UNITED BANK FOR AFRICA PLC

Condensed Interim Consolidated Financial Statements for the period ended 30 September 2023

Africa's Global Bank

Tax Identification Number : 01126011-0001

Condensed Consolidated Statements of Comprehensive Income

In millions of Nigerian Naira	Notes	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Interest income	5	666,291	420,234	237,999	162,873
Interest income on amortised cost and FVOCI securities		665,478	416,623	237,788	159,863
Interest income on FVTPL securities		813	3,611	211	3,010
Interest expense	6	(223,209)	(137,721)	(73,030)	(57,822)
Net interest income		**443,082**	**282,513**	**164,969**	**105,051**
Fees and commission income	7	182,317	138,079	56,383	41,684
Fees and commission expense	8	(68,031)	(55,860)	(20,393)	(19,381)
Net fee and commission income		**114,286**	**82,219**	**35,990**	**22,303**
Net trading and foreign exchange income	9	450,253	38,409	31,975	29,264
Other operating income	10	10,000	11,256	729	2,110
Total non-interest income		**574,539**	**131,884**	**68,694**	**53,677**
Operating income		**1,017,621**	**414,397**	**233,663**	**158,728**
Net impairment charge on loans and receivables	11	(144,616)	(13,587)	9,328	(5,257)
Net operating income after impairment loss on loans and receivables		**873,005**	**400,810**	**242,991**	**153,471**
Employee benefit expenses	12	(111,107)	(80,769)	(41,718)	(28,472)
Depreciation and amortisation	13	(22,611)	(18,438)	(6,494)	(5,403)
Other operating expenses	14	(237,196)	(163,421)	(96,335)	(66,852)
Total operating expenses		**(370,914)**	**(262,628)**	**(144,547)**	**(100,727)**
Share of profit of equity-accounted investee	24	-	311	-	-
Profit before income tax		**502,091**	**138,493**	**98,444**	**52,744**
Income tax expense	15	(52,795)	(22,451)	(27,383)	(7,036)
Profit for the period		**449,296**	**116,042**	**71,061**	**45,708**
Other comprehensive income					
Items that will be reclassified to income statement:					
Exchange differences on translation of foreign operations		276,129	(56,311)	276,126	(20,842)
Fair value changes on investments at fair value through other comprehensive income(FVOCI):					
Net fair value gains/(loss) during the period		19,610	(16,915)	36,525	-
Net amount transferred to the income statement		(2,771)	(551)	(2,220)	-
		292,968	**(73,777)**	**310,431**	**(20,842)**
Items that will not be reclassified to the income statement:					
Fair value changes on equity investments at FVOCI		144,544	(8,510)	153,054	-
		144,544	**(8,510)**	**153,054**	**-**
Other comprehensive income, net of tax		**437,512**	**(82,287)**	**463,485**	**(20,842)**
Total comprehensive income for the period		**886,808**	**33,755**	**534,546**	**24,866**
Profit attributable to:					
Owners of Parent		442,029	111,903	66,442	44,217
Non-controlling interest		7,267	4,139	4,619	1,491
Profit for the period		**449,296**	**116,042**	**71,061**	**45,708**
Total comprehensive income attributable to:					
Owners of Parent		863,830	33,053	511,223	24,866
Non-controlling interest		22,978	702	23,323	
Total comprehensive income for the period		**886,808**	**33,755**	**534,546**	**24,866**
Basic and diluted earnings per share expressed in Naira	16	**12.93**	**3.27**	**1.94**	**1.29**

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

Consolidated Statements of Financial Position

As at	Notes	Group	
In millions of Nigerian Naira		Sep. 2023	Dec. 2022
ASSETS			
Cash and bank balances	17	4,039,002	2,553,629
Financial assets at fair value through profit or loss	18	6,308	14,963
Assets under management	19	13,400	12,923
Derivative assets	26	382,342	39,830
Loans and advances to banks	20	126,476	303,249
Loans and advances to customers	21	4,938,651	3,136,879
Investment securities:			
- At fair value through other comprehensive income	21	2,825,196	2,193,253
- At amortised cost	21	3,127,600	1,987,438
Other assets	23	480,222	254,704
Property and equipment		219,142	208,039
Intangible assets		35,488	33,468
Deferred tax assets		28,793	23,603
		16,222,620	10,761,978
Non-Current Assets Held for Sale		13,375	95,593
TOTAL ASSETS		**16,235,995**	**10,857,571**
LIABILITIES			
Deposits from banks	27	1,762,462	1,170,238
Deposits from customers	28	11,629,182	7,824,891
Derivative liabilities	26	2,634	79
Other liabilities	29	378,884	383,284
Current income tax liabilities	15	41,811	20,281
Borrowings	30	637,166	535,735
Deferred tax liabilities		5,724	959
TOTAL LIABILITIES		**14,457,863**	**9,935,467**
EQUITY			
Share capital		17,100	17,100
Share premium		98,715	98,715
Retained earnings		750,812	429,533
Other reserves		857,666	341,949
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,724,293	887,297
Non-controlling interests		53,839	34,807
TOTAL EQUITY		1,778,132	922,104
TOTAL LIABILITIES AND EQUITY		**16,235,995**	**10,857,571**

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

Approved by the board of directors on 27 October, 2023

Ugo A. Nwaghodoh
ED, Finance & Risk Management
FRC/2012/ICAN/00000000272

Oliver Alawuba
Group Managing Director/CEO
FRC/2022/PRO/DIR/003/589226

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

Condensed Consolidated Statements of Changes in Equity

Group

In millions of Nigerian Naira	Attributable to equity holders of the parent									
	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
For the nine months ended 30 September 2023										
At 1 January 2023	**17,100**	**98,715**	**41,676**	**52,645**	**88,680**	**158,948**	**429,533**	**887,297**	**34,807**	**922,104**
Profit for the period	-	-	-	-	-	-	442,029	**442,029**	7,267	**449,296**
Exchange differences on translation of foreign operations	-	-	260,418	-	-	-	-	**260,418**	15,711	**276,129**
Fair value change in financial assets classified as FVOCI	-	-	-	-	19,610	-	-	**19,610**	-	**19,610**
Fair value change in equity instruments classified as FVOCI	-	-	-	-	144,544	-	-	**144,544**		**144,544**
Net amount transferred to income statement	-	-	-	-	(2,771)	-	-	**(2,771)**	-	**(2,771)**
Total comprehensive income for the period	**-**	**-**	**260,418**	**-**	**161,383**	**-**	**442,029**	**863,830**	**22,978**	**886,808**
Transfer between reserves	-	-	-	38,000	-	55,916	(93,916)	**-**	-	**-**
Transactions with owners										
Change in ownership interest in subsidiaries arising from parent's additional investment	-	-	-	-	-	-	3,946	**3,946**	(3,946)	**-**
Dividends	-	-	-	-	-	-	(30,779)	**(30,779)**	-	**(30,779)**
At 30 September 2023	**17,100**	**98,715**	**302,094**	**90,645**	**250,063**	**214,864**	**750,812**	**1,724,294**	**53,839**	**1,778,132**
For the nine months ended 30 September 2022										
At 1 January 2022	**17,100**	**98,715**	**44,252**	**40,637**	**106,517**	**133,110**	**335,843**	**776,174**	**28,633**	**804,807**
Profit for the period	-	-	-	-	-	-	111,903	**111,903**	4,139	**116,042**
Exchange differences on translation of foreign operations	-	-	(52,874)	-		-	-	**(52,874)**	(3,437)	**(56,311)**
Fair value change in financial assets classified as FVOCI	-	-	-	-	(16,915)	-	-	**(16,915)**	-	**(16,915)**
Fair value change in equity instruments classified as FVOCI	-	-	-	-	(8,510)	-	-	**(8,510)**	-	**(8,510)**
Net amount transferred to income statement					(551)			**(551)**		**(551)**
Total comprehensive income for the period	**-**	**-**	**(52,874)**	**-**	**(25,976)**	**-**	**111,903**	**33,053**	**702**	**33,755**
Transfer between reserves	-	-	-	(2,015)	-	12,110	(10,095)	**-**	-	**-**
Transactions with owners								**-**	-	**-**
Non controlling interest arising from business combination									4,290	**4,290**
Change in ownership interest in subsidiaries arising from parent's additional investment							1,672	**1,672**	(1,672)	**-**
Dividends	-	-	-	-	-	-	(34,231)	**(34,231)**	-	**(34,231)**
At 30 September, 2022	**17,100**	**98,715**	**(8,622)**	**38,622**	**80,541**	**145,220**	**405,092**	**776,668**	**31,954**	**808,621**
At 31 December 2022	**17,100**	**98,715**	**41,676**	**52,645**	**88,680**	**158,948**	**429,533**	**887,297**	**34,807**	**922,104**

United Bank for Africa Plc

Condensed Consolidated Statements of Cash Flows

For the nine months ended 30 September	*Notes*	Group Sep. 2023	Group Sep. 2022
In millions of Nigerian Naira			
Cash flows from operating activities			
Profit before income tax		**502,091**	**138,493**
Adjustments for:			
Depreciation of property and equipment	13	14,643	12,354
Right of use of assets depreciation	13	4,000	2,669
Amortisation of intangible assets	13	3,968	3,415
Allowance for credit loss on loans to customers	11	138,428	15,691
Allowance for credit loss / (reversals) on loans to banks	11	2,150	(1,378)
Write-off of loans and advances	11	5,758	4,037
Impairment charge on investment securities	11	8,342	(739)
Impairment charge on contingent liabilities	11	99	1,311
Impairment reversal on other assets	11	1,224	(2,878)
Recoveries on loans written-off	11	(12,217)	(2,457)
Net fair value loss on derivatives	9	(339,957)	22,610
Dividend income	10	(4,430)	(3,962)
Impairment charge on placement	11	832	-
Gain on disposal of property and equipment	10	(54)	(273)
Foreign currency revaluation loss / (gain)	9	(32,594)	2,999
Net interest income		(443,082)	(282,513)
Share of profit of equity-accounted investee		-	(311)
		(150,799)	**(90,933)**
Change in financial assets measure at FVTPL		8,506	(7,443)
Change in cash reserve balance		(780,381)	(245,860)
Change in loans and advances to banks		181,883	(7,256)
Change in loans and advances to customers		(1,959,634)	(390,802)
Change in money market placements		(379,213)	(29,065)
Change in other assets		(183,116)	229,680
Change in deposits from banks		583,757	127,296
Change in deposits from customers		3,758,185	646,032
Change in other liabilities and provisions		78,376	(28,262)
Interest received		675,153	408,847
Interest paid		(136,137)	(101,841)
Income tax paid		(31,265)	(28,808)
Net cash generated from operating activities		**1,665,315**	**481,584**
Cash flows from investing activities			
Proceeds from sale/redemption of investment securities		2,688,657	929,469
Purchase of investment securities		(4,320,112)	(875,399)
Purchase of property and equipment		(23,273)	(20,163)
Proceeds from the sale of property and equipment		2,698	1,014
Additions to Leases		(6,315)	(3,491)
Dividend received		11,331	1,713
Net cash acquired from business combinations		-	17,973
Purchase/(Sale) of intangible assets		(1,962)	(2,601)
Net cash (used in)/generated from investing activities		**(1,648,975)**	**48,515**
Cash flows from financing activities			
Proceeds from borrowings		157,707	162,270
Repayment of borrowings		(298,553)	(396,633)
Payments of principal on leases		(3,758)	10,553
Interest paid on leases		(392)	(805)
Interest paid on borrowings		(23,218)	(22,501)
Dividend paid to owners of the parent		(30,779)	(34,232)
Net cash used in financing activities		**(198,993)**	**(281,347)**
Net decrease in cash and cash equivalents		(182,653)	248,752
Effects of exchange rate changes on cash and cash equivalents		507,085	(49,571)
Cash and cash equivalents at beginning of period	17	1,260,532	753,868
Cash and cash equivalents at end of period	17	1,584,964	953,049

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

1 General Information

United Bank for Africa Plc. (the 'Bank'; UBA) is a Nigerian registered company incorporated on 23 February 1961 to take over the business of British and French Bank Limited (BFB). UBA listed its shares on the Nigerian Stock Exchange (NSE) in 1970 and became the first Nigerian bank to subsequently undertake an Initial Public Offering (IPO). The Bank's registered address is at 57 Marina, Lagos, Nigeria.

The interim consolidated and separate financial statements of the Group for the period ended September 30 2023 comprise the Bank (Parent) and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The Bank and its subsidiaries are primarily involved in corporate, commercial and retail banking, trade services, cash management, treasury and custodial services.

2 Basis of preparation

These interim consolidated and separate financial statements comply and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), and in the manner required by the Companies and Allied Matters Act of Nigeria 2020, the Financial Reporting Council of Nigeria Act, 2011 and the Banks and other Financial Institutions Act 2020 and relevant Central Bank of Nigeria circulars.

3 Significant accounting policies

3.1 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:
- Derivative financial instruments which are measured at fair value.
- Financial assets 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.

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.

(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 profit or loss.

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.

3.4 Basis of consolidation- Continued

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 profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss 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 profit or loss.

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 profit or loss.

3.5 Foreign currency transactions and balances

(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 profit or loss.

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 income 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 are calculated by applying the effective interest rate to the gross carrying amount for non-credit impaired financial assets and are recognised within 'interest income' and 'interest expense' in the profit or loss . 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.
For credit-impaired financial assets subsequent to initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

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 at a point in time, or over time as the performance obligations are satisfied.

3.8 Net trading and foreign exchange income

Net trading 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 profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income 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 statement of cash flow 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 Financial assets at fair value through profit or loss

These are the assets 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. They 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. Derivatives are carried as assets when their fair value are positive and as liabilities when their fair value are negative. All changes in fair value are recognized as part of net trading and foreign exchange income in profit or loss.

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, depending on the component
Motor vehicles	6 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 cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

(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 profit or loss. Impairment losses relating to goodwill are not reversed in future periods.

3.17 Non-Current Assets Held for Sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets.
Immediately before classification as held for sale or distribution, the assets are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell.

3.18 Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. In situation property is repossessed following the foreclosure on loans that are in default,repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported as assets held for sale.
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.
Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

3.19 Debt securities issued

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

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

3.20 Provisions

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

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

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

3.21 Financial guarantee contracts

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

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the expected credit loss provision and the unamortised premium. Financial guarantees are included within other liabilities.

3.22 Employee benefits

Post-employment benefits
Defined contribution plans

The Group operates a 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.

UBA Plc operates a contributory pension plan in accordance with the Pension Reform Act, wherein the Bank contributes 10% of employees' basic salary, housing and transport allowance to the designated pension fund administrator chosen by each employee. As a part of the scheme, the Bank also remits employees' contribution of 8% of the relevant compensation to the same account, as provided by the Pension Reform Act , as amended. Other entities in the Group operate their contributory plan in accordance with relevant local laws in their locations.

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.

3.23 Share capital and reserves

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

(b) Dividend on ordinary shares

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

(c) Treasury shares

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

3.24 Earnings per share

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

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

3.25 Fiduciary activities

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

3.26 Stock of consumables

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

3.27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee headed by the Chief Executive Officer, and the Board of Directors, 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.

3.28 IFRS 15: Revenue from contracts with customers

IFRS 15 - Revenue from Contracts with Customers defines principles for recognising revenue and is 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 accounted for using 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.

3.29 IFRS 9: Financial instruments

a. Initial recognition, classification and measurement of financial assets

Regular-way purchases and sales of financial assets are recognized on the settlement date. 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 the 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 Hold-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 Hold-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 financial assets 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 determine if their contractual cash flows are comprised of solely payments of principal and interest (SPPI). 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.

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 the Group's 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 fixed income securities income 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 in equity. 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 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

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.

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, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities, interest receivable and other financial assets. 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 profit or loss with the corresponding entry to other comprehensive income. ACL on other financial assets is calculated using the 'general approach' and presented in 'Allowance for impairment on account receivable'.

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.
The Credit Conversion Factor (CCF) is used to determine the credit exposure equivalent of the off balance sheet exposure including the open or undrawn limits. The undrawn portion of the approved limit that would have been drawn at the time of default are converted to exposure at default(EAD), this is in addition to the other off-balance sheet exposures like bonds and guarantees, letters of credit etc. In determining the CCF, the bank considers the behavioural cash flow, collateral type and the collateral value securing the facility, time to discover and prevent further drawing during the time of increased credit risk, time lag to convert the collateral to cash, the recovery strategy and cost are also considered. CCF is applied on the off balance exposures to determine the EAD and then subsequently the expected credit loss (ECL).

The ACL is measured 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.

2) Underperforming 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.

3) 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 (corporates, retail, public sector and commercial) that allows for appropriate incorporation of forward looking information.
Expected credit losses are discounted to the reporting period date using the effective interest rate.

3.30

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) the Group has the contractual ability to demand repayment and cancel the undrawn commitment; and (c) the Group's 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 exposure to credit losses is not mitigated by normal credit risk management actions. This period varies by product and risk category and is estimated based on the historical experience with similar exposures and consideration of credit risk management actions taken as part of 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% of the total amount due 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 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.
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 fulfil 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 the expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in the expected credit loss models include GDP growth rate, foreign exchange rates, inflation rate, crude oil prices and population growth rate.
The 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. The 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.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to the 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.
The 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.
Written-off loans are derecognised from the Group's books. However, the Group continues enforcement activities on all written-off loans until full recovery is achieved or such time when it is objectively evident that recovery is no longer feasible.

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. A financial liability is classified as held for trading if it is a part of a portfolio of specific financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

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.
Financial liabilities that are not classified at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, borrowings, and subordinated liabilities.

q. De-recognition of financial instruments

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Group transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.
Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets , but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.
The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

3.31 IFRS 16 Leases

At contract inception the Group assesses at whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group adopts a single measurement approach and recognizes right to use of assets and lease liability at commencement date of a lease contract.
Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Group is the lessor
When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3.32 Changes in accounting policies

Except for the following new standards, the Group has consistently applied the accounting policies as set out in Notes 3.1 - 3.30 to all periods presented in these consolidated and separate financial statements. The Group has adopted these new amendments with initial date of application of January 1, 2023.

a) IFRS 17 - Insurance Contracts
IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. It also requires similar principles for reinsurance contracts held and issued investment contracts with discretionary participation features. The standard brings a greater degree of comparability and transparency about an insurer's financial health and the profitablity of new and in-force insurance business.

IFRS 17 introduces a general measurement model that measures groups of insurance contracts based on fulfilment cash flows (comprising probability-weighted current estimates of future cash flows and an explicit entity-specific adjustment for risk) and a contractual service margin. The premium allocation approach (PAA) is a simplified measurement model that may be applied when certain conditions are fulfilled. Under the PAA approach, the liability for remaining coverage will be initially recognised as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. The general measurement model has specific modifications applicable to accounting for reinsurance contracts, direct participating contracts and investment contracts with discretionary participation features.

This standard does not impact the Group in anyway as the Bank and its subsidiary companies do not engage in insurance business.

b) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

his is a slight amendment to IAS 1- Presentation of Financial Statements, the amendment clarifies how an entity classifies debt and other financial liabilities as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.
They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

This amendment does not have an impact on the Group's Financial statement.

c) Definition of Accounting Estimates - Amendments to IAS 8

The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after 1 January 2023. This amendment does not have an impact on the Group's Financial statement.

d) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Disclosure of Accounting Policies amends IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements.

The amendments replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

This amendment does not have an impact on the Group's Financial statement.

3.33 Standards and interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2023. The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

a) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - IFRS 10 and IAS 28

The amendments address the conflict between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures when accounting for the sale or contribution of a subsidiary to a joint venture or associate (resulting in the loss of control of the subsidiary). In December 2015 the IASB deferred the effective date of this amendment indefinitely.

(b) Non-current Liabilities with Covenants - IAS 1 Presentation of Financial Statements

The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

c) Lease Liability in a Sale and Leaseback - IFRS 16

Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions

d) Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.
The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.

3.34 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million Nigerian Naira (NGN) unless otherwise stated.

4 Seasonality of operations

The impact of seasonality or cyclicality on operations is not regarded as significant to the condensed consolidated financial statements. The operations of the bank and its subsidiaries are expected to be even within the financial year. However, future macro-economic developments may affect the group's operations depending on the extent of relationship these developments have with the operations.

	Group		Group	
	9 months to		3 months to	
For the nine months ended 30 September	Sep. 2023	Sep. 2022	Sep. 2023	Sep. 2022
5 Interest income				
In millions of Nigerian Naira				
Interest income on amortised cost and FVOCI securities				
Cash and bank balances	43,611	13,416	3,008	7,143
Loans and advances to banks	27,308	20,166	9,293	6,909
Loans and advances to customers:				
- To individuals				
Term loans	11,881	11,496	2,319	2,102
Overdrafts	3,570	4,123	1,338	788
- To corporates				
Term loans	231,747	163,039	106,015	71,372
Overdrafts	46,440	35,572	8,617	11,545
Others	3,673	3,552	431	251
Investment securities				
- Treasury bills	99,236	74,139	1,514	16,445
- Bonds	195,213	89,911	104,433	42,608
- Promissory notes	2,799	1,209	820	700
	665,478	416,623	237,788	159,863
Interest income on financial assets at fair value through profit or loss				
- Bonds	813	3,611	211	3,010
				-
	666,291	**420,234**	**237,999**	**162,873**

'Interest income at amortized cost and fair value through OCI are calculated using the effective interest method.

6 Interest expense	Group		Group	
	9 months to		3 months to	
	Sep. 2023	Sep. 2022	Sep. 2023	Sep. 2022
In millions of Nigerian Naira				
Deposits from banks	30,669	17,157	8,386	10,549
Deposits from customers	160,041	99,229	61,109	44,267
Borrowings	28,580	20,530	2,283	2,892
Lease liabilities	3,919	805	1,252	114
	223,209	**137,721**	**73,030**	**57,822**

Total interest expense at amortized cost are calculated using the effective interest method

7 Fees and commission income	Group		Group	
In millions of Nigerian Naira	9 months to		3 months to	
	Sep. 2023	Sep. 2022	Sep. 2023	Sep. 2022
Credit-related fees and commissions[1]	16,366	18,406	496	2,909
Commission on turnover	3,725	2,984	341	222
Account maintenance fee	14,670	9,644	5,034	3,049
Electronic banking income	75,746	47,957	24,670	11,633
Funds transfer fee	11,289	6,589	2,029	1,567
Trade transactions income	15,059	23,880	5,179	6,291
Remittance fees	7,304	4,808	1,735	1,705
Commissions on transactional services	33,313	18,367	15,485	12,402
Pension funds custody fees	4,845	5,445	1,414	1,907
	182,317	**138,079**	**56,383**	**41,684**

[1] Credit related fees and commission income excludes amount included in determining effective interest rates on financial assets carried at amortized cost

For the nine months ended 30 September

8 Fees and commission expense

In millions of Nigerian Naira	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
E-Banking expense	61,161	45,720	19,703	18,441
Trade related expenses	5,760	7,612	674	850
Funds transfer expense	1,110	2,528	16	90
	68,031	**55,860**	**20,393**	**19,381**

9 Net trading and foreign exchange income

In millions of Nigerian Naira	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Fixed income securities	49,316	23,244	23,880	9,056
Foreign exchange trading income	28,386	40,774	13,216	25,290
Foreign currency revaluation (loss)/gain	32,594	(2,999)	3,356	(5,082)
Net Fair value gain on derivatives (see note 24 (c))	339,957	(22,610)	(8,477)	-
	450,253	**38,409**	**31,975**	**29,264**

10 Other operating income

In millions of Nigerian Naira	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Dividend income	4,430	3,962	313	426
Rental income	244	221	74	77
Gain on disposal of property and equipment	54	273	-	-
Other income	5,272	6,800	343	1,607
	10,000	**11,256**	**729**	**2,110**

11 Impairment charge on loans and receivables

In millions of Nigerian Naira	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Allowance for credit losses on loans and advances to customers:				
Impairment charge on loans to customers	138,428	15,691	(15,386)	4,590
Allowance for credit losses on loans and advances to banks:				
Impairment charge/(reversal) on loans to banks	2,150	(1,378)	(10)	(377)
Write-off on loans and advances	5,758	4,037	4,712	1,431
Recoveries on loans written-off	(12,217)	(2,457)	871	(1,516)
Impairment charge on investment securities	8,342	(739)	494	(551)
Impairment charge on off-balance sheet items	99	1,311	2	(22)
Impairment charge /(reversal) on other assets	1,224	(2,878)	(11)	1,702
Impairment charge on placement	832	-	-	-
	144,616	**13,587**	**(9,328)**	**5,257**

12 Employee benefit expenses

In millions of Nigerian Naira	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Wages and salaries	106,772	76,959	40,902	28,210
Defined contribution plans	3,293	2,468	151	262
Termination benefits	1,042	1,342	665	-
	111,107	**80,769**	**41,718**	**28,472**

For the nine months ended 30 September

13 Depreciation and amortisation

In millions of Nigerian Naira	Group 9 months to		Group 3 months to	
	Sep. 2023	**Sep. 2022**	**Sep. 2023**	**Sep. 2022**
Depreciation of property and equipment	14,643	12,354	4,284	3,648
Amortisation of intangible assets	3,968	3,415	1,526	1,295
Right-of-use assets depreciation	4,000	2,669	684	460
	22,611	**18,438**	**6,494**	**5,403**

For the nine months ended 30 September

14 Other operating expenses

In millions of Nigerian Naira	Group 9 months to		Group 3 months to	
	Sep. 2023	**Sep. 2022**	**Sep. 2023**	**Sep. 2022**
Bank charges	8,833	4,130	398	533
Banking sector resolution cost	40,917	31,184	-	-
Deposit insurance premium	16,283	12,401	4,677	3,612
Non-deposit insurance costs	3,518	3,773	2,352	2,493
Occupancy and premises maintenance costs	22,561	12,050	9,922	6,341
Business travels	5,901	6,250	2,513	4,021
Advertising, promotions and branding	11,609	10,439	5,077	6,567
Contract services	35,858	20,588	18,515	10,071
Communication and IT related expenses	17,402	10,359	7,539	5,632
Printing and stationery	7,873	6,016	5,390	3,929
Subscriptions	8,278	2,341	5,439	1,263
Security and cash handling expenses	8,477	6,475	2,955	3,469
Fuel, repairs and maintenance	45,667	34,877	30,654	18,176
Training and human capital development	2,222	737	211	130
Donations	1,212	1,189	483	494
Loan recovery expenses	566	377	209	121
Penalties	19	235	-	-
	237,196	**163,421**	**96,335**	**66,852**

15 Income tax expense

For the Nine months ended 30 September

In millions of Nigerian Naira	Group 9 months to		Group 3 months to	
	Sep. 2023	**Sep. 2022**	**Sep. 2023**	**Sep. 2022**
(a) **Current tax expense**				
Current period	75,022	22,451	27,383	7,335
	75,022	22,451	27,383	7,063
Origination of temporary differences	(22,227)	-	-	(27)
Total income tax expense	**52,795**	**22,451**	**27,383**	**7,036**

(b) **Current income tax liabilities**

In millions of Nigerian Naira	**Group Sep. 2023**	**Group Dec. 2022**
Balance, beginning of period	20,281	21,415
Tax paid	(31,265)	(31,733)
Income tax charge	52,795	30,599
Balance, end of period	**41,811**	**20,281**

16 Earnings per share

For the nine months ended 30 September	Group 9 months to Sep. 2023	Group 9 months to Sep. 2022	Group 3 months to Sep. 2023	Group 3 months to Sep. 2022
Profit attributable to owners of the parent	442,029	111,903	66,442	44,217
Weighted average number of ordinary shares outstanding	34,199	34,199	34,199	34,199
Basic and diluted earnings per share expressed in Naira	12.93	3.27	1.94	1.29

17 Cash and bank balances

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Cash	132,639	127,738
Current balances with banks	683,241	652,007
Unrestricted balances with central banks	735,841	351,280
Money market placements	423,737	139,441
Restricted balances with central banks (note (i) below)	2,063,544	1,283,163
	4,039,002	**2,553,629**

(i) Restricted balances with central banks comprise:

In millions of Nigerian Naira		
Mandatory reserve deposits with central banks (note (a) below)	2,034,497	1,255,811
Special Intervention Reserve (note (b) below)	29,047	27,352
	2,063,544	**1,283,163**

(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.

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

	Group Sep. 2023	Group Dec. 2022
Cash and current balances with banks	815,880	779,745
Unrestricted balances with central bank	735,841	351,280
Money market placements (less than 90 days)	33,242	129,507
	1,584,963	**1,260,532**

18 Financial assets at fair value through profit or loss

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Government bonds	6,308	-
Treasury bills (above 90 days maturity)	-	14,963
	6,308	**14,963**

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

(ii) Fixed income trading activities are restricted to the parent alone.

19 Assets under management

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Relating to unclaimed dividends:		
Short term deposits - 6 months	11,279	10,877
Short term deposits - 12 months	2,121	2,046
	13,400	12,923

20 Loans and advances to banks

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Term loans:		
Gross amount	129,855	305,924
Less: Allowance for credit losses		
Stage 1 loans	(3,379)	(2,675)
	126,476	**303,249**
Current	126,476	303,249
Non-current	-	-
	126,476	**303,249**

21 Loans and advances to customers

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Loans to individuals, corporate entities and other organisations		
Gross amount	5,176,719	3,219,715
Less: Allowance for credit losses	(238,068)	(82,836)
	4,938,651	**3,136,879**
Current	1,975,460	1,404,343
Non-current	2,963,191	1,732,536
	4,938,651	**3,136,879**

22 Investment securities

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
(a) At fair value through other comprehensive income		
Treasury bills	1,708,417	1,379,678
Bonds	775,823	637,970
Equity investments	300,668	148,621
Promissory notes	40,288	26,984
	2,825,196	2,193,253
(b) At amortised cost		
Treasury bills	1,105,573	1,006,960
Bonds	2,043,123	999,345
	3,148,696	2,006,305
Allowance for credit losses	(21,096)	(18,867)
	3,127,600	1,987,438
(c) Movement in allowance for credit losses		
Balance, beginning of year	18,867	1,780
Charge for the period	8,342	17,979
Exchange difference	(6,113)	(892)
Balance, end of period	21,096	18,867

23 Other assets

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Financial assets:		
Electronic payments receivables	38,167	136,661
Accounts receivable (c)	367,247	94,739
Dividends receivable	6,710	2,568
Pension custody fees receivable	681	769
	412,805	234,737
Non-financial assets:		
Prepayments	33,603	6,881
Recoverable taxes	9,284	7,069
Stock of consumables	39,920	20,230
Gross amount	495,612	268,917
Allowance for impairment on Other assets [(a)]	(15,390)	(14,213)
Carrying amount	**480,222**	**254,704**

(a) Movement in impairment loss on other assets

	Group Sep. 2023	Group Dec. 2022
At start of year	14,213	14,213
Charge for the period	1,224	3,086
Exchange difference	(47)	(3,086)
	15,390	**14,213**

(b)

	Group Sep. 2023	Group Dec. 2022
Current	476,254	250,736
Non-current	3,968	3,968
	480,222	**254,704**

(c) Included in the account receivables is the present value of expected cashflows on Bank's foreclosure interests on Abuja Electricity Distribution Company (AEDC).

24 Investment in equity-accounted investee

The Group increased its investments in its equity accounted investment to subsidiary holdings. Hence, share of profit of equity-accounted investee is nil as at 30 September 2023 (September 2022: ₦311mn)

25 Non-Current Assets Held for Sale

	Group June 2023	Group Dec 2022
Opening balance - January 1, 2023	**95,592**	**95,909**
Disposals	**(82,217)**	**-**
Impairment	**-**	**(317)**
Closing balance - September 30, 2023	**13,375**	**95,592**

25.1 The Bank has identified a consortium of potential investors to acquire its foreclosure interests in Abuja Electricity Distribution Company (AEDC), and the requisite regulatory approvals have been obtained. The purchase consideration comprises an initial payment and subsequent annual payments

25.2 The Bank repossessed properties held as collaterals against some customer loans. The fair value of these properties less cost to sell was N13.38bn (2022: 13.38bn). This amount has been presented in Note 6(a) as unallocated segment, in accordance with IFRS 8. The Group's policy is to pursue timely realization of the collaterals in an orderly manner. The Group does not intend to use these properties for its operations.

26 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount which is recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are indicative of neither the market risk nor the credit risk.

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Derivative assets		
Carrying value	382,342	39,830
Notional amount	993,958	576,375
Derivative liabilities		
Carrying value	2,634	79
Notional amount	23,000	36,821

(a) Derivative assets

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Instrument type:		
Cross-currency swaps	382,247	39,830
Foreign exchange forward contracts	95	-
	382,342	**39,830**
The movement in derivative assets is as follows:		
Balance, beginning of period	39,830	33,340
Fair value of derivatives derecognised in the period	(39,830)	(33,340)
Fair value of derivatives acquired and remeasured in the period	382,342	39,830
Balance, end of period	**382,342**	**39,830**

(b) Derivative liabilities

In millions of Nigerian Naira

Instrument type:	Group Sep. 2023	Group Dec. 2022
Cross-currency swaps	2,271	48
Foreign exchange forward contracts	363	31
	2,634	**79**
The movement in derivative liability is as follows:		
Balance, beginning of period	79	98
Fair value of derivatives derecognised in the period	(79)	(98)
Fair value of derivatives acquired and remeasured in the period	2,634	79
Balance, end of period	**2,634**	**79**

Derivative assets and liabilities are current.

(c) Fair value gain on derivatives

	Group Sep. 2023	Group Dec. 2022
Derivative assets :		
Fair value gain on additions in the period	382,342	39,830
Fair value loss on maturities in the period	(39,830)	(33,340)
Net fair value loss / (gain) on derivative assets	**342,512**	**6,490**
Derivative liabilities:		
Fair value loss on additions in the period	(2,634)	(79)
Fair value gain on maturities in the period	79	98
Net fair value gain on derivative liabilities	**(2,555)**	**19**
Net fair value loss / (gain) on derivative assets and liabilities	**339,957**	**6,509**

27 Deposits from banks

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Money market deposits	1,479,426	841,581
Other deposit from banks	283,036	328,657
	1,762,462	**1,170,238**
Current	1,762,462	1,170,238

28 Deposits from customers

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Retail customers:		
Term deposits	273,737	197,391
Current deposits	1,369,514	864,495
Savings deposits	2,761,740	2,134,452
	4,404,990	**3,196,339**
Corporate customers:		
Term deposits	1,408,146	964,895
Current deposits	5,816,046	3,663,657
	7,224,192	**4,628,552**
	11,629,182	**7,824,891**
Current	10,812,431	6,362,806
Non-current	816,751	6,751
	11,629,182	**7,824,891**

29 Other liabilities

In millions of Nigerian Naira	Group	Group
Financial liabilities	**Sep. 2023**	**Dec. 2022**
Creditors and payables	147,659	254,885
Managers cheques	16,396	8,375
Unclaimed dividends	13,736	12,636
Customers' deposit for foreign trade	46,997	28,417
Lease Liabilities	9,053	20,077
Accrued expenses	139,063	51,497
	372,904	375,887
Non-financial liabilities		
Provisions for litigation claims	262	262
Allowance for credit loss for off-balance sheet items	4,945	6,232
Deferred income	773	902
	5,980	**7,396**
Total other liabilities	**378,884**	**383,283**
Non Current	13,736	14,321
Current	365,148	368,962
Total	378,884	383,283

30 Borrowings

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Long Term Borrowings	384,467	256,681
Short Term Borrowings	252,699	279,054
	637,166	**535,735**

Movement in borrowings during the period:

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Opening balance	535,735	455,772
Additions	157,707	219,845
Interest expense	28,580	34,881
Interest paid	(23,218)	(26,582)
Repayments(principal)	(298,553)	(182,955)
Exchange difference	236,915	34,774
	637,166	**535,735**

31 Capital and reserves

(a) **Share capital**

Share capital comprises:	Group Sep. 2023	Group Dec. 2022
(i) Issued and fully paid - 34,199,421,366 Ordinary shares of 50k each	17,100	17,100
Number of shares in issue at end of the period	34,199	34,199

There was no repurchase of shares during the period, and the Bank did not issue any equity instrument during the period.

(b) **Share premium**

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

(c) **Retained earnings**

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

(d) **Other Reserves**

In millions of Nigerian Naira	Group Sep. 2023	Group Dec. 2022
Other reserves include the following:		
Translation reserve	302,094	41,676
Statutory reserve	214,864	158,948
Fair value reserve	250,063	88,680
Regulatory (Credit) risk reserve	90,645	52,645
	857,666	**341,949**

32 Dividends

The Bank paid interim dividend of N0.50 per share from retained earnings as at 30 June 2023.

33 Contingencies

(i) Litigation and claims

The Group, in the ordinary course of business is currently involved in 1,577 legal cases (2022:1,422). The total amount claimed in the cases against the Group is estimated at N982.161 billion (2022: N666.124 billion). The directors having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements.

(ii) Contingent liabilities

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

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk. There are no guarantees, commitments or other contingent liabilities arising from related party transactions.

In millions of Nigerian naira	Group Sep. 2023	Group Dec. 2022
Performance bonds and guarantees	1,122,880	1,381,089
Allowance for credit losses	(5,150)	(4,066)
Net carrying amount	1,117,730	1,377,022
Letters of credits	1,384,525	629,077
Allowance for credit losses	(2,743)	(2,165)
Net carrying amount	1,381,783	626,912
Gross amount	2,507,405	2,010,166
Total allowance for credit losses	(7,893)	(6,232)
Total carrying amount for performance bonds and guarantees	2,499,512	2,003,934

The possibility of outflows in settlement of the contingent liabilities is considered remote.

(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 reporting date, the Group had loan commitments amounting to N95.61 billion (December 2022: N127.73 billion) in respect of various loan contracts.

(iv) Capital commitments

Capital commitments are irrevocable contractual commitments for the acquisition of items of property and equipment or intangible assets. At the balance sheet date, the Group had capital commitments amounting to N9.96 billion (December 2022 N12.10 billion) in respect of authorised and contracted capital projects.

In millions of Nigerian naira	**Group Sep. 2023**	**Group Dec. 2022**
Property and equipment	7,513	9,448
Intangible assets	2,451	2,650
	9,963	**12,098**

34 Significant event after the end of the interim period

There were no significant events that have post-balance sheet adjustment effect, after the period ended 30 September, 2023.

35 Related party transactions

Some of the Bank's Directors are also directors of other companies with whom the Bank does business. All such transactions are in normal course of business, and agreed terms which are comparable to other customers of the Bank.

36 Compliance with banking regulations

The Bank did not contravene any regulation of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 or relevant circulars issued by the Central Bank of Nigeria.

37 Comparatives

The Bank applied the provisions of International Financial Reporting Standards (IFRS) in preparing the comparative information included in these un-audited interim results. Also, there were no prior period errors identified during the period.

38 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule)United Bank for Africa Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

39 Free Float Declaration

United Bank for Africa Plc with a free float value of N472,498,823,899.20 as at 30 Sept 2023, is compliant with the Exchange's free float requirements for companies listed on the Premium Board.