(150,526)**	**452,940**

UNITED BANK FOR AFRICA PLC

ADDITIONAL DISCLOSURES

Statement of Value Added
For the half year ended 30 June

	2019 N'million	%	2018 N'million	%
Group				
Gross revenue	293,690		257,918	
Interest paid	(94,762)		(76,218)	
	198,928		181,700	
Administrative overheads:				
- local	(78,294)		(74,477)	
- foreign	(1,250)		(1,478)	
Value added	**119,384**	**100**	**105,745**	**100**
Distribution				
Employees				
- Salaries and benefits	37,178	31	35,214	33
Government				
- Taxation	13,535	11	14,348	14
The future				
- Asset replacement (depreciation and amortization)	8,812	7	5,659	5
- Asset replacement (provision for losses)	3,120	3	6,732	6
- Expansion (transfer to reserves and non-controlling interest)	56,739	48	43,792	41
	119,384	**100**	**105,745**	**100**

	2019 N'million	%	2018 N'million	%
Bank				
Gross revenue	214,395		180,124	
Interest paid	(81,702)		(61,169)	
	132,693		118,955	
Administrative overheads:				
- local	(59,199)		(58,597)	
- foreign	(88)		(59)	
Value added	**73,406**	**100**	**60,299**	**100**
Distribution				
Employees				
- Salaries and benefits	20,775	28	20,449	34
Government				
- Taxation	7,164	10	12,529	21
The future				
- Asset replacement (depreciation and amortization)	5,930	8	4,026	7
- Asset replacement (provision for losses)	3,071	4	1,648	3
- Expansion (transfer to reserves and non-controlling interest)	36,466	50	21,647	36
	73,406	**100**	**60,299**	**100**

UNITED BANK FOR AFRICA Plc

Group Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira

	30 June 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
ASSETS					
Cash and bank balances	1,416,170	1,220,596	898,083	760,930	655,371
Financial assets at fair value through profit or loss	89,419	19,439	31,898	52,295	11,249
Derivative assets	41,948	34,784	8,227	10,642	1,809
Loans and advances to banks	81,257	15,797	20,640	22,765	14,600
Loans and advances to customers	1,687,506	1,715,285	1,650,891	1,505,319	1,036,637
Investment securities					
- At fair value through other comprehensive income	-	-	-	-	-
- Available-for-sale	924,415	1,036,653	593,299	276,758	275,496
- At amortised cost	616,411	600,479	-	-	-
- Held to maturity	-	-	622,754	693,634	581,374
Other assets	81,318	63,012	86,729	37,849	40,488
Investments in equity-accounted investee	3,889	4,610	2,860	2,925	2,236
Property and equipment	118,571	115,973	107,636	93,932	88,825
Intangible assets	17,969	18,168	16,891	14,361	11,369
Deferred tax assets	23,250	24,942	29,566	33,060	33,168
TOTAL ASSETS	**5,102,123**	**4,869,738**	**4,069,474**	**3,504,470**	**2,752,622**
LIABILITIES					
Derivative liabilities	1,285	99	123	14	327
Deposits from banks	171,191	174,836	134,289	109,080	61,066
Deposits from customers	3,510,237	3,349,120	2,733,348	2,485,610	2,081,704
Other liabilities	150,885	120,764	98,277	110,596	54,885
Current tax liabilities	6,317	8,892	7,668	5,134	6,488
Borrowings	689,637	683,532	502,209	259,927	129,896
Subordinated liabilities	29,976	29,859	65,741	85,978	85,620
Deferred tax liabilities	137	28	40	62	15
TOTAL LIABILITIES	**4,559,665**	**4,367,130**	**3,541,695**	**3,056,401**	**2,420,001**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	135,514	135,514
Reserves	407,935	367,654	393,733	299,337	190,313
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	523,750	483,469	509,548	434,851	325,827
Non-controlling interest	18,708	19,139	18,231	13,218	6,794
TOTAL EQUITY	542,458	502,608	527,779	448,069	332,621
TOTAL LIABILITIES AND EQUITY	**5,102,123**	**4,869,738**	**4,069,474**	**3,504,470**	**2,752,622**

Summarized Statement of Comprehensive Income

In millions of Nigerian Naira

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Net operating income	182,639	168,452	161,777	116,196	110,992
Operating expenses	(109,587)	(103,704)	(94,804)	(74,540)	(69,678)
Net impairment loss on loans and receivables	(3,120)	(6,732)	(9,441)	(6,821)	(2,216)
Share of profit/(loss) of equity-accounted investee	342	124	(1)	(79)	(52)
Profit before taxation	**70,274**	**58,140**	**57,531**	**34,756**	**39,046**
Taxation	(13,535)	(14,348)	(15,192)	(7,649)	(7,047)
Profit after taxation	**56,739**	**43,792**	**42,339**	**27,107**	**31,999**
Profit for the period	**56,739**	**43,792**	**42,339**	**27,107**	**31,999**
- Non-controlling interest	1,444	1,600	890	616	622
- Equity holders of the parent	55,295	42,192	41,449	26,491	31,377
Other comprehensive income for the period	5,341	(13,311)	10,877	56,161	2,186
Total comprehensive income for the period	**62,080**	**30,481**	**53,216**	**83,268**	**34,185**

UNITED BANK FOR AFRICA Plc

Bank Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira	30 June 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
ASSETS					
Cash and bank balances	1,205,804	1,015,199	727,546	610,910	590,774
Financial assets at fair value through profit or loss	72,783	19,439	31,898	52,295	11,249
Derivative assets	41,948	34,784	7,911	10,642	1,809
Loans and advances to banks	59,078	15,516	19,974	23,850	14,591
Loans and advances to customers	1,192,564	1,213,801	1,173,214	1,090,355	822,694
Investment securities:					
- Fair value through other comprehensive income	851,720	925,892	423,293	244,424	270,409
- Held at amortised cost	83,165	84,265	-	-	-
- Held to maturity	-	-	242,185	288,592	297,794
Other assets	65,751	49,642	77,949	31,192	22,528
Investments in subsidiaries	103,275	103,777	103,777	70,702	65,767
Investments in equity-accounted investee	2,715	2,715	1,770	1,770	1,770
Property and equipment	100,138	97,502	89,285	80,252	80,145
Intangible assets	7,056	6,911	5,846	4,905	4,954
Deferred tax assets	21,862	21,862	27,178	29,696	31,853
TOTAL ASSETS	**3,807,859**	**3,591,305**	**2,931,826**	**2,539,585**	**2,216,337**
LIABILITIES					
Derivative liabilities	1,285	99	123	14	327
Deposits from banks	25,608	30,502	15,290	30,484	350
Deposits from customers	2,557,366	2,424,108	1,877,736	1,698,859	1,627,060
Current tax liabilities	6,293	706	1,108	522	634
Subordinated liabilities	29,976	29,859	65,741	85,978	85,620
Borrowings	689,637	657,134	502,209	259,927	129,896
Other liabilities	102,256	84,299	68,759	72,901	34,219
TOTAL LIABILITIES	**3,412,421**	**3,226,707**	**2,530,966**	**2,148,685**	**1,878,106**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	135,514	135,514
Reserves	279,623	248,783	285,045	255,386	202,717
TOTAL EQUITY	395,438	364,598	400,860	390,900	338,231
TOTAL LIABILITIES AND EQUITY	**3,807,859**	**3,591,305**	**2,931,826**	**2,539,585**	**2,216,337**

Summarized statement of comprehensive income

In millions of Nigerian Naira	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
Net operating income	121,146	108,737	104,655	86,413	83,693
Operating expenses	(74,445)	(72,913)	(63,932)	(55,888)	(53,389)
Net impairment loss on loans and receivables	(3,071)	(1,648)	(7,193)	(5,569)	(1,892)
Profit before taxation	**43,630**	**34,176**	**33,530**	**24,956**	**28,412**
Taxation	(7,164)	(12,529)	(7,676)	(5,419)	(4,108)
Profit for the period	**36,466**	**21,647**	**25,854**	**19,537**	**24,304**
Other comprehensive income for the period	16,604	1,635	3,183	23,700	4,685
Total comprehensive income for the period	**53,070**	**23,282**	**29,037**	**43,237**	**28,989**