UBA
United Bank for Africa

Annual Report 2019
Propelling African entrepreneurs towards growth

Africa's Global Bank

UBA
United Bank for Africa

Our Vision

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

Our Mission

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

Who We Are

UBA is *"Africa's Global Bank"* **providing Commercial Banking, Pension Custody and Related Financial Services** to its over 18 million corporate, commercial and retail customers, served through robust physical and electronic touch-points.

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About Us

CORPORATE PROFILE

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

UBA was incorporated in Nigeria as a limited liability company after taking over the assets of the British and French Bank Limited, which had been operating in Nigeria since 1949. The United Bank for Africa merged with Standard Trust Bank in 2005 and, from a single country operation founded in 1949 in Nigeria - Africa's largest economy, UBA has become one of the top providers of banking and other financial services on the African continent. The Bank provides services to over 18 million customers globally, through one of the most diverse service channels in sub-Saharan Africa with over 1,000 branches and customer touch points and a robust online and mobile banking platform.

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

PRODUCTS

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

MARKET

UBA has over 18 million customers in retail, commercial and corporate market segments spread across 23 countries, consisting of Nigeria, 19 other African countries, the United States of America, the United Kingdom and France.

CHANNELS

UBA has one of the largest distribution networks in Africa. As at December 31, 2019, there were over 1,000 branches and customer touch points across Africa; 2,561 ATMs and over 24,947 POS machines fully deployed.

STAFF

As at December 31, 2019, the Group had over 20,000 direct and support staff.

OUR SHARED VALUES

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

DIRECTORS' PROFILE

Tony O. Elumelu, CON
Chairman of the Board

Tony Elumelu is an economist, investor, and philanthropist. He chairs the privately held investment firm, Heirs Holdings and Nigeria's largest quoted conglomerate, Transcorp. Mr Elumelu invests across Africa and his investments are primarily informed by his philosophy of Africapitalism: the belief that the private sector can lead Africa's economic renaissance and that investment should create both economic prosperity and social wealth.

Tony sits on several global public and social sector boards including the United Nations Sustainable Energy for All Initiative (SE4ALL) and USAID's Private Capital Group Partners Forum (PCG). He is the Chairman of leading African financial services group, the United Bank for Africa (UBA), with presence in 20 African countries, and offices in Paris, London and New York.

He is also the Founder of the Tony Elumelu Foundation, which has seeded $100 million through the Tony Elumelu Entrepreneurship Programme, to champion entrepreneurship across Africa over the next 10 years. Amongst his numerous roles, he serves as Co-Chair of the Aspen Institute Strategy Group on Global Food Security, sits on the Global Advisory Board of the Washington DC based the Wilson Centre, and is a member of the Global Advisory Council of the Harvard Kennedy School's Centre for Public Leadership. Tony is a member of the World Economic Forum Community of Chairmen.

AMB. Joe Keshi, OON
Vice Chairman of the Board

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

Before joining the Bank, Ambassador Keshi had a distinguished career in the diplomatic service of the Federal Republic of Nigeria ending up as the top career diplomat of the country, when he served as the head of the ministry in the capacity of the Permanent Secretary. He had also served as the Permanent Secretary, Cabinet Secretariat responsible for the meetings of the Federal Executive Council, presided over by the President.

During the course of his 35 years' diplomatic career, Ambassador Keshi served in about eight countries and various capacities, including, Charge D 'Affairs, Embassy of Nigeria, The Netherlands, Consul General, Nigerian Consulate, Atlanta, USA, and held a number of management positions in the Ministry of Foreign Affairs of the Federal Republic of Nigeria. He was a member of various Nigerian delegation and participated in a number of bilateral, political and multinational economic negotiations including, being a member of an international team that negotiated the Peace Agreement that ended the ten years' civil war in Sierra Leone.

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

He is also a fellow of the Kennedy School of Public Administration and fellow of the Harvard Business School.

Kennedy Uzoka
Group Managing Director/CEO

Kennedy Uzoka holds a B.Sc. in Mechanical Engineering from the University of Benin and an MBA from the University of Lagos. Mr. Uzoka has over two decades' experience covering Core Banking, Corporate Marketing Communications, Strategy and Business Advisory Services. Kennedy is currently Group Managing Director/CEO and he is responsible for leading the development and execution of UBA Group's long-term strategy.

Prior to his current role, he was Group Deputy Managing Director and CEO, UBA Africa managing the Group's country subsidiaries across 18 countries in Africa, as well as supervising three key strategic support areas in Digital Banking, Information Technology and Personal Banking. As Deputy Managing Director, he was the Executive in charge of the Group's businesses in New York and London. He is an alumnus of Harvard Business School (AMP) in Boston USA, the International Institute of Management Development (IMS) in Lausanne, Switzerland and the London Business School, United Kingdom.

Victor Osadolor*
Group Deputy Managing Director/CEO, UBA Africa

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

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

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

** Victor retired from the group Board on January 3, 2020 subsequent to year end.*

DIRECTORS' PROFILE (CONTINUED)

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

He holds a B.Sc degree in Geography and Planning from the University of Nigeria, Nsukka and an MBA (Finance) degree from the ESUT Business School Lagos. He is an associate of the Nigerian Institute of Management (NIM) and has attended various local and international courses, including the Competition and Strategy programme at the Harvard Business School. He acquired varied work experience in the manufacturing industry before moving to the financial services sector. He has over 20 years banking experience, garnering capabilities in Domestic and International Operations, Credit and Marketing. He is currently responsible for the Bank's retail and commercial business in Abuja and North Central Bank, Nigeria.

Emeke E. Iweriebor*
Executive Director, East and Southern Africa

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

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

** Emeke retired from the group Board on January 3, 2020 subsequent to year end.*

Uche Ike
Executive Director, Risk Management, Governance and Compliance

He holds a B.Sc degree in Accountancy, and a Master of Business Administration. He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN). He has over two decades of banking experience spanning Operations, Internal Audit, Enterprise Risk Management, Fraud Management and Regulatory Compliance.

In his current role, he is responsible for coordinating the risk management activities of the Bank. Prior to this role, he was the General Manager of UBA New York Branch and had also previously supervised operations in the East and South Banks of UBA Nigeria.

Chukwuma Nweke
Executive Director, Retail and Payments

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

DIRECTORS' PROFILE (CONTINUED)

Oliver Alawuba
Executive Director/CEO, UBA Africa

Mr. Oliver Alawuba has over twenty years work experience in the banking industry and the academia. Oliver was at various times an Executive Director at Finbank Nigeria Plc (now FCMB Plc), MD/CEO of UBA Ghana Ltd, MD/CEO of UBA West Africa, Directorate Head, Public Sector and Personal Banking and Regional CEO, UBA Africa - Anglophone. He is presently the Executive Director in charge of UBA Africa. Oliver has B.Sc and M.Sc degrees in Food Science and Technology and MBA in Banking and Finance. He is an alumnus of the AMP and SEP programmes of the prestigious Insead Business School, France and London Business School respectively. He is also a Fellow of Nigerian Institute of Management and Honorary Senior Member of Chartered Institute of Bankers of Nigeria.

Ayoku A. Liadi
Executive Director, Lagos and West Bank, Nigeria

He holds a B.Sc in Business Management from University of Nigeria, Nsukka. Ayoku is also a Chartered Accountant and member of the Institute of Chartered Accountants of Nigeria (ICAN). Prior to joining UBA Plc in 2014, he had over two decades of banking experience in Business Transformation, Relationship Management, Banking Operations, Risk Management and Financial Control.

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

Puri Ibrahim
Executive Director, North Bank, Nigeria

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

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

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

Abdoul Aziz Dia
Executive Director, Treasury and International Banking

Mr. Abdoul Aziz Dia, a Senegalese citizen, is a seasoned professional with over 25 years of banking experience gained in different geographies (UK, France, Nigeria, Ghana, Togo, Senegal, Kenya, and Cote d'Ivoire), with strong experience in Capital Markets and Treasury. Mr. Dia has worked at senior level positions with several international financial institutions including African Development Bank, Citigroup, Standard Chartered, ECOBANK, and UBA Group (both as Functional Head and General Manager). Before joining UBA Group Board as a Non-Executive Director, he served ECOBANK as Senior Vice President, Group Treasurer in charge of FX, Fixed Income, Money Market and Group Balance sheet.

Mr. Dia has served on various Boards as an Executive Director, both in Europe and Africa. He holds a Masters Degree in Statistics and Financial Mathematics from ENSAE in Paris and is a Harvard Business School Alumni for Advanced Management. He speaks 6 languages fluently (French, English, Romanian, German, Wolof and Fulani).

DIRECTORS' PROFILE (CONTINUED)

Chiugo Ndubisi
Executive Director/Group Chief Operating Officer

Chiugo has been involved in several transformational projects in the Nigerian banking industry, and possesses in-depth knowledge and experience in Financial Control, Mergers and Acquisition, Investor Relations, Cost Management and Business Transformation. Prior to UBA, he was an Executive Director and Chief Financial Officer of one of the top commercial banks in Nigeria. In the course of his career, Chiugo has served as a member of the Board of Trustees, Central Bank of Nigeria (CBN) Banking Industry Resolution Trust fund, as well as member of the Audit Committee of the Nigeria Interbank Settlement Systems (NIBSS).

Chiugo holds a first class honors degree in Engineering from the University of Nigeria Nsukka, and a Master of Business Administration degree from the University of Lagos. A fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Bankers of Nigeria (CIBN) and Chartered Institute of Taxation of Nigeria (CITN), Chiugo's career spans over 20 years in the Banking industry.

He has attended various international and local courses including the Advanced Management Program (AMP) of the Wharton Business School (University of Pennsylvania), Driving Strategic Impact Program of the Columbia Business School and the HSBC International Bankers' course in London. He is also an alumnus of the Lagos Business School (Pan-African University) Senior Management Program (SMP). Chiugo joined United Bank for Africa in May 2019.

Foluke K. Abdulrazaq
Non-Executive Director

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

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

Foluke has held several major board positions including Julius Berger. A council member of the Bank Directors Association of Nigeria (BDAN) and a member of the Institute of Directors (IOD). She is a recipient of the 'Lagos State Women of Excellence in 1999 and a Justice of Peace (JP). She currently runs Bridge House College, Ikoyi, Lagos, a sixth-form College that offers first class pre-University Foundation and 'A' Levels for students seeking university education in Nigeria and overseas.

Owanari Duke
Non-Executive Director

She holds an LLB degree from Ahmadu Bello University, Zaria (1983) and was called to the Nigerian Bar the following year. She is a former First Lady of Cross River State of Nigeria, an Entrepreneur, Legal Practitioner, Certified Mediation/Dispute Resolution Consultant, Business Coach, Philanthropist and specialist in SME's development and sustainable livelihood.

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

Samuel Oni, FCA
Non-Executive Director

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

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

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

DIRECTORS' PROFILE (CONTINUED)

Kayode Fasola
Non-Executive Director

Mr. Isaac Olukayode Fasola is a consummate professional with over 30 years' cognate experience obtained from Management and Board positions covering banking operations, risk management, credit analysis, insurance, asset management, business strategy/development, performance management and corporate governance. Mr. Fasola previously served as an Executive Director of a commercial Bank in Nigeria. Mr. Fasola holds 2 MBAs and is pursuing a Ph.D. in Business Administration.

Erelu Angela Adebayo
Non-Executive Director

Erelu Angela Adebayo who graduated with an M.Phil in Land Economy from Cambridge University, is the former First Lady of Ekiti State in Nigeria. Mrs Adebayo previously served on the boards of several organisations, including the Dangote Foundation, DN Meyer Plc, Wemabod Estates. Mrs. Adebayo is a council member of the Nigerian Stock Exchange and has worked extensively on real estate development. She is the Chairman of the Erelu Adebayo Foundation for the under-privileged.

Angela Aneke
Non-Executive Director

She is a board advisor, seasoned banker and strategic thinker with over 30 years' experience in financial services in the areas of financial control, strategy, transaction banking, corporate banking, retail banking and governance; acquired in key financial services institutions in several countries across Africa, having held executive management and board positions in international and regional institutions. These include Citibank, Ecobank Transnational Incorporated and United Bank for Africa Plc.

Angela holds a Bachelor of Science degree from The American University, Washington DC, USA and became an International Associate of the American Institute of Certified Public Accountants in 1985. She also holds a Masters of Business Administration from Warwick Business School, University of Warwick, UK. She has attended several courses in banking and governance including Harvard Business School's "Making Corporate Boards More Effective".

Abdulqadir J. Bello
Non-Executive Director

Mr. Abdulqadir J. Bello, a Chartered Accountant, has over 30 years' corporate experience in the banking sector, during which period he held several senior management positions in various Banks. He also previously served as the Group Chief Credit Officer of UBA and thereafter as the Executive Director in charge of Risk Management for UBA Group.

MANAGEMENT TEAM

Ugo Nwaghodoh
Group Chief Finance Officer

Ugo is a seasoned financial analyst and accountant with 25 years' experience spanning assurance, advisory, financial control, strategy and business transformation, investor relations, mergers and acquisitions, business integration and project management.

Prior to his current role, he was at different times, Group Financial Controller, Group Chief Compliance Officer and Head, Performance Management in UBA. Before joining UBA in 2004, he had worked with Deloitte and PricewaterhouseCoopers.

Ugo holds a B.Sc. degree from the University of Ibadan, Nigeria and an M.Sc. degree in Finance and Management from Cranfield University, England. He is a Fellow of the Institute of Chartered Accountants of Nigeria, an Associate Member of the Chartered Institute of Taxation of Nigeria (CITN) and the Chartered Institute of Stockbrokers (CIS). Ugo is also a member of Cranfield Management Association.

Bili Odum
Group Company Secretary

Bili is the Group Head, Company Secretariat & Legal Services for UBA Group with responsibilities for corporate governance, company secretariat and legal services.

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

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

Emmanuel Onokpasa
Group Treasurer

Emmanuel heads the Treasury of UBA Group. He has over two decades of experience with expertise in trading and designing Treasury products and structures including foreign exchange risk hedges and fixed income securities and in Asset and Liability Management, Treasury Sales, Treasury Risk Management, International Trade and Structured Finance. He has had a stint in operations, auditing and taxation and served at different times as Group Treasurer in top two commercial banks in Nigeria.

Emmanuel holds a B.Sc. (Honours) degree in Accounting from the University of Benin, Nigeria and he is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Associate of the Chartered Institute of Taxation of Nigeria (CITN). He is an alumnus of the Harvard Business School, Boston and Lagos Business School.

Emem Usoro
Directorate Head, Abuja and North Central

Emem is currently the Directorate Head, Abuja and North Central. Prior to joining UBA in 2011, she was a Regional Executive in a new generation bank, where she was responsible for developing the commercial business of the Bank in Victoria Island region. Upon joining UBA, Emem was the Regional Bank Head, Akwa Ibom and Cross River bank, from where she became the directorate head for Abuja bank, where she was saddled with the strategic responsibility of sustainably growing revenues, customer base and profitability of the directorate thereafter, she became the Regional Director, Strategic Business Group 2, Lagos where she was responsible for the turnaround, growth and operational excellence of the branches under her supervision. Emem is now the Directorate Head, Abuja and North Central Bank.

She is a Group General Manager with over 20 years' experience largely in retail/commercial/corporate banking and public sector. She holds a B.Sc. degree in Biochemistry and an MBA from the Obafemi Awolowo University, Ile-Ife. An alumnus of the Lagos Business School and Harvard business school, Emem has attended both the General management program (GMP) and the Advanced Management Program(AMP) of the Harvard Business School.

She is a fellow of the Chartered Institute of Bankers of Nigeria (CIBN). She has strong capabilities in relationship management, effective communication, business development, financial and business advisory, strategic planning and execution. She has won several performance awards over the years of her career.

MANAGEMENT TEAM (CONTINUED)

Abiola Bawuah
Regional CEO, West Africa

Abiola is the Regional CEO, West Africa, overseeing the Group's business in nine countries. She joined UBA Ghana in 2013 as Deputy Managing Director and was elevated to serve as the MD/CEO of UBA Ghana in January 2014. Abiola in March 2018 was appointed Regional CEO West Africa One, responsible for six countries prior to her current expanded role.

Prior to joining UBA, she was an Executive Director in a peer bank in Ghana, having previously held the positions of the General Manager, Marketing and Group Head, Retail Banking at the Bank. Abiola also worked at different times with other reputable banks as Head of Sales and Relationship Manager. She worked as an authorized dealing broker with Strategic African Securities and an Investment Officer with the then Bentsi-Enchi and Letsa; now Bentsi-Enchil, Letsa and Ankomah law firm. She has enormous wealth of experience in wholesale and retail banking as well as credit management.

Abiola holds a BSc in Actuarial Science from the University of Lagos, Nigeria, an LLB from the University of London, a diploma in Marketing from GIMPA and EMBA (Finance) from the University of Ghana. She is an alumnus of Harvard Business School, Columbia, University of New York, INSEAD and Institute Villa Pierrefeu in Switzerland, where she had numerous leadership training. During her tenure as MD/CEO UBA Ghana she was recognised for her performance and won the following awards: Chartered Institute of Marketing Ghana (CIMG) Marketing Woman of the Year Award, Finance Personality of the Year Award at the Ghana Accountancy and Finance in 2016. She was listed as one of Africa's 50 Influential Women in Business by the African Report in July 2018.

Jude Anele
Group Head, Consumer and Retail Banking

Jude is the Group Head, Retail Banking, with responsibilities covering Consumer Banking, Small and Medium Scale Enterprise Banking, Financial Inclusion, and Direct Sales. He is also the Project Executive, Performance Management.

He has over 25 years banking experience, spanning Banking Operations, Marketing, Corporate Banking, Performance Management, and Retail Banking. Prior to his current role, Jude was at different times Head, Direct Banking and Regional Sales Director at different institutions in the industry.

Jude holds a BA.ED (Hons) degree from the University of Nigeria Nsukka. He is an alumnus of the Pan Atlantic University/Lagos Business School (EMBA and Advanced Management Programme). He is also an Associate of the Chartered Institute of Bankers (CIBN)

Franklyn Bennie
Group Head, Regulatory Compliance

Franklyn heads Regulatory Compliance for UBA Group, and has over two decades of experience in Compliance, Regulatory, and AML/CFT Risks in the banking industry. His other areas of speciality include banking operations; local and international bank branch start-up; internal control, and corporate governance. Prior to his current role, Franklyn had worked with a top international bank in Nigeria in various capacities including Chief Compliance Officer, Compliance Head for West Africa and Acting Compliance Head for Sub-Saharan Africa. Franklyn also had a brief stint with one of the commercial banks in Nigeria as Regulatory and Franchise Risk Strategy Consultant leading the AML/CFT Compliance Transformation

He holds a B.Sc degree in Business Administration from Ahmadu Bello University, Zaria and MBA from University of Lagos. He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria; Member, Association of Certified Anti-Money Laundering Specialist, Fellow & Trustee, Compliance Institute of Nigeria, and Associate Member, Nigeria Institute of Management [Chartered]. He has attended several local and international trainings and seminars in banking operations, AML/CFT, management and leadership.

Patricia Aderibigbe
Group Head, Human Resources

Patricia is responsible for UBA Group's Human Resource function across its 20 African countries and the international subsidiaries in UK, USA & France. With the Bank's Customer-1st Philosophy, which applies to both external and internal customers, Employee Experience has become a central theme in the HR Transformation agenda.

Another focus of HR is to continue to engender the bank's core values of Enterprise, Execution and Excellence into the fabric of the organisation as embodied by our people – thus reinforcing the bank's meritocratic culture. This also involves embracing change and adopting a digital mindset so that the customer continues to experience UBA in new and different ways.

A dynamic and passionate people leader, Patricia's background is firmly rooted in human resources, organization and leadership development, executive coaching as well as business operations, spanning nearly three decades, gained from working across several countries in Europe and Africa.

She holds two Masters Degrees in English Literature and Employment Relations and Law from the University of Ibadan and Kingston University, UK respectively; her first degree is in English and Literature from the University of Benin. Patricia attained Fellowship of the Chartered Institute of Personnel and Development very early in her HR career and was admitted as a life member of the UK Institute of Directors. She also served as a member of the UK employment tribunals for several years until relocating to Africa.

MANAGEMENT TEAM (CONTINUED)

Muyiwa Akinyemi
General Manager, Corporate Bank

Muyiwa is the General Manager in charge of Corporate banking businesses in the Consumer Goods, Manufacturing, Telecommunications, Power, Agriculture and Services sectors of the economy, amongst others. He is a seasoned corporate and investment banker with close to three decades cognate experience spanning financial analysis, business advisory, financial control, investment banking, capital market, wholesale banking and corporate banking in Nigeria and across Africa.

Prior to his current role, Muyiwa was at different times, Director, Wholesale Banking, Rest of Africa, CEO, UBA Kenya, Head, Investment Banking, Head, Global Corporates, Regional Director, Retail Banking in UBA and erstwhile Standard Trust Bank Plc. Before joining Standard Trust Bank/UBA in 1998, he had worked with one of the top commercial banks, after a stint in audit and financial services firms.

Muyiwa holds a B.Sc. degree in Accounting from Obafemi Awolowo University, Ile-Ife, Nigeria and is an associate of the Institute of Chartered Accountants of Nigeria as well as member of various professional institutes. He has equally attended Senior Management trainings in leading global institutions, including Harvard Business School, Witts Business School, South Africa, amongst others.

Amie Ndiaye Sow
Group Head, Wholesale (Africa)

Amie is the Group Head, Wholesale Banking (Africa). She has over two decades banking experience, spanning business development, risk management and broader executive management functions. Prior to her current role, she was Regional CEO West Africa 2, overseeing the Group's subsidiaries in Senegal, Guinea and Mali. Amie is renowned for her wealth of experience in corporate banking, structured finance and MSMEs lending across the CEMAC sub-region.

She has strong relationships in West and East Africa and has a good knowledge of the banking sector and the broader economy of these countries. Amie has three postgraduate degrees in Economics, Management, Banking and Insurance, and Public Finance from leading universities in Senegal, including University Cheikh Anta DIOP.

Sampson Aneke
Group Head, Digital Banking

Sampson heads the Digital Banking Group of UBA. He is a highly motivated professional with strong business value-chain drive anchored on extensive hands-on experience in payments, collections & channel services through digitized process. Sampson also serves as a Non-Executive Director on the Board of UBA Cote d'Ivoire. Sampson has acquired a consolidated banking experience spanning over 26 years. Prior to joining UBA, he worked for a top commercial bank in Nigeria where he held several senior management positions such as Divisional Head, Transaction & Electronic Banking, Group Head Collections, Divisional Head Public Sector & Collections, Regional Manager - Lagos Central Region, amongst others.

He is a Fellow of the Chartered Institute of Bankers of Nigeria (FCIB) and he qualified with Distinction in Accounting. He is also a Fellow of the Nigerian Institute of Management (FNIM), holds a B.Sc. degree in Banking & Finance from Ogun State University and MBA in Business Administration & Management from Enugu State University of Science & Technology. He is equally an Alumnus of the prestigious Lagos Business School and has attended several local and international trainings including Wharton Business School, University of Pennsylvania, VISA Business School in Orlando, USA, General Electric (GE) Leadership Summit, Crotonville, New York, Seven (7) Habits of Highly Effective People (Signature 4.0) by Franklin Covey, etc.

Ebele Ogbue
Group Head, Energy Bank

Ebele is the Group General Manager, Oil & Gas at UBA. His oversees the acquisition, deepening and management of the Bank's business relationships in the Nigerian oil & gas industry, while providing support and expertise to the bank's subsidiaries in Africa, the Europe and the US. Prior to this current role, he was the Regional Director responsible for driving the wholesale banking business of the Bank in Anglophone Africa, whilst also representing UBA Plc on the boards of the Anglophone African subsidiaries.

He was the Chief Executive Office at UBA Capital (Europe) Limited, a financial services firm and subsidiary of UBA Plc focused on International Trade and Foreign Exchange Transactions into and out of Africa. Prior to joining UBA Capital (Europe) Limited in April 2010, Ebele was the Chief Executive Officer, UBA Liberia Ltd for two years; a subsidiary he set up as a greenfield operation, while also overseeing the operations of UBA in Sierra Leone towards the end of his tenure in Liberia. He was also a senior member of the team that set up UBA (formerly Standard Trust Bank) in Ghana in 2004, where he was the Chief Credit Officer for three years from 2004 to 2007. He has worked for other international banks in Nigeria and Ghana, and has a wealth of experience working in the financial services industry in the UK and Africa.

Ebele holds a first degree in Accounting from the University of Lagos, and an MBA from the CASS Business School.

MANAGEMENT TEAM (CONTINUED)

Chris Ofikulu
Directorate Head, South Bank

Chris is the UBA Group's Directorate Head, South Bank, responsible for articulating & deploying business development Strategies and critical resources towards delivering optimal values for the Bank. He is a Senior Executive of the Bank with over 28 years' experience in business development which cuts across major business geographies in Nigeria and markets. Before joining UBA Group, Chris had worked in one of the top commercial banks in Nigeria where he served in various capacities including Directorate Head in charge of the South Businesses and subsequently the Directorate Head, Lagos and West Businesses. Chris was also the pioneer Managing Director of Diamond Pension Fund Custodian Limited.

Chris holds a B.Sc (First Class) Degree in Industrial Mathematics from the University of Benin Benin-City and an MBA (Marketing) from the University of Lagos. He is also an Alumnus of the following prestigious Business Schools: The Wharton Business School, Philadelphia; IESE Business School, Barcelona, Spain and Lagos Business School. He equally attended leadership and corporate governance training in the Henley Business School of University of Reading, U.K. and Advanced Company Direction Programme, Institute of Directors, London.

Gboyega Sadiq
Group Chief Internal Auditor

Gboyega oversees the Internal Audit function for the Bank, having previously served as Chief Operating Officer (COO) – Nigeria North, and Group Head Operations – Lagos Bank. Prior to joining UBA, he worked in other banks where he occupied senior roles and garnered valuable experience in Operations and Control.

He holds a first class B.Sc (Honours) degree in Accounting from the Obafemi Awolowo University, Ile-Ife and is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) as well as Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (CIBN). He also holds postgraduate degrees in Economics and Public Administration.

Aisha NaAllah
Regional Head, North Bank 5

Aisha NaAllah is UBA's Regional Head covering Sokoto, Kebbi and Zamfara States. She is a seasoned banker with 3 decades of experience in operations, personnel management and relationship management. Aisha has worked with one of the top commercial banks in Nigeria where she held several responsibilities in operations, personnel management, credit and marketing. She also held the position of Branch Manager prior to joining STB/UBA in 1999. Aisha also worked as a planning officer under the Sokoto State Budget and Economic Planning department. She was opportune to have been impacted positively by some senior citizens such as Alhaji Abdu Gusau when she represented the budget department at the Sokoto state water board as a fresh graduate.

Aisha holds B.Sc (Hons) Economics and MBA from Usmanu Danfodiyo University, Sokoto. She is an alumnus of the International Institute for Management Development (IMD) Switzerland, Lagos Business school, Institute for Personnel Management and Industrials Relations, Lagos, and a member of the Chartered Institute of Bankers (CIBN). Her special interest is in Business Development and mentoring.

Sanusi Mudasiru
Group Chief Compliance Officer, GCCO

Sanusi is currently the Group Chief Compliance Officer where he is providing top management support, strategic thinking with Group overall responsibility for regulatory compliance, policy and operational risk compliance and oversight over information security risk. He has played various roles across the UBA Group and was prior to this role, the Group Chief Operating Officer (GCOO) for UBA Africa. He was also the pioneer COO of UBA Ghana and CEO UBA Zambia.

Sanusi is a Fellow of the Institute of Chartered Accountants of Nigeria, and holds a B.Sc degree in Accounting from Ahmadu Bello University Zaria, where he graduated with a second class upper division. He has over 28 years of banking experience spanning Banking Operations, Financial Control, Internal Control, Customer Service and Marketing. He has attended local and international training programmes with various organizations including the Harvard Business School, USA, IMD Business School in Lausanne Switzerland, amongst others.

MANAGEMENT TEAM (CONTINUED)

Martin Che

Regional CEO, Central, Eastern and Southern Africa (CESA)

Martin has oversight responsibility for UBA Group's businesses in 10 countries within the Economic and Monetary Community of Central, Eastern and Southern Africa regions. He is a seasoned banker with 20 years' work experience; and a business development professional with skills set in credit risk, financial risk, business relationship management, management and banking operations. Prior to his current role, he was at different times, Managing Director/Chief Executive Officer, Director of Institutional Banking and Project Finance; Regional Director of Institutional and Retail Banking, Head of Multinational and Regional Corporates, Business Office Manager and Credit Analyst. Before joining UBA Cameroon in 2008, he had a decade experience with top tier commercial banks in Cameroon.

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

Mike Ilobah

Group Head, Policy & Operational Risk Compliance

Mike has had over two and half decades career in the banking and Finance industry cutting across Business Relationship Management, Treasury and International Banking, Finance, Credit Risk Management and vast experience in Operations. Prior to his current role in the Bank, he has functioned as the Head, Global Shared Services, Group Head of Operations and Group Head of Internal Control.

Mike holds a B.Sc degree in Banking and Finance from Olabisi Onabanjo University. He is a Fellow of both the Institute of Chartered Accountants and Chartered Institute Banking of Nigeria and has an ACCA Diploma in IFRS. He is an alumnus of the International Institute of Management Development (IMD) in Lausanne, Switzerland, has attended other training and seminars within and outside the country, provided technical support to some committees set up by CBN and has also been enlisted by the Chartered Institute of Bankers to provide technical support in Banking Practice and Credit Management and serve as examiner for Banking Principles and Practices.

Rao Anant

Group Executive, AI and Data Analytics

Anant Rao joined UBA in 2008, and is currently the Group Executive - Artificial Intelligence (AI) and Data Analytics for the UBA Group. Prior to being in the current Role, he was the Group Executive – Customer Fulfilment Centre (CFC) & Telemarketing. He was at different times, Group Executive - Digital and Consumer Banking, Group Head, Strategy and Business Transformation and Director, Global Shared Services Centre at UBA respectively.

Anant was also responsible for setting up of the state-of-art Global Shared Services Centre and Customer Fulfilment Centre for the UBA Group and effectively managed the transition of all the Operations processes across the Group. Anant also facilitated the creation of the Customer Fulfilment Centre from the erstwhile Customer Interaction Centre (CIC), and went on to implement the transformation of the centre into a 21st century Digitally enabled Customer Experience Hub for the UBA Group.

Prior to UBA, Anant has had a distinguished career working for 14 years in the areas of Operations and Technology with a leading Multinational Bank in India. He delivered large transformational offshore projects for the Citigroup in EMEA and Asia Pacific Regions of the Bank. He equally managed Consumer, Corporate Banking and Technology Operations for various countries under EMEA, Asia Pacific and North America Regions. He has deep domain knowledge and diverse experience in Digital Banking, Banking Operations and Financial Technology, Outsourcing, Offshoring Operations, Business Transformation, Credit and Risk Management in the financial services industry.

Anant Rao holds a Master of Commerce and an MBA from the Sri Sathya Sai Institute of Higher Learning in Andhra Pradesh, India. He has been a Banking Operations and Technology Professional for more than two decades.

Pamela Shodipo

Regional Head, Lagos 3

Pamela is the Regional Head of one of UBA's Strategic business units in Lagos with seventeen (17) branches under her supervision. She has over two decades banking experience spanning operations, customer service, sales and relationship management. She is focused, versatile and very experienced in managing corporate and commercial clients. Pamela is result-oriented and has been involved in structuring quality, complex and big transactions across diverse sectors of the economy thus earning her a renowned reputation in the Nigerian Banking Sector.

Pamela holds a Bachelor of Science (Honors) degree in Psychology from University of Lagos and a Master of Business Administration from the Cardiff Business School, University of Wales, United Kingdom. She has attended several management and leadership courses at the prestigious Harvard Business School, USA, Lagos Business School, IBFC Agusto and other reputable training institutions.

MANAGEMENT TEAM (CONTINUED)

Raymond Ahumibe
Regional Head, Imo Bank

Raymond is our Regional Head, driving our Businesses in Abia, Imo, Cross River and Akwa Ibom states. Prio to this time He has had a brilliant career spanning through academics, estate surveying and valuation practice, entrepreneurship and over 25 years' experience in banking. A student of Business Strategy, he comes with lots of experience in business start-up and turnaround; and well distinguished in retail, commercial and public sector banking.

Raymond holds a B.Sc. (Honours) degree in Estate Management from the Obafemi Awolowo University, Ile Ife, Nigeria and an MBA in Finance from University of Port Harcourt, Nigeria. Ray is a devout catholic and a member of the Nigeria Institute Of Management.

Kingsley Ulinfun
Group Head, Credit Office (Wholesale)

As Group Head, Credit Office (wholesale), he is responsible for credit underwriting for large corporates, public-sector entities and middle market/SME names across UBA Nigeria and its Africa subsidiaries. Prior to his current portfolio, he was Chief Risk Officer (UBA Africa), where he had responsibility for risk management across UBA Africa subsidiaries. At UBA, he has also been Credit Officer, UBA Nigeria – with responsibility for credit underwriting of corporates and public-sector entities across UBA Nigeria; and the Head of Retail and Consumer Banking Business in UBA's franchise in Nigeria and across Africa.

Kingsley has also held various risk management and business development portfolios in other financial institutions in the industry. Kingsley has expert experience in business development as well as risk management, with over 24 years' experience in the financial services industry, covering corporate as well as retail and SME clients; offering financial advice, business strategy and due diligence work as well as credit training to financial institutions and corporates across Africa. Kingsley holds degrees in Chemical Engineering as well as a Master of Business Administration (MBA) both from the University of Benin. He is also an alumnus of the executive program, Bain Academy, Johannesburg, South Africa.

Alex Alozie
Group Head, Operations

Alex is the Group Head, Operations, overseeing the Group's Operations in Nigeria and 19 other African countries. He is responsible for delivering service across the Group by aligning the best of people, process and technology.

He is a seasoned banker who has worked in various capacities for the past 19 years spanning Branch Operations, Head office operations , International Operations, Digital Operations, Strategy and Transformational Change. He is well known for his resourcefulness and expertise in Banking Operations which has earned him recognition in the Industry including CBN commendation for contributions in the Introduction of Cashless Initiative; SEC Commendation for his role in implementation of E-Dividend and CBN/NIBSS Award as a member of the BVN Implementation Committee.

Prior to his current position, Alex held top leadership roles in leading commercial banks in Nigeria successively as the Head Bank-wide Operations; and the Head Digital and Centralized Operations. Alex holds a BSc in Economics from Abia State University and an MBA from the Metropolitan School of Business and Management. He has also attended various senior management programs at both Wharton & Columbia School of Business.

Bola Atta
Group Head, Corporate Communications

Bola Atta is the Group Director of Communications for the United Bank for Africa. Her role involves, but is not limited to, directing the development and execution of global corporate communications initiatives for the Group. She has close to 30 years of working experience in diverse fields ranging from Banking, Business, Communications, Publishing, Entertainment and the Media. She has spent a bulk of her work life in high level management and entrepreneurship, enabling her gain expertise in each of these varied fields of work.

Bola was voted one of the top 40 Nigerians under 40 in 2008. She was also celebrated as one of the 100 most influential women in Nigeria in March 2015 and the Best Marketing Professional in West Africa in 2018. She has worked in private enterprise and with government agencies both in Nigeria and South Africa using her expertise in public relations and increasing her wide network within Africa. In 2003, she was invited by the African Leadership Institute in partnership with the UNDP to work on a panel for the development of scenarios for South Africa in 2020. This week-long seminar brought together young leaders from all parts of Africa to map out scenarios for the future not only of South Africa, but of the entire continent. It has since evolved into the Bishop Tutu Fellows for Young African Leaders. She is the CEO of the UBA Foundation and the Executive Producer for UBA's online network, REDTV.

Bola is a graduate of Economics with an MBA majoring in Marketing. In furtherance of her duties, she attended the High Potential Leadership Program at the Harvard Business School in 2015.

MANAGEMENT TEAM (CONTINUED)

Dupe Olusola
Group Head, Marketing

Dupe Olusola serves as Group Head, Marketing for UBA. Prior to her current role, she was the Group Head Embassies, Multilaterals and Development Organizations (EMDOs) and Global Investors Services (GIS). Through her leadership, there was meritorious expansion in the Bank's stake in the EMDOs & GIS sector across Africa and beyond. Dupe has a deep knowledge of several corporate and retail market economies.

Before joining UBA, Dupe had a distinguished career as the Managing Director and Chief Executive Officer of Teragro Commodities Limited (an indigenous agricultural company). She spearheaded a partnership with Coca Cola to produce Five Alive Pulpy Orange Juice – making Teragro the sole local material source for the juice in Nigeria.

Her professional experience spans various sectors locally and internationally in capacities that encompass private equity from African Capital Alliance, investments and SME experience from Growing Business Foundation, Bloomberg Financial Markets UK, SecTrust (now Afriinvest), Transcorp Corporation and Northern Trust Corporation of Chicago, UK.

Dupe studied Economics at the University of Leicester, United Kingdom and obtained her M.Sc. in Development Economics from the University of Kent. She is Prince 2, PMP and Investor Management Certified (all UK). She is passionate about women development and empowerment, economic development of under-developed countries and financial inclusion for the disadvantaged in the society. She was named on Ventures Africa's 10 Most Influential Nigerian CEOs of 2015.

Osilama Idokogi
Group Head, IT

Osilama is UBA's Group Head of Information Technology, with responsibilities cutting across Chief Information Officer (CIO) Organisation, Chief Technology Officer (CTO) Organisation, Enterprise Architecture (EA) and Program Management Office (PMO). He has over 18 years of hands-on experience in creating sustainable shareholder value through the application of IT from Strategy to Implementation.

Prior to his current role, he has served the UBA Group in various capacities including the Head, IT Enterprise Applications Support, Head, Group IT Operations, Head, IT Support Services, Head IT International Rollout, amongst other roles. Notably, he spearheaded the planning, designing and implementation of IT integration during the merger of UBA, STB and CTB in 2006.

Osilama has a BSc degree in Computer Engineering (Second Class Upper) from Obafemi Awolowo University.

Okechukwu Oko
Group Legal Counsel

Okechukwu is the Group Legal Counsel of UBA. He is a seasoned Solicitor who combines legal expertise and commercial acumen to drive business and produce desired result in banking. Prior to joining UBA, he had almost two decades of core legal banking experience in top reputable commercial banks in Nigeria, where he held various senior roles including the Head legal/Assistant Company Secretary, and Head Bank-wide Litigation/Recovery.

He holds an LL.B [Hons] degree from University of Uyo, Akwa Ibom State and was enrolled as Solicitor and Advocate of the Supreme Court of Nigeria in 1993. He is a member of the Nigeria Bar Association and alumnus of the prestigious Lagos Business school. Has attended both local and international trainings.

BOARD OF DIRECTORS

From left to right (sitting)
Angela Aneke
Owanari Duke
Amb. Joe Keshi
Tony O. Elumelu, CON - *Chairman of the Board*
Kennedy Uzoka - *GMD/CEO*
Foluke K. Abdulrazaq
Erelu Angela Adebayo

From left to right (standing)
Puri Ibrahim
Chukwuma Nweke
Uche Ike
Abdulqadir Bello
Abdoul Aziz Dia
Kayode Fasola

From left to right (standing)
High Chief Samuel Oni, FCA
Ayoku Liadi
Dan Okeke
Oliver Alawuba
Chiugo Ndubuisi

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Chairman's Statement

CEO's Report

CHAIRMAN'S STATEMENT

Tony O. Elumelu , CON
Chairman, Board of Directors

Chairman's Statement

INTRODUCTION

Esteemed Shareholders,

It is indeed my honour to present to you the Annual Reports and Accounts of United Bank for Africa Plc, for the 2019 Financial Year.

2019 was a remarkable year for our Bank, as our deliberate strategy to become a Pan-African Banking Group is now clearly apparent. The launch of our 20th African operation in Mali (UBA Mali) and the take-off of full-scale wholesale banking operations in the United Kingdom (UBA UK Limited) during the year further consolidates not only the diverse nature of our vast operations, but also the diversity of our earning base. This brings significant value appreciation to you, our shareholders, as demonstrated in the accounts we are presenting to you today.

As a responsible Board with the full understanding of the oversight mandate you, our shareholders have given us, we spared no effort in providing steer to the Executive Management team of the Bank to further entrench our customer-first philosophy with the aim of consolidating the synergies of our unique network and positioning the Bank to fully leverage local market opportunities.

In addition, with our commitment to building the foundation for sustainable growth of our business across geographies, and recognizing the governance oversight required to achieve our intent, the Group Board devoted time to strengthening our various subsidiary Boards, providing them with the leadership and policy tools to independently superintend our businesses in these jurisdictions. We are happy with the results; our Bank is now even better poised to deliver on our overarching objective of being the undisputed leading and dominant financial institution in Africa.

CHAIRMAN'S STATEMENT (CONTINUED)

OPERATING ENVIRONMENT

Across the globe, we witnessed a slowdown in economic growth, a reverse from 2018 where we saw improvements in the macroeconomic conditions of advanced and emerging economies. The IMF forecasts global growth for 2020 to be stronger, largely driven by recoveries in emerging markets. The promise of a trade deal between the USA and China ahead of the US elections may also increase global growth prospects. However, the recent outbreak of the novel Coronavirus disease (COVID-19) poses a major risk to the growth prospects of the global economy, and by extension, resource-dependent economies in Africa who rely on the global commodity market for their exports.

In Sub-Saharan Africa, despite the muted economic performance of the region overall, some countries recorded significant growth, with the fastest Gross Domestic Product (GDP) growth in Rwanda, Ivory Coast, Benin, Ghana, Tanzania and Kenya. It is encouraging that UBA is present in five (5) of these countries, justifying our Pan-Africa strategy and regional diversification.

2019 saw the historic signing of the Africa Continental Free Trade Agreement (AfCFTA) by fifty-four (54) countries on the continent. This agreement, designed to break down continental trade barriers, is set to kick-off by the second half of 2020. The agreement can only work if countries put in the right policies and infrastructure to improve trade links. UBA, with presence in 20 African countries, is uniquely positioned to provide these links and facilitate cross border payments and flows through our innovative products.

After a prolonged monetary tightening policy stance in 2018 to maintain stable exchange rates and reduce inflation in response to interest rate hikes in the US, central banks in Africa shifted to the adoption of monetary easing policies to spur economic growth. In Nigeria, the Central Bank mandated a minimum 60% loan-to-deposit rate (increased to 65% effective December 2019) to boost lending to the economy, while in Kenya, Tanzania and some other countries, interest rates were marginally reduced. Notwithstanding these policy shifts, the prospects for our Bank remain strong with UBA better equipped to compete in our difficult banking terrain, given the diversity of the Bank's business operations and operating geographies.

The World Bank forecasts growth in Africa to improve from 2.6% in 2019 to 3.1% in 2020, driven largely by stronger growth among non-resource intensive countries and modest expansion in resource-intensive countries. Our diverse business portfolio across these countries de-risks our earning base, positioning us to leverage on these growth prospects.

UBA FINANCIAL PERFORMANCE

Our Bank recorded growth across all market share and profitability indices for the 2019 financial year. Customer deposits and total assets grew by over 14% and 15% respectively. The Bank's earning capacity has significantly improved as demonstrated by gross earnings that grew by an impressive 13%, crossing half a Trillion Naira mark for the first time by a significant margin. While the overall Group's profitability grew by a marginal 4%, profitability in Nigeria, our flagship operation, increased by a remarkable 27%. This is especially remarkable when considered against the backdrop of an election year in Nigeria and its difficult economic implications. The diversity of our income base remains very strong with our African operations (ex -Nigeria) contributing approximately 46% of our profits for the year.

Notwithstanding growth in the Bank's loan portfolio by about 20%, the quality of the loan book further improved as depicted by the reduction in the ratio of non-performing loans to total loans (NPL Ratio) from 6.4% in 2018 to 5.1% in 2019. In Nigeria, NPL Ratio significantly reduced from 4.2% in 2018 to 2.4%. Despite the impressive loan growth, UBA still maintains one of the industry's best liquidity position with over 54% liquidity ratio. Capital Adequacy also remains solid at 23.4% compared to a mandatory 16% requirement for international banks operating in Nigeria.

RETIREMENTS OF DIRECTORS AND APPOINTMENT OF NEW BOARD MEMBERS

At the turn of the 2020 financial year, two Executive Directors voluntarily retired from the Group Board. These were Mr. Victor Osadolor, the erstwhile Deputy Managing Director/ Chief Executive Officer, UBA Africa, as well as Mr. Emeke Iweriebor, former Executive Director and Regional Chief Executive Director, East and Southern Africa. Please, join me to thank them for their immense contributions to the growth of our institution through the years and to wish them well in all their future endeavours.

Replacing Mr. Osadolor as the Executive Director/Chief Executive Officer, UBA Africa is Mr. Oliver Alawuba. Before this appointment, Mr. Alawuba was the Executive Director in charge of the Bank's operations in eight states of the East and Southern part of Nigeria including Ebonyi, Enugu, Anambra, Imo, Abia, Rivers, Cross Rivers and Akwa Ibom State.

> **"Our Bank recorded growth across all market share and profitability indices for the 2019 financial year. Customer deposits and total assets grew by over 14% and 15% respectively."**

CHAIRMAN'S STATEMENT (CONTINUED)

In addition, the Bank appointed Mr. Chiugo Ndubisi as Executive Director/Group Chief Operating Officer in charge of IT, Operations, Human Resources, Corporate Services, Corporate Communications and the Bank's Transformation Office. Before his appointment, Mr. Ndubisi was the Bank's Group Executive, Transformation and Resources. He has over 20 years of banking experience including serving as the Executive Director/Chief Finance Officer of Diamond Bank Plc, a position he held until the merger of Diamond Bank and Access Bank in April 2019.

The Bank recorded a first with the appointment of Mr. Abdoul-Aziz Dia, a Senegalese citizen, as the first non-Nigerian African Executive Director in charge of Treasury and International Banking. With over 25 years of banking experience, Mr. Dia has served as Executive Director in various banks across Africa and in Europe. He transitioned from a Non-Executive Director role on the Board into this executive capacity, having been earlier admitted into the UBA Board as a Non-Executive Director in May 2019. His admission further demonstrates our Africanness and brings a fresh perspective and experience, not just to our Executive Management, but to the Group Board in general.

On the Non-Executive side, Mrs. Aisha Hassan-Baba has been admitted into the Board. She is a leading member of Nigeria's Legal profession, with decades of experience in public and private practice. An alumnus of the University of Nigeria, Nsukka, and the University of London, Mrs. Hassan-Baba chaired the Committee that drafted the Nigerian Local Content in the Non-oil Sector Policy between 2012 and 2016. Mrs. Hassan-Baba was also the Executive Secretary/CEO of the Nigerian Investment Promotion Commission (NIPC) from 2015 to 2016. She is a former state Attorney-General and Commissioner of Justice in Nigeria.

Her admission into the Board brings the total number of female Non-Executive Directors to four out of ten, further deepening the diversity of our Board.

OUTLOOK

2020 is set to be a year of growth in our operating economies as well as for our Bank. As the trade and financial flows across African countries receive a massive boost from the take-off of AfCFTA, UBA is uniquely positioned to leverage on this to propel growth. In Nigeria, we are also set for an impressive year with a record signing of the national budget before the beginning of the year, creating much better economic prospects for the country from improved budget implementation in 2020.

Our confidence for stellar performance in 2020 is further bolstered by the improved capacity of our Executive Management Team and the transformation agenda currently being rolled out across the Bank with the objective of deepening our digital and retail banking capabilities, extending our operational efficiencies through technology leverage and most importantly strengthening our people management capabilities.

I have no doubt that with this foundation built on the right processes, technology optimization and people strategies, we are on the right path to delivering the UBA of our dreams.

APPRECIATION

On behalf of the Board and Management, I want to thank our cherished customers who have entrusted us with their businesses, both personal and corporate. Our outlook is bright because of your continued patronage, and our promise remains to exceed your expectations.

To our staff who have tirelessly delivered exemplary service and gone the extra mile to meet the needs of our customers, we are most grateful.

To the Executive Management whose leadership have stayed true to the course to deliver exceptional value to all stakeholders, notwithstanding the difficult business terrain, you are greatly appreciated.

And to members of the Board, who have all gone beyond the normal call of duty to provide strategic direction and institute an effective governance framework for our Bank, we are most grateful.

Finally, our appreciation goes to you, our shareholders, who have steadfastly supported the Bank over the years. Your belief in the cause of our Bank to become a true role model for African businesses, creating superior value for all stakeholders, is where we draw our inspiration. With your commitment, I am doubly confident that our Bank will continue to grow and surpass all our collective expectations.

Thank you.

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

CEO'S REPORT

Kennedy Uzoka
Group Managing Director/CEO

CEO's Report

OVERVIEW AND STRATEGY

Dear Shareholders,

It is my great pleasure and honour to present to you, the 2019 Annual Report and Accounts of your Bank – United Bank for Africa Plc (UBA Plc). The year was auspicious for many reasons, one of which was the celebration of our Platinum Jubilee: seven decades of uninterrupted banking operations. UBA has grown to become a foremost Pan-African financial institution with presence in 23 countries, including the United States of America, the United Kingdom and France. It is truly both humbling and exciting for me to be part of this memorable legacy.

The strength of our service culture and customer experience was central to our impressive financial performance in 2019. Through the dedicated efforts of all my colleagues, we grossed earnings of ₦559.8 billion and recorded a Profit After Tax of ₦89.1 billion which represents 13% increase on both metrics compared to 2018 results.

The results in 2019 reaffirms the enduring strength of our franchise and the resilience of our business model. They also underline UBA's ability to deliver consistent top and bottom line performance even in the very challenging conditions that characterized the year.

CEO'S REPORT (CONTINUED)

In our 70-year history, dedication to our core values - Enterprise, Excellence and Execution (3EEEs) has remained the hallmark of our culture in rendering courteous and efficient service to our over 18 million customers group-wide. This year, we received numerous accolades, including - "African Bank of the Year 2019" by The Banker Magazine for the second time in three years. Also, UBA won best bank category in six (6) of its presence countries i.e UBA Benin, UBA Chad, UBA Gabon, UBA Congo, UBA Cote D'Ivoire and UBA Sierra Leone, in the year under review.

EFFICIENCY IMPERATIVE

At the beginning of the year, we emphasised the imperative of driving internal efficiencies and re-architecting our structure, to align with our aspirations through a transformational approach that will produce an effective and agile system. We retained a laser focus on operational excellence and deepened management attention on business and cost management efficiency. We engaged in continuous improvements across all our customer service touch points, including making our digital channels simple, functional, reliable and available to serve our customers without interruption. Over the last twelve months, our commitment to embedding a mindset of efficiency has translated into tangible gains. Most notably, our cost-to-income ratio improved by 131 basis points to 62.7%, due in part to improved productivity arising from management initiatives.

2019 - Enhancing Our Capabilities to Deliver More Value

Beyond the headline financial results posted in 2019, I am proud of our progress to continually strive to deliver more value. To this end, in 2019, we fine-tuned our execution of some existing initiatives, while introducing some new ones. A few of these are:

- **Customer First Philosophy**

We remained and will remain committed to our Customer First (C1st) Philosophy. The objective is to entrench this philosophy as a 'way of life' among staff in everything they do, especially as it relates to customer engagement. Another important objective of this philosophy is to ensure that everything we do is from the standpoint of the customer. The feedback from customers – our 'Employer', with regards to staff attitude, service culture and commitment to excellent service has been quite impressive and we are committed to ensuring that staff are further immersed, to passionately drive our customer service mandate to the desired destination. This is our unwavering commitment and we will continue to pursue this goal.

In the 2019 edition of KPMG Customer Experience Survey, UBA was rated one of the major movers, due to significant improvement in customer experience rating. The upward movement has been consistent since the launch of the C1st philosophy, over three years ago. This is a testimony that the philosophy is gradually achieving our desired goal. However, I have always believed in Helmut Schmidt's saying that "the biggest room in the world is the room for improvement", hence we will continue to work harder on this aspect.

- **Digital Channels**

We have made, and will continue to make, substantial long-term investments in our technology platforms, digital assets and channels, to provide customers with a smart digital banking experience. A key highlight is the launch of the new UBA mobile banking platform which is a lifestyle banking app that offers more than just convenient, easy and safe financial transactions, but also a bespoke and unique customer experience. Leo the chatbot became available for customers on Apple Business Chat within the year, where its users can communicate directly with businesses using the iMessage app on Apple products. It is our desire to uninterruptedly make our virtual channels simple, functional, reliable and available to serve our customers always.

- **UBA Smart Process Management Platform (SPMP)**

Internally, we are developing the UBA Smart Process Management Platform (SPMP), which will help us achieve a more streamlined approach to addressing the intricacies of workflow management, document management and archiving inside our work ecosystem. A key area of focus has been working towards a more sustainable and environmentally-friendly work culture, and therefore, we have automated several processes to achieve a paperless environment, considerably reducing our carbon footprint.

- **Retail/MSME Banking**

Retail and Micro, Small & Medium Enterprises (MSMEs) continue to be a priority for us. This business segment was revamped and adequately resourced during the year. Specifically, we launched the UBA Integrated Credit Express (ICE) through which retail customers can check for loan eligibility, apply, track their application status, and even calculate monthly repayments. We also introduced Direct Sales Agents (DSAs) to increase the Bank's footprint in remote locations, and drive financial inclusion (un-banked and under-banked). DSAs will drive the goal of creating customer awareness around the Bank's products and

"The feedback from customers – our 'Employer', with regards to staff attitude, service culture and commitment to excellent service has been quite impressive."

CEO'S REPORT (CONTINUED)

services, by presenting them to potential customers. All of these are being leveraged to entrench the retail banking business group-wide.

- **UBA Marketplace**

The UBA Marketplace is a platform designed to connect vendors and customers across Africa with the underlying objective of promoting entrepreneurship and expanding their network. Micro, Small and Medium scale businesses are the engine of prosperity in any economy. The maiden edition of the UBA Marketplace event was held in Abuja and was adjudged highly successful. We will focus on growing the platform for the benefit of entrepreneurs and consumers in the areas of lifestyle, fashion, beauty, food, technology and much more. This resonates with our goal of developing young business talents and MSME businesses to assist in addressing unemployment, poverty and social imbalances on the African continent.

> **"The year 2019 was marked by escalation in trade tensions between China and the U.S, Brexit uncertainty, as well as geopolitical instabilities in the Middle East."**

GEOGRAPHICAL FOOTPRINT

The global footprint is a key strength of our Bank. In addition to enhancing efficiency, we expanded our geographical footprint in Africa to capture more opportunities and business relationships across the continent. In February 2019, we commenced full banking operations in Mali in partial fulfilment of our aspiration of deepening banking penetration in Africa. The new addition increased our countries of presence to 20 in Africa, Nigeria inclusive. In addition, the franchise was enhanced by strengthening the operations of UBA USA and UBA UK, particularly with regards to facilitating trade and capital flows between Africa and the rest of the world. This development will deepen our capacity to facilitate trade, correspondent banking activities, remittance flows, amongst others; and position UBA to be the preferred Bank in all market segments and geographies we operate.

OPERATING ENVIRONMENT

'Change is the only constant in life' – Heraclitus.

The year 2019 was marked by escalation in trade tensions between China and the U.S, Brexit uncertainty, as well as geopolitical instabilities in the Middle East – all of which dampened investor sentiment. Warning of a "synchronised slowdown", the International Monetary Fund (IMF) in October tapered its global growth outlook down to 3% from 3.2% in a July forecast. Major central banks reacted to the weaker outlook by loosening their monetary policy. The US Federal Reserve cut interest rates three times by 25 basis points each, while the European Central Bank (ECB) cut its deposit rate to -0.5 % from -0.4 %, and resumed asset purchases.

Brent crude, the global oil benchmark, averaged about $64.3 per barrel in 2019, 9 % lower than the average price in 2018 of almost $70 per barrel, weighed down by concerns about the health of the global economy.

In Nigeria, the economy saw growth tick up to 2.27 % in 2019 up from the 1.9% recorded in 2018. The improved performance was largely underpinned by resilient performances in the information and communication, financial services, agriculture, oil, transportation and storage sectors. Inflation saw a reversal of the declining trend witnessed at the beginning of the year to average 11.39% in 2019, largely on the back of higher food prices. The nation's stock of external reserves declined by roughly 10.2% to $38.68 billion on December 27th from the $43.07 billion at the beginning of the year, as the CBN continued its defense of the Naira which remained stable around ₦363 at the NAFEX window.

The regulatory landscape evolved through 2019, with notable developments such as the imposition of regulatory floor on deposit money banks' Loan-to-Funding Ratio (60 %) as at September 30th and subsequently moved upward to 65 % by December. Other regulatory highlights were the exclusion of non-bank locals (individuals and corporates) from participation in its Open Market Operations (OMO) and new guidelines for charges by banks and other financial institutions effective January 1, 2020.

Beyond Nigeria, many of the countries we operate in also witnessed varying challenges in 2019 stemming from global economic uncertainties, domestic political, economic and financial market conditions - prompting a number of regulatory responses.

Zambia's economy was constrained in 2019 by a combination of adverse weather conditions that affected crop production and electricity generation. The economy expanded 2.2% in Q2 2019, the slowest since the first quarter of 2016. Inflation accelerated to 10.8% year-on-year as of November 2019 from 10.7% in October. The Bank of Zambia (BoZ) increased the Statutory Reserve Ratios (SRR) applicable on commercial banks' Kwacha and foreign currency deposit liabilities and stated that effective December 2019, commercial banks would be required to hold 9% of their deposit liabilities as statutory reserves with the Bank of Zambia from the current level of 5%.

CEO'S REPORT (CONTINUED)

> **"In 2019, loans to customers expanded by 20.2% to ₦2.1 trillion while deposits from customers climbed 14% to ₦3.8 trillion. Total assets rose to ₦5.6 trillion, which was a 15% growth over the prior year."**

Ghana's economy recorded a Gross Domestic Product (GDP) growth rate of 5.6% for the third quarter of 2019, compared to the 6.7% recorded in the first quarter and 5.7% recorded in the second quarter. The Bank of Ghana (BoG) held interest rates at 16% in November, citing that inflation was well-contained and the tailwinds for economic growth sufficiently strong. The BoG governor stated that the bank is considering following in the footsteps of Nigeria by introducing a minimum loan-to-deposit ratio to stimulate lending growth.

According to the Kenya National Bureau of Statistics, the economy grew by 5.6% in the second quarter of 2019, compared to 6.4% in the same period a year earlier. The slower growth was attributed to spillovers from international pressures such as the US-China trade war and the interest cap law that shrunk credit to the private sector. In November, Kenya's Parliament repealed its cap on the lending rate for banks. Credit to the private sector improved to 6% in November from 4.2% in January according to the Central Bank of Kenya.

In the West African region, France and the West African Economic and Monetary Union (UEMOA), announced the renaming of the CFA to the Eco. In addition, African countries using the currency will no longer be required to keep half of their reserves at the French treasury, nor will there be a French representative on the currency union's board.

The unfavourable economic conditions that prevailed in some of the African countries where we operate underscore the need for authorities to ramp up economic diversification efforts and implementation of initiatives to foster local business development.

Tighter regulation and compliance requirements, especially in the areas of Anti-Money Laundering (AML) and Know-Your-Customer (KYC) concept, not just in Africa, but across the globe, will impact our business. Therefore, we will continue to enhance group-wide governance framework to achieve zero tolerance for regulatory infractions.

Given the Bank's large and diversified regional network, UBA remains the Bank of choice to leverage the opportunities of serving Africans and African businesses globally, underlining the strengths of our 'Africa Mentality'.

FINANCIAL HIGHLIGHTS

In a fast-paced environment characterised by change – technology, regulation, politics and policies – we delivered top-quartile performance in the industry and launched several initiatives aimed at growing our financial performance and meeting stakeholder expectations in the future. In 2019, loans to customers expanded by 20.2% to ₦2.1 trillion while deposits from customers climbed 14% to ₦3.8 trillion. Total assets rose to ₦5.6 trillion, which was a 15% growth over the prior year. These results were achieved against the backdrop of continued strong asset quality, as non-performing loan ratio declined to 5.1% compared to 6.45% in FY 2018. The Bank delivered a Return on Assets (ROA) of 1.70% and a Return on Equity (ROE) of 16.2%. Our sound capital base, at 23.4%, is comfortably above the minimum regulatory threshold. This provides us with the ability to support our customers, to grow our business and to reward our shareholders. In addition, we have a stable funding model, which enabled us, in 2019, to deliver good financial returns.

As I mentioned earlier, during the last twelve (12) months, the Central Bank of Nigeria has enacted a number of regulatory changes relating to retail lending. Specifically, minimum loan-to-deposit ratio of 65%, as well as the restriction on individuals and local corporates from participating in OMO auctions. As a result of the recent policy changes, we anticipate further growth in retail, consumer and SME lending in 2020.

CORPORATE SOCIAL RESPONSIBILITY

At UBA, we are committed to impacting our host communities positively. During the year, UBA Foundation partnered with the United Nations Development Programme (UNDP) and other organizations to organize series of business idea-pitching events across the Sahel and Lake Chad regions to select 2,000+ entrepreneurs for capacity development and seed capital funding. Our goal was to empower and enable the next generation of world leaders to create jobs and inclusive growth across Africa.

Through UBA Foundation's 'Each One Teach One' initiative, we reached approximately 5,000 youths across the African continent and we plan to reach more next year, helping us drive our "Globally Local" mantra. This year, we went across our reach in Africa and got branches to identify what they

CEO'S REPORT (CONTINUED)

wanted to do and how many people they planned to cater for. Other initiatives executed by UBA Foundation during the year include the annual UBA National Essay competition, Read Africa initiative (to encourage reading culture among our youth) and the 'UBA Food Bank', where we provided food for the less privileged across our presence countries in Africa.

STAFF WELFARE

As a global company, the 'UBA Tribe' has more than 20,000 employees (direct + indirect) across 23 countries, creating shared purpose and committed to the successful execution of our strategy. In the course of the year, we introduced a new workforce model that streamlined the grade structure, offering significantly faster career progression opportunity for performing employees. Furthermore, to celebrate the invaluable contribution of our staff to the modest achievement recorded in 2019, we elevated over 4,000 employees across various cadres, and implemented pay-increases for over 1000 others. This will take effect from February 1, 2020.

2020 – OUR REDEFINING YEAR

The year 2020 is clearly 'Our Redefining Year', we are positioned to reclaim industry leadership across all metrics and geographies where we operate.

Whilst we have made considerable advances in 2019, we do not intend to rest on our oars. We will continue to focus on implementing the strategies we have developed for which the execution is at different stages of implementation.

We will continue to explore opportunities and devote attention to the execution of the several initiatives that emanate from the on-going transformation agenda. We will always strive to deliver our services in a sustainable way and ultimately be able to predict our customers' preferences. Our execution plan will continuously leverage technology to simplify and streamline our processes to delight our customers.

> **"The year 2020 is clearly 'Our Redefining Year', we are positioned to reclaim industry leadership across all metrics and geographies we operate in."**

- **Strategic Imperatives** – our strategic focus is to maintain the leadership position in all segments and markets we operate (i.e. Lead in Nigeria and Africa) which will be guided by the following six (6) strategic pillars:
  - i. Market Share Dominance
  - ii. Overall Profitability
  - iii. Reliability of Product & Services
  - iv. Internal Efficiency
  - v. Governance and Risk
  - vi. People Productivity

CONCLUSION

I would like to express my profound appreciation to you all, dear shareholders, for this opportunity. My appreciation also goes to our Chairman and Board members, for their dynamic leadership, insightful guidance, and consistent support; and to my colleagues – Management and staff - for their unalloyed support and dedication to our goal of transforming UBA to a truly customer-focused institution. I am particularly enthusiastic that with your continued trust and commitment to our collective efforts, we shall overcome the challenges of our operating environment. I see enormous opportunities ahead for us. I am proud to say that UBA is blessed with talented employees and best among equals in the industry. We have best-in-class strategy, a solid foundation, the right vision, and, above all, employees with the right skillset and attitude to enable us to keep growing the Bank for the next seventy (70) years and beyond.

I am also thankful to our customers – our 'Employers', who are the reason we exist. We appreciate your patronage, partnership, as well as your feedback, particularly on how to serve you better.

I must also commend the regulators across our diverse markets for their unrelenting efforts to provide us a stable financial system that is supportive of business and economic growth. To our host communities, I say thank you for the partnership as we work to achieve success together, creating a better future for mankind.

And, finally, to our esteemed shareholders, we thank you for your interest and investment in UBA. We look forward to your continued support for all our initiatives to ensure the Bank continuously guarantees you superior return on your shareholding.

Thank you all.

Kennedy Uzoka

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

FINANCIAL COMMENTARY

We commenced 2019 with renewed vigour and commitment to set new performance records in all markets we operate, by efficiently deploying and managing our assets to generate impressive and sustainable returns. As the global economy grappled with marked uncertainties, slow growth and flattening yield curves, we took deliberate decision to finance worthy opportunities across our markets and business segments, resulting in marked growth in loan portfolio. The Group recorded 13.3% (2018: 7.0%) year-on-year (y/y) growth in gross earnings to ₦559.8bn, a profit after tax of N89.1bn (13.3% growth) and return on equity of 16.2%. Key drivers of 2019 performance were improvements in our net-interest income, non-interest income, robust asset quality and improved operational efficiencies.

Net Interest Income

Given the unique opportunities the year presented, as well as the headwinds on policy, economy, political and regional fronts, we navigated the volatile operating environment to achieve a competitive net interest margin of 5.6%. Interest income grew 11.5% (2018: 11.4%) y/y to ₦404.8bn. This was driven largely by the 10.7% and 15.2% respective growth in the interest income from term loans to our corporate customers and interest income from treasury bills. Both income lines account for 70.6% of total interest income for the Group. The growth in interest income was buoyed by ₦332.2bn (19.6% y/y growth) in fresh corporate loans across the Group.

Confronted with declining treasury interest rates in a number of markets, we pursued cautious consolidation of our market share in the oil and gas, manufacturing and general commerce sectors. We also explored opportunities in the technology, services and retail lending segments, guided by emerging opportunities. We made remarkable inroads into the retail credit space, as we seek to expand our retail play. Consequently, the consumer lending portfolio grew 7.1% y/y, driven by overdrafts and term loans in our Nigerian operations.

Interest income from investment securities grew 13.9% to ₦178.2bn, driven largely by an active play in the treasury bills space as the Bank navigated the depressed yield environment occasioned by the reduction of monetary policy rates across our major markets: Nigeria (to 13.5%), Ghana (to 16%), Kenya (to 8.5%) which triggered a downward shift in the yield curve.

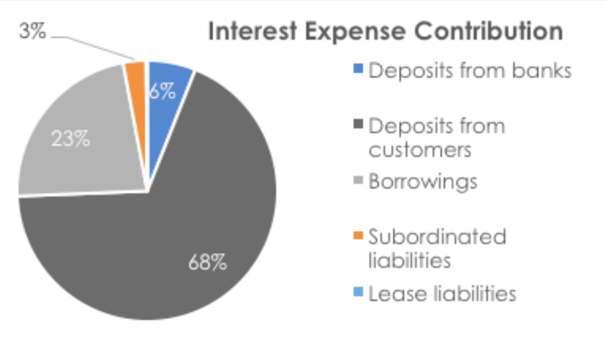
To contextualize, average yield on 91-day treasury bills in Nigeria declined 135bps (to 9.6%) in 2019 as against 11.0% in 2018. Similarly, average prime and maximum lending rates declined by 130bps and 34bps respectively y/y (to 15.6% and 30.7%), hence exerting downward pressure on interest income.

Snapshot of Interest Income (₦'Billions)

	2019	2018	Change
Interest income	404.8	362.9	11.5%
Interest expense	(183.0)	(157.3)	16.3%
Net interest income	**221.9**	**205.6**	**7.9%**
Interest income from:			
Cash and bank balances	14.9	7.8	90.2%
Loans and advances to banks	3.8	3.7	3.7%
Loans and advances to customers	208.0	194.9	6.7%
Investment securities	178.2	156.5	13.9%
Total	**404.8**	**362.9**	**11.5%**

FINANCIAL COMMENTARY (CONTINUED)

Interest expense during the financial year grew16.3% y/y, mainly from growth in volumes of underlying drivers – customer deposits and borrowings.



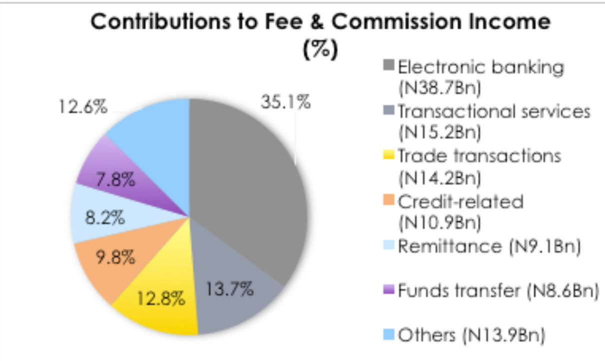
Current and Savings deposits (CASA) account for 73.5% of the Group's customer deposits and grew 9.3% y/y to ₦2.8tn. We have continued to leverage improved retail banking penetration to drive retail deposits thereby keeping cost of funds at 4.0% level in line with our 2019 guidance.

Following the 50bps reduction in monetary policy rate in Nigeria, average savings deposit rate declined y/y by 0.12% to 3.95%; whilst interest on 12-month term deposits also declined marginally by 16bps (to 10.2%). Interest expense was also impacted by the ₦484billion growth in customer deposit during the period.

NON-INTEREST INCOME

The evolving operating environment for banking has ignited a renewed focus on non-interest income, favoured by new trends in consumer behaviour and technology. The Group achieved ₦155.4bn (18.1% y/y growth) in non-interest income, driven largely by 17.6% y/y growth in fees and commission income, and 18.8% y/y growth in net trading and foreign exchange income.

Credit-related fees and commissions grew by 54.5% y/y, resulting largely from18.8% gross loan growth. Similarly, remittances, which account for 8.2% of fees and commissions, grew 68% as we leveraged our geographical presence in USA, United Kingdom and France to facilitate remittances into Africa, as well as intra-regional diaspora remittances. Trade transaction income declined by 27.5% largely due to tight FX supply during the year, particularly in the Nigeria market.



> "The bank recorded a 115bps decline in the NPL ratio to 5.3%(from 6.5% in 2018FY), largely due to the growth in gross loan and prudent credit risk monitoring architecture."

Notably, electronic banking income which grew 38.8% y/y now accounts for 35.1% of the Group's fee and commission income. This reflects the Bank's increased digital channels penetration, which now accounts for over 80% of transaction count. Consequently, we closed the year with net fee and commission income of ₦80bn, a 22.2% y/y growth.

ASSET QUALITY AND IMPAIRMENTS

UBA lends to sectors and economic segments where we understand the risks and can reasonably mitigate them. Despite achieving a net loan-to-deposit ratio of 52.9% during the year, the bank recorded a 115bps decline in the NPL ratio to 5.3%(from 6.5% in 2018FY), largely due to the growth in gross loan and prudent credit risk monitoring architecture.

We will continue to fund bankable opportunities in all our market segments (retail, commercial and corporate) across the Group, albeit, without compromise to our minimum risk acceptance criteria.

OPERATIONAL EFFICIENCY

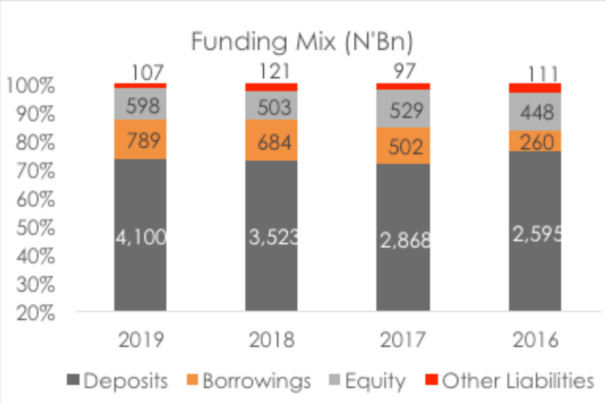
The Bank advanced its drive to improve operating efficiency during the year. Operating expenses grew 10.0% to ₦217.2bn, driven by 5.5% growth in staff cost as we continue to enrich the talent and skill pool of the Group. Regulatory induced cost grew by 24.0% to ₦29.7bn; and accounts for 47% of the ₦12.2bn increase in other operating expenses. These cost items were driven by growth in our business during the year.

FINANCIAL COMMENTARY (CONTINUED)

The continued implementation of our various cost optimisation initiative has helped to achieve some moderation in cost-to-income ratio, which came to some 62.7% (a 131bps y/y decline). We are committed to achieving a cost-to-income ratio of below 60% in the years ahead.

FUNDING AND LIQUIDITY

The Group maintains a well-diversified balance sheet, with over 50% of the assets in liquid, low-moderate risk instruments. Customer deposits continue to dominate the Bank's funding mix at 73%, even as our asset and liability management strategies continue to prioritise liquidity. Consequently, liquidity ratio at the close of the period was 43.9%, well above the 30% regulatory minimum.



> **"The Group achieved ₦155.4bn (18.1% y/y growth) in non-interest income, driven largely by 17.6% y/y growth in fees and commission income, and 18.8% y/y growth in net trading and foreign exchange income."**

CAPITAL

Shareholders fund grew by 19% to N597.9 billion, whilst capital adequacy ratio remains strong at 23.43%, sufficiently above regulatory minimum and adequate to support our growth plans.

PERFORMANCE ACROSS GEOGRAPHIES

As Africa's global bank, we remain committed to our aspiration of deriving 50% of gross earnings and profits from our operations outside Nigeria. Notably, we have positioned and expects all our subsidiaries to operate independently and profitably, whilst we explore synergies and scale economics derivable within the Group.
Contribution by Geography

	Nigeria	Rest of Africa	Rest of the World
Revenue	69%	28%	3%
PBT	54%	40%	5%
PAT	56%	37%	6%
Loans	68%	25%	7%
Deposits	67%	29%	4%
Assets	70%	27%	3%

Whilst we continue to pursue revenue diversification by geography within the Group, we recognise Nigeria's economic dominance in the sub-region (23% of sub-Sahara Africa and 64% of West Africa's GDP) and will continue to intensify our business drive in the Nigerian operations. Our operations in USA and the United Kingdom continue to serve niche markets, supporting trade and financial flows between Africa and the rest of the world. We note the impressive performance of our Central African Economic and Monetary Community (CEMAC) operations, (comprising of UBA subsidiaries in Cameroon, Chad, Congo DRC and Gabon) with an average ROE of 23.2%. We are hopeful of sustaining this growth momentum, to ensure we consistently deliver sustainable value to our valued stakeholders.

In conclusion, the operating environment in 2019 was shaped by series of policy and market driven events that impacted the performance of banks globally. UBA Group navigated these events leveraging the strength of our balance sheet and diversity of our income base to deliver impressive bottom-line. We recognise the significant room to grow our business across geographies, and will continue to deploy best talents and strategies in this regard in the years ahead.

Ugo Nwaghodoh
Group Chief Finance Officer

3
Sustainability and Responsibility

Sustainability

Corporate Social Responsibility

SUSTAINABILITY AND RESPONSIBILITY

SUSTAINABILITY AT UBA

UBA fully recognises the impact of local economic, social, and environmental factors on its operating environment. With the needs of our stakeholder communities in mind, we strive to turn challenges into opportunities, whilst simultaneously working to mitigate potential risks to the Bank. We were able to absorb and adapt to these external challenges in a manner that has effectively demonstrated the resilience of our strategic management and the strength of our operations.

The Bank is fully aware of the challenges still ahead – such as population growth, ongoing economic volatility, and the finite nature of our rapidly depleting natural resources.

An anchored culture of sustainability at UBA predicates constant analysis and evaluation of developments for potential risks and opportunities. These actions are undertaken to capitalise on the benefits and reduce any negative impact on our business.

UBA's core business is to develop, market, and sell financial services that have the potential to drive sustainable growth and development. We promote a culture of competence and professionalism that is prevalent across all our interactions with customers, investors, and employees. The relationship of trust that we have cultivated with our customers is our most valuable asset.

Sustainability in the Workplace

Human Rights

As a Bank, we are committed to the upholding of fundamental human rights, regardless of Race, Gender, Financial status, Disability, Age, Ethnicity or Religion. Our Human Rights policy influences our enterprise-wide activities. We demonstrate our respect for the rights of all people, through our gender-inclusive, equitable opportunities and unprejudiced workplace philosophy.

Staff are free to air their views through various media, as enshrined in the internal communication policy of the Bank, including dedicated e-mails for internal complaints, whistleblowing, etc. UBA also has a staff Cooperative Society, which admits members voluntarily. This registered association is aimed at enhancing the economic and social wellbeing of its members, which includes the current and retired staff of UBA Plc.

Work/Life balance

The Bank's greatest assets are its staff and as such, it recruits and retains the best in the industry. UBA implements a culture that is free of prejudice, allows staff to develop their potential and contribute their quota regardless of their gender, race or religion.

The Bank creates a productive work culture where the potential for tensions between work and other parts of people's lives is minimised. There are appropriate employment provisions in place and organisational systems with supportive management sustaining them. UBA ensures that its staff members maintain an adequate work-life balance that takes into consideration family life, recreation, fitness regime, and personal development.

The Bank ensures that all staff participate in the annual wellness checks in collaboration with our Health Management Organization (HMO). We also organise quarterly "jogging to bond" sessions for all members of staff bank-wide.

'Jogging to bond' wellness session for UBA staff members

Work-related health and safety

The health and safety of our people in the workplace is the responsibility of the Bank as well as of the employees. UBA provides and maintains safe premises, machinery, systems and processes for the workplace.

We uphold strict health and safety rules and practices at the workplace and these are explored and tried consistently for adequacy.

Employees are encouraged to take reasonable care of themselves and others by observing all health and safety policies and promptly reporting potential health and other hazards to supervisors or designated Safety Officers.

Fire prevention and fire-fighting equipment are installed at strategic locations within the Bank's premises, while occasional fire drills are conducted to create awareness amongst employees on emergency response techniques. We also have Health and Safety Policy documents that clearly define the Bank's safety procedures and practices. These policy documents are deployed on our intranet for easy access to all staff. Employees are encouraged to familiarise themselves with the instructions and procedures, such as the location of fire extinguishers in their work area as well as fire exits and assembly points.

Sustainability in the Marketplace

Using LEO Innovation to Drive Sustainable Finance

Driving sustainable finance informed our commitment to developing and launching LEO. LEO was created out of the need to drive financial inclusion while delighting our customers by taking the Bank and our bespoke financial services to them, regardless of the time of day or their location. We are committed to simplifying the transactions that our customers are involved in. We also want to help save time and resources that we and our customers would expend to consummate financial dealings.

SUSTAINABILITY AND RESPONSIBILITY (CONTINUED)

Financial Inclusion

The Bank has launched its Agency Banking initiative to ensure access to financial services to areas that were currently excluded, bringing services closer to locations we are currently underserving whilst contributing to the development and preservation of the communities where we are present.

It is a means of ensuring currently under-banked customers are better financially served and currently un-banked customers at these locations are introduced to the functions of financial services, thereby driving the gospel of financial inclusion.

With the introduction of Agent Banking comes:
To the customer:

I. Closeness or proximity of the agent location and to banking transactions
II. Longer banking hours and weekend servicing.
III. A close relationship to the agent and the possibility of providing direct customer feedback

And to the agents:

I. Increase in sale and foot-falls to impact on other business e.g. retail
II. Reduction in the amount of physical cash-in-hand
III. Increase in the income generated from sales, commissions, and incentives

At UBA, Agency Banking is:

- Our way of servicing our customers better
- Expanding our coverage to our existing and intending customers at minimal cost
- Grow our customer base especially in the rural areas
- To key-in to the drive to roll out Agent Banking initiative across the country
- To meet CBN directive to roll out Agency Banking across the country and reduce the percentage of underbanked and unbanked in the community to 20% by the year 2020
- To increase our float
- To increase profitability
- To create more awareness for a lot of our digital products in communities that are not currently aware of these services

Sustainability in The Environment

ATMs Powered by Alternate source of Energy

In continuance of our commitment to sustainability, we took careful measures and implemented energy-saving fitting systems to reduce the negative environmental impact of inefficient energy consumption in our banking activities and operations.

Presently the Bank is dedicated to the installation of solar-powered ATMs across our locations and over 113 ATMs are solar-powered nationwide. This has greatly impacted our carbon emission reduction, contributing to on-going global efforts on environmentally-friendly practices.

We aim to continuously seek ways of ameliorating or where possible, eliminating the adverse ecological effect our activities and operations may have on the environment, by participating and advancing environmentally friendly technologies.

Reduce, Reuse and Recycle Campaign

Over the years, the Bank has adopted sustainable waste management practices. Since the commencement, there has been a significant reduction in the amount of waste produced that goes to landfill.

UBA Paperless Initiative

As part of the bank's strategic objective to drive sustainability, improve internal process and efficiency, the paperless platform was built which automates all form-based approval processes. This initiative helps to save cost and protect the environment.

Sustainability at UBA - What Next?

The journey to achieving a better-managed global environment is the responsibility of all stakeholders. As a responsible corporate citizen, we cannot shy away from this obligation. While we began the reporting of our progress in this regard, we are committed to ensuring that sustainable banking becomes "our way of doing business" within the shortest possible timeframe.

Sustainable economic, environmental and social practices are easy concepts to sell to any discerning, forward-looking business. This is because it offers the innovative, win-win solution that no progressive business should ignore.

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

As we move into the next stage of our sustainability journey, we intend to set targets that would enable us to achieve our sustainability objectives. We are committed to measuring our social and environmental footprint, develop coherent sustainability policies and put in place a sustainability governance framework that will guide effective sustainability integration at UBA.

In the coming years, we plan to strengthen our local and international partners to drive our delivery of the Sustainable Development Goals (SDGs). In addition to existing partnerships with the Central Bank of Nigeria (CBN), UNEP and a host of others, we plan to formalize our membership of the Equator Principles Association and get listed on the EPA's website. We believe this will firm up our commitment to ensuring that our project finance and related activities are done in line with the Equator Principles. Also, it is to further reinforce our commitment to delivering sustainable value to our shareholders in a manner that preserves the current and future population and the planet.

SUSTAINABILITY AND RESPONSIBILITY (CONTINUED)

UBA FOUNDATION - Our Corporate Social Responsibility Vehicle

As one of Africa's largest financial services institution, we value the social contract between the Bank, the community and its people. To this end, UBA became the first bank in Nigeria to institute a Foundation — UBA Foundation (UBAF), to drive the Corporate Social Responsibility (CSR) initiatives of UBA Group. UBAF is focused on three (3) main pillars - Education, Environment and Empowerment, through which it pursues socio-economic improvement of our communities.

Education

UBAF is actively involved in facilitating educational projects and bridging the literacy gap on a pan-African scale.

Our main educational initiatives are The National Essay Competition and the Read Africa initiative.

The **UBA National Essay Competition** provides a competitive platform to develop the intellectual and writing abilities of senior secondary school students across Nigeria, Ghana and Senegal. Winners receive educational grants to study in any African University of their choice and all finalists are gifted brand-new laptop computers. The competition has been held annually since 2011 and challenges students to write on engaging topics to test their writing and cognitive skills. The winners of the 2019 edition of the competition are summarised below:

Country	1st Place	Prize	2nd Place	Prize	3rd Place	Prize
Nigeria	**Jolaosho Oluwatoroti** (Louisville Girls High School, Ogun State)	₦2,000,000 Educational Grant	**Precious Ifeoma Okey** (Oladipo Alayande School of Science, Oyo State)	₦1,500,000 Educational Grant	**Aimeé Okoko** (Beautiful Beginning Academy, FCT Abuja)	₦1,000,000 Educational Grant
Senegal	**Mbaye Diongue** (Saint Louis Military Academy, Senegal)	$5,000 Educational Grant	**Ndeye Ngone Diaw** (Amadou Sow Ndiaye High School of Saint Louis)	$3,000 Educational Grant	**Karine Marie Bernadette De Souza** (Our Lady of Lebanon School in Dakar)	$2,000 Educational Grant
Ghana	**Ms. Assanwaa Akpene Yankson** (Wesley Girls High School)	$5,000 Educational Grant	**Mr. Nathaniel Mawuli Fleku** (St. Mary's Seminary Senior High School, Volta)	$3,000 Educational Grant	**Mr. Desmond Duodu Yeboah** (Opoku Ware Senior High School, Kumasi)	$2,000 Educational Grant

2019 National Essay Competition Winners - Nigeria

SUSTAINABILITY AND RESPONSIBILITY (CONTINUED)

2019 National Essay Competition Winners - Senegal

2019 National Essay Competition Winners - Ghana

UBAF's Read Africa initiative was conceived and introduced in 2011 by the Foundation, and involves the provision of recommended English literature books for junior and senior secondary schools' students across Africa. Having identified the need to encourage school students to read more books for leisure, especially in response to the declining culture of reading in post primary institutions across the continent, the 'Read Africa' project was instituted by UBAF. The aim of the initiative is to resuscitate the reading culture amongst our youths across the African continent. This year we donated over 20,000 copies of Fine Boys by Eghosa Imasuen to youth across the African continent.

Empowerment

The UBA Foundation partners with organizations that have solid economic empowerment programs to support SMEs with training and skill development. We improve lives by supporting entrepreneurship programs which benefit the community at large, i.e. social entrepreneurship schemes, skills acquisition and empowerment conferences, workshops and seminars. UBA Foundation also sponsors several skills-acquisition and empowerment conferences, workshops, and seminars.

In line with the Banks focus on African entrepreneurs, UBAF organised series of business pitching events to select over 2500 entrepreneurs across seven Sahel countries - Nigeria, Niger, Chad, Cameroon, Mauritania, Mali and Burkina Faso. These entrepreneurs pitched and received business development advise from the UBA experts ahead of seed capital disbursement. The selected entrepreneurs highlight proper representation from each Sahel country and 50:50 overall gender balance, where the numbers permit.

UBA Foundation Pitch Event 2019

'Each One Teach One' is a UBA community service initiative which presents an opportunity for UBA staff members to give a little of their time and skills to their communities. Across the continent, UBA staff members volunteer to teach and assist the less privileged, helping them learn vocational skills that will assist them attain financial freedom as they start and run their businesses. The Foundation has therefore created a platform to encourage staff members who have various skills and talents to pass their knowledge on to the younger generation. We also ensure sustainability and maximum impact by instilling confidence in the students, giving them the ability to impart that same knowledge to others in their own communities. Thousands of UBA staff members across Africa voluntarily commit their time to teach youths various activities such as foreign languages, bead making, taekwondo, fashion design, cooking, first aid, music and much more. The Bank is committed to being a socially responsible organisation and role model for all businesses in Africa.

Environment

The Foundation maintains three gardens across Nigeria. Apart from the aesthetic value associated with projects in this focus area, UBA Foundation creates employment opportunities for youths who take care of the garden daily and has done so for the past 12 years. Most of the staff sponsor their own education or vocational skills training through the income they earn and the flexibility of their work schedule.

Marina garden (Lagos, Nigeria) maintained by UBA Foundation

SUSTAINABILITY AND RESPONSIBILITY (CONTINUED)

Special Projects

UBA Foundation recognizes that there are projects that positively impact our communities, but fall outside of the ambit of its 3 Pillars. Through 'Special Projects', the Foundation intervenes when necessary to build capacity within communities and facilitate projects that act as a catalyst to social and economic development.

The **UBA Foundation Food Bank** is a special project aimed at giving back to our host communities. Staff members, group-wide were actively involved in volunteering time to serve food and basic living essentials to the underprivileged in our communities. Chairman of UBA Foundation, Kennedy Uzoka, MD/CEO of UBA Foundation, Bola Atta & Africa's Starboy, Wizkid and several members of UBA Staff rolled up their sleeves to serve the needy during the 2019 yuletide season. This program was replicated group wide.

The UBA Foundation recently **donated a modern multipurpose hall** to the students of Ambrose Alli University in Ekpoma, Edo state. The hall measures 839 square meters with modern offices and conveniences, and is expected to create a 21st century teaching and learning atmosphere. Similarly, UBAF **donated sanitary towels** to school girls in Tanzania through an East Africa TV and Radio initiative to mobilize funds and support for young school girls to attend classes during menstruation (a major challenge in the country). The Foundation supplied sanitary towels enough to serve the female students for a whole year.

Commissioning of modern multipurpose hall donated by UBA Foundation to Ambrose Alli University, Ekpoma

4

Governance

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended 31 December 2019.

1 RESULTS AT A GLANCE

	GROUP		BANK	
	2019 (₦'Million)	2018 (₦'Million)	2019 (₦'Million)	2018 (₦'Million)
Profit before tax	111,287	106,766	70,063	55,350
Taxation	(22,198)	(28,159)	(7,313)	(14,303)
Profit after tax	89,089	78,607	62,750	41,047
Other comprehensive income	35,350	(33,273)	48,244	(12,009)
Total comprehensive income	124,439	45,334	110,994	29,038
Total comprehensive income attributable to:				
– Equity holders of the Bank	124,173	44,426	110,994	29,038
– Non-controlling interest	266	908	-	-
Total comprehensive income	124,439	45,334	110,994	29,038

2 DIVIDEND

The Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, propose a final dividend of ₦0.80 per share (31 December 2018: ₦0.65 per share) from the retained earnings account as at 31 December, 2019. This proposed final dividend and the ₦0.20 per share interim dividend paid in September 2019 will be presented to shareholders for approval at the next Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate.

3 LEGAL FORM

United Bank for Africa Plc was incorporated in Nigeria as a limited liability company on 23 February, 1961, under the Companies Ordinance [Cap 37] 1922. It took over the assets and liabilities of the British and French Bank Limited, which had carried on banking business in Nigeria since 1949. UBA merged with Standard Trust Bank Plc on 01 August, 2005 and acquired Continental Trust Bank Limited on 31 December, 2005.

4 MAJOR ACTIVITIES & BUSINESS REVIEW

UBA Plc is engaged in the business of banking and caters for the banking needs of Institutions, Corporate, Commercial and Consumer customer segments, providing trade services, remittance, treasury management, custody/investor services, digital and general banking services. Pension custody services are offered through its subsidiary. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the CEO's report.

5 DIRECTORS

Name	Designation
Mr. Tony Elumelu, CON	Chairman
Amb. Joe Keshi, OON	Vice-Chairman
Chief Kola Jamodu[1]	Non-Executive Director
Mrs. Foluke Abdulrazaq	Non-Executive Director
Mrs. Owanari Duke	Non-Executive Director
High Chief Samuel Oni, FCA	Non-Executive Director
Ms. Angela Aneke	Non-Executive Director
Erelu Angela Adebayo	Non-Executive Director
Mr. Kayode Fasola	Non-Executive Director
Mr. Abdulqadir J. Bello	Non-Executive Director
Mr. Abdoul Aziz Dia[2]	Non-Executive Director
Mr. Kennedy Uzoka	GMD/CEO
Mr. Victor Osadolor[3]	DMD
Mr. Dan Okeke	ED, Abuja & North Central Bank
Mr. Emeke Iweriebor[4]	ED/RCEO, UBA East & Southern Africa
Mr. Uche Ike	ED, Risk Management & Compliance
Mr. Chukwuma Nweke	ED, GCOO
Mr. Oliver Alawuba	ED, East Bank
Mr. Ayoku Liadi	ED, Lagos & West Bank
Mr. Ibrahim Puri	ED, North Bank

[1] Chief Kola Jamodu, CFR retired on January 29, 2019.
[2] Appointed to the Board on August 22, 2019.
[3] Victor Osadolor retired on January 3, 2020 subsequent to year end.
[4] Emeke Iweriebor retired on January 3, 2020 subsequent to year end.

DIRECTORS' REPORT (CONTINUED)

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

- Amb. Joe Keshi, OON
- High Chief Samuel Oni, FCA
- Erelu Angela Adebayo

Since the last AGM, Mr. Abdoul Aziz Dia was appointed a director and in accordance to S. 249(2) of the Companies and Allied Matters Act 2004 and Article 75 of the Articles of Association, he will retire at the Annual General Meeting (AGM) and being eligible, offer himself for re-election.

6 DIRECTORS' INTERESTS

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

	31-Dec-19		31-Dec-18	
Name	**Direct holding**	**Indirect holding**	**Direct holding**	**Indirect holding**
Mr. Tony Elumelu	190,100,234	2,114,110,884	189,851,584	2,045,354,576
Amb. Joe Keshi, OON	433,499	-	433,499	-
Mr. Kennedy Uzoka	37,173,909	-	37,173,909	-
Mr. Dan Okeke	31,297,918	-	31,297,918	-
Mr. Uche Ike	10,936,395	-	10,936,395	-
Mr. Oliver Alawuba	593,248	-	462,000	-
Mr. Chukwuma Nweke	1,059,860	-	1,059,860	-
Mr. Ibrahim Puri	981,118	-	981,118	-
Mr. Ayoku Liadi	1,080,000	-	1,080,000	-
Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	10,000,000	11,120,000
Mrs. Owanari Duke	86,062	-	86,062	-
High Chief Samuel Oni	2,065	-	2,065	-
Erelu Angela Adebayo	163,803	-	-	-
Mr. Kayode Fasola	-	-	-	-
Mr. Abdulqadir Bello	-	-	-	-
Ms. Angela Aneke	-	-	-	-
Mr. Abdoul Aziz Dia	-	-	-	-
Mr. Osadolor Victor	16,583,126	Nil	16,583,126	Nil
Chief Jamodu Kolawole Babalola	657,415	128,311	657,415	128,311
Mr. Emeke Iweriebor	7,034,071	Nil	16,583,126	Nil

Details of indirect holdings

Name of Director	Company(ies)	Indirect holding	Total indirect holding
Mr. Tony O. Elumelu, CON	HH Capital Limited	140,843,816	-
	Heirs Holdings Limited	1,742,180,600	-
	Heirs Alliance Limited	231,086,468	2,114,110,884
Chief Kola Jamodu, CFR	JAMKOL Inv. Limited	128,311	128,311
Mrs Foluke Abdulrazaq	Bridge House College	11,120,000	11,120,000

DIRECTORS' REPORT (CONTINUED)

7 ANALYSIS OF SHAREHOLDING

The details of shareholding of the Bank as at December 31, 2019 is as stated below:

Headline	Shareholders			Holdings		
Range	Count	Cumulative Count	Count (%)	Aggregate Holdings	Cumulative Holdings	Aggregate Holdings%
1-1000	29,561	29,561	10.85	13,163,726	13,163,726	0.04
1001-5,000	121,349	150,910	44.54	301,559,322	314,723,048	0.88
5,001-10,000	44,904	195,814	16.48	307,217,081	621,940,129	0.90
10,001 – 50,000	54,413	250,227	19.97	1,133,682,128	1,755,622,257	3.31
50,001-100,000	10,732	260,959	3.94	724,931,386	2,480,553,643	2.12
100,001-500,000	8,772	269,731	3.22	1,780,445,799	4,260,999,442	5.21
500,001-1,000,000	1,294	271,025	0.47	901,661,227	5,162,660,669	2.64
1,000,001-5,000,000	1,083	272,108	0.40	2,103,246,333	7,265,907,002	6.15
5,000,001-10,000,000	134	272,242	0.05	949,556,535	8,215,463,537	2.78
10,000,001-50,000,000	135	272,377	0.05	2,752,757,744	10,968,221,281	8.05
50,000,001-100,000,000	22	272,399	0.01	1,493,524,984	12,461,746,265	4.37
100,000,001-500,000,000	40	272,439	0.02	10,849,743,742	23,311,490,007	31.72
500,000,001-1,000,000,000	10	272,449	0.00	6,546,812,818	29,858,302,825	19.14
1,000,000,001 and above	3	272,452	0.00	4,341,118,541	34,199,421,366	12.69
	272,452		100.00	34,199,421,366		100.00

8 SUBSTANTIAL INTEREST IN SHARES: SHAREHOLDING OF 5% AND ABOVE

According to the Register of Shareholders as at December 31, 2019, no shareholder held more than 5% of the share capital of the Bank except the following:

Shareholders	Holding	Holding (%)
Stanbic IBTC Nominees Limited	3,841,295,144	9.7%
Heirs Holdings Limited	1,742,180,600	5.1%

9 TRADING IN THE SHARES OF UBA

A total of 4,935,695,678 units of UBA shares were traded on the Nigerian Stock Exchange in 2019, representing 14% of the shares outstanding. The share price waned 8% in the period, closing the year at ₦7.15 (from ₦7.80 as at 01 January 2019), reflecting the bearish performance of the Nigerian equity market, as signified by the c.14% loss in the Nigerian Stock Exchange All Share Index (NSE ASI) during the year ended December 31, 2019.

10 ACQUISITION OF OWN SHARES

The Bank did not purchase its own shares during the period. Also, the Group has a Board approved Global Personal Investment Policy, which covers directors, staff, and related parties. The policy prohibits employees, directors and related individuals/companies from insider dealings on the shares of UBA Plc and related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of UBA's business. In addition, the policy serves to ensure compliance with the local laws and/or regulatory requirements. In accordance with the NSE Rule Book and Amendments to the Listing Rules, UBA observes closed periods, within which affected persons/corporates are restricted from trading on the shares of the Bank. There was no case of violation within the period under review.

DIRECTORS' REPORT (CONTINUED)

11 DONATIONS

As a part of our commitment to the development of host communities, the environment and broader economy within which we operate, across the Group, a total of ₦752,819,830 (Seven Hundred and Fifty-Two Million, Eight Hundred and Nineteen Thousand, Eight Hundred and Thirty Naira Only) was given out as donations and charitable contributions during the 2019 financial year (Bank: ₦650,058,379.77), partly through UBA Foundation – the Group's Corporate Social Responsibility (CSR) arm, funded by grant from the bank (2019:₦590,426,915; 2018:₦1,407,561,942). The donations made during the period are as follows:

SCHEDULE OF DONATIONS FOR THE PERIOD 1ST JANUARY 2019 TO 31ST DECEMBER 2019

Beneficiary/Project	Country	Amount (NGN)
St Pius Xth Grammar School, Delta State	Nigeria	84,039,366.55
Branded School Items - Various Primary & Secondary School Students	Nigeria	55,788,768.00
International Day of the Africa Child/UBA Read Africa	Nigeria	51,487,596.31
Ambrose Alli University Ekpoma	Nigeria	49,397,668.17
Musical Concert (Creative Arts) Abuja	Nigeria	5,000,000.00
Obafemi Awolowo University	Nigeria	4,139,058.31
National Essay Competition	Nigeria	3,799,582.08
Bowen University, Osun State	Nigeria	2,707,999.97
Adamawa State University, Mubi	Nigeria	1,645,000.00
St. Saviours School, Ikoyi Lagos	Nigeria	1,500,000.00
Each-one-teach-one Project	Nigeria	1,258,300.00
Maryam Mustapha Aminu Waziri Legacy Initiative	Nigeria	25,000,000.00
Ekiti State Government	Nigeria	5,045,000.00
Betty Anyanwu-Akeredolu Foundation	Nigeria	5,000,000.00
Lagos Chamber of Commerce	Nigeria	3,000,000.00
Association of Medical Laboratory Scientist	Nigeria	2,500,000.00
Cyclone Idai victims in Beria, Mozambique	Mozambique	1,171,820.00
Oyo State Government	Nigeria	50,000,000.00
Beautification Project, Asaba, Delta State	Nigeria	38,188,692.14
Beautification Projects - Marina & Ikeja	Nigeria	17,654,258.24
Damango KVIP Project, Ghana	Ghana	6,236,764.97
Beautification Projects - Others	Nigeria	3,777,840.00
Imo State Government	Nigeria	97,750,000.00
Mgbafor Soludo Memorial Specialist Hospital Anambra	Nigeria	50,000,000.00
Lagos State Security Trust Fund	Nigeria	50,000,000.00
Medicaid Cancer Foundation	Nigeria	20,000,000.00
National Youth Service Corps	Nigeria	17,030,000.00
First Lady's Cancer Foundation	Nigeria	2,000,000.00
Plateau State Specialist Hospital	Nigeria	1,349,250.00
Chartered Institute of Bankers	Nigeria	1,000,000.00
Others	Nigeria/Tanzania/Cameroon	95,352,864.82
Total Donations Across the Group		**752,819,830**

DIRECTORS' REPORT (CONTINUED)

12 EMPLOYMENT AND EMPLOYEES

Employment of Physically Challenged Persons

The Bank operates a non-discriminatory policy in the consideration of applicants for employment, including those received from physically challenged persons. The Bank's policy is that the most qualified persons are recruited for the appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, Safety at Work and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy working conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. The Bank has a comprehensive health insurance scheme for staff, through which medical needs of staff and their immediate family members are met. In addition, the Bank provides first aid in all business offices and has a medical facility at the Head Office. As part of our investment in the welfare of staff, the Bank maintains an ultra-modern gym facility at Head Office and organizes a quarterly fitness session (tagged "jogging to bond"), held at different stadia across all its country of operations, thereby providing access to various sporting facilities and professional instructors.

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

The Bank 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 administration chosen by each employee. As 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 2004, as amended.

Employee Involvement and Training

The Bank encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Bank provides formal and informal opportunities where employees deliberate on issues affecting the Bank and employees' interest, with a view to making inputs to decisions thereon. The Bank places premium on the development of its manpower. In addition to the routine online Executive Chat, wherein employees interact with the Management to discuss issues of customer and employee satisfaction, the GMD/CEO operates an open-door policy and encourages employees to channel suggestions and complaints to him as may be required. The Human Capital Management Division also holds monthly "HR Clinic", a personalized avenue to address relevant employee welfare and career satisfaction issues.

Research and Development

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

Demographics of our workforce

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

(a) Staff distribution by gender during 2019 financial year

Description	Gender	Head Count	% of Total
Group	Male	7,183	54%
	Female	6,054	46%
	Total	**13,237**	**100%**
Bank	Male	5,268	54%
	Female	4,519	46%
	Total	**9,787**	**100%**

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

Description	Gender	Head Count	% of Total
Board of Directors	Male	15	79%
	Female	4	21%
	Total	19	100%
Top Management	Male	78	79%
	Female	21	21%
	Total	99	100%

DIRECTORS' REPORT (CONTINUED)

(a) Staff distribution by gender during 2019 financial year - continued

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

Description	Male		Female		% of Total
	Head Count	% of Total	Head Count	% of Total	
Non-Executive Directors	6	7%	4	16%	10
Executive Directors	9	11%	0	0%	9
General Managers	25	30%	7	28%	32
Deputy General Managers	12	14%	10	40%	22
Assistant General Managers	32	38%	4	16%	36
Total	**84**	**100%**	**25**	**100%**	**109**

(b) Group Staff distribution by nationality and location during 2019 financial year

Nationality	Location	Head Count
Nigeria	Nigeria	9,747
	Other 19 African Countries	52
	USA	6
	United Kingdom	7
UBA CEMAC:	Nigeria	1
Cameroon, Chad, Congo DRC and Gabon	Other 19 Africa Countries	696
UBA EAST AND SOUTHERN AFRICA:	Nigeria	0
Congo Brazzaville, Kenya, Tanzania, Uganda, Mozambique and Zambia	Other 19 Africa Countries	746
UBA WEST AFRICA 1:	Nigeria	1
Benin, Burkina Faso, Cote D'Ivoire, Ghana, Liberia and Sierra Leone	Other 19 Africa Countries	1,545
UBA WEST AFRICA 2:	Nigeria	1
Senegal, Guinea and Mali	Other 19 Africa Countries	392
India	Nigeria	2
Togo	Nigeria	1
America	New York	29
United Kingdom	United Kingdom	9
Other Nationalities	United Kingdom	1
France	France	1
Total		**13,237**

13 FIXED ASSETS

Movements in fixed assets during the period are shown in note 30 of the consolidated financial statements. In the opinion of the Directors, the market value of the Bank's property, plant and equipment is not less than the value shown in the financial statement.

14 POST BALANCE SHEET EVENTS

There are no post balance sheet events which could have had material effect on the financial position of the Group as at December 31, 2019 and the profit for the year ended that date.

DIRECTORS' REPORT (CONTINUED)

15 AUDIT COMMITTEE

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

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

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

16 AUDITORS

In line with section 20.2 of the Nigerian Code of Corporate Governance 2018, Messrs. PricewaterhouseCoopers will be disengaged having completed 10 years of continuous service.

17 DISCLOSURE OF CUSTOMER COMPLAINTS IN THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

Description	Number		Amount claimed		Amount refunded	
	2019	2018	2019 (₦'Million)	2018 (₦'Million)	2019 (₦'Million)	2018 (₦'Million)
Pending Complaints B/F	26,549	15,566	7,944	11,577		
Received Complaints	17,088	599,956	16,083	400,480		
Resolved Complaints	42,697	588,965	22,699	403,877	5,897	3371
Unresolved Complaints Escalated to CBN for Intervention	29	8	979	235		
Unresolved Complaints Pending with the bank C/F	911	26,549	349	7,944		
% Of Complaint/Transaction Volume	0.18%	0.17%				

By the order of the Board

Bili A. Odum
Group Company Secretary
57 Marina, Lagos
January 27, 2020
FRC/2013/NBA/00000001954

COMPLAINT AND FEEDBACK

INTRODUCTION

United Bank for Africa Plc is a customer-focused Pan-African financial services Group. Our aim is to deliver excellent customer service and provide high quality financial solutions to our over eighteen million customers in the 23 countries where we operate. At each of our multiple contact points with customers, we aim to proactively exceed their expectations. Customer feedback is thus an effective tool in our relentless effort to delight our customers at all points of interaction with the Bank.

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

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

COMPLAINTS CHANNELS

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

Customer Fulfillment Center (CFC)

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

Dedicated Email Address

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

Hotlines in the Branches

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

Suggestion/Complaint Box

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

Web

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

Post

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

RESOLUTION STRUCTURE

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

COMPLAINT AND FEEDBACK (CONTINUED)

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

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

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

FEEDBACK ON CUSTOMERS' COMPLAINTS TO THE BANK – MONTHLY COMPLAINTS DASHBOARD

A Monthly Performance Feedback dashboard on customers' complaints is provided to Management and relevant Departments within the Bank to address the root causes of complaints and issues raised by customers.
The feedback dashboard ensures that:

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

UBA GROUP WHISTLE BLOWING POLICY

To foster a healthy Corporate Governance environment within any institution, it is important that there are robust policies around Ethics, Professional Conduct and Corporate Governance which are well documented and communicated. Due to the nature of these policies, their breach would normally be concealed by the perpetrators. UBA Group treats instances where these high standards are not met seriously as non-compliance could be damaging to the reputation of the bank, both from a commercial and regulatory perspective. It is in this context that UBA Group has instituted the Whistle Blowing policy which provides a channel for every employee/stakeholder to comment freely and constructively on issues concerning UBA Group or report any alleged unethical conduct (including fraud) that has or may have negative consequences to the Group, without fear of disclosure of their identity. UBA Group is committed to ensuring that issues brought to its attention through these channels are investigated in a timely and objective manner and as a demonstration of its commitment to the Whistle Blowing Policy, the bank will, subject to its discretion, consider rewarding staff/stakeholders whose disclosures lead to protection of the UBA Group's human, material or other assets including reputation.

Disclosures can be made by telephone call to the Whistle Blowing Toll Free Lines +234-8031230283 or +234-7080601300 or through the Whistleblower link on the bank's intranet or by sending email directly to whistle-blowing@ubagroup.com (and as applicable for each of the subsidiaries).

Mail can also be sent to CBN via anticorruptionunit@cbn.gov.ng

INVESTOR COMPLAINT CHANNELS

UBA Plc has a Complaint Framework for Investors and the Investing Public. This policy is published on the Bank's website; www.ubagroup.com/investor-relations, together with the Complaint Help Channels, which are stated below:
Email: investorrelations@ubagroup.com
Telephone: +234-1-2808349
Mailing Address: Head, Investor Relations, UBA House, 57, Marina, Lagos.

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

CORPORATE GOVERNANCE

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

The Bank complied with the requirements of the CBN code, the SEC code, and its own governance charters, during the 2019 financial year.

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

- Board of Directors
- Board Committees
- Executive Management Committees

As at December 31, 2019, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, eight (8) other Non-Executive Directors, which includes, two (2) Independent Non-Executive Directors and nine (9) Executive Directors (which include the GMD/CEO and the Deputy Managing Director), all of whom bring a wide range of skills and experience to the Board.

The Board of Directors carries out its responsibility through its standing Committees. These are the Board Audit Committee, the Board Credit Committee, the Board Governance Committee, the Board Risk Management Committee, and the Finance and General Purpose Committee and the Statutory Audit Committee. Through the workings of these committees, the Board sets broad policy guidelines and ensures the proper management and direction of the Bank.

In addition to the Board Committees, there are a number of Management Committees which ensure effective and good corporate governance at the managerial level.

A. THE BOARD

The Board presently consists of nineteen members, nine of whom (inclusive of the GMD/CEO), are Executive Directors and 10 Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

Responsibility

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for coordinating the affairs of the Board whilst the Chief Executive Officer is responsible for the running of the business and implementation of Board strategies and policies jointly agreed by management and Board. The Chief Executive Officer is assisted in managing the business of the Bank on a day-to-day basis by the Executive Management Committee, which he chairs and comprises all Executive Directors and other critical functional heads. The Board's primary responsibility is to increase shareholder wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews group performance, matters of strategic concern and any other matters it regards as material. The Board meets quarterly and additional meetings are convened as the need arises. In 2019, the Board met five (5) times. The record of attendance for Board Meetings for the year 2019 is presented below:

CORPORATE GOVERNANCE (CONTINUED)

Board Meetings

Director	Number of Meetings Held	Number of Meetings Attended
Mr. Tony Elumelu, CON	5	5
Mr. Kennedy Uzoka	5	5
Mr. Victor Osadolor	5	5
Mr. Dan Okeke	5	4
Mr. Emeke Iweriebor	5	5
Mr. Uche Ike	5	5
Mr. Chukwuma Nweke	5	5
Mr. Oliver Alawuba	5	5
Mr. Ayoku Liadi	5	5
Mr. Ibrahim Puri	5	5
Amb. Joe Keshi, OON	5	5
Chief Kola Jamodu[1]	5	1
Mrs. Foluke Abdulrazaq	5	4
Mrs. Owanari Duke	5	5
High Chief Samuel Oni, FCA	5	5
Ms. Angela Aneke	5	5
Erelu Angela Adebayo	5	5
Mr. Kayode Fasola	5	5
Mr. Abdulqadir J. Bello	5	5
Mr. Abdoul Aziz Dia[2]	5	2

[1] Retired from the Board on January 29, 2019

[2] Appointed to the Board on August 22, 2019; and subsequently appointed as an Executive Director on January 6, 2020.

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

Group Board and Board Committees Meeting Dates

Meetings	Group Board	Board Audit & Governance Committee *	Board Credit Committee	Board Risk Management Committee	Finance & General Purpose Committee
Meeting 1	28-Jan-19	Jan 28 2019	26-Feb-19	04-Apr-19	27-Feb-19
Meeting 2	16-Apr-19	Jan 28 2019	10-Jul-19	25-Jul-19	17-Apr-19
Meeting 3	22-Aug-19	28-Feb-19	05-Sep-19	10-Oct-19	Jul 16,2019
Meeting 4	18-Oct-19	06-Mar-19	20-Nov-19	10-Dec-19	06-Sep-19
Meeting 5	12-Dec-19	07-May-19	04-Oct-19	-	14-Oct-19
Meeting 6	-	09-Jul-19	11-Dec-19	-	22-Nov-19
Meeting 7	-	17-Jul-19	-	-	-
Meeting 8	-	15-Oct-19	-	-	-

*Note: Board Audit & Governance Committee (Changed to Board Governance Committee with effect from 15/10/19).

CORPORATE GOVERNANCE (CONTINUED)

Appointments & Retirements:

During the 2019 financial year, the following Non-Executive Director retired:
1. Chief Kola Jamodu, CFR

Subsequently, the following Non-Executive Director was appointed:
1. Mr. Abdoul Aziz Dia

Professional Independent Advice:

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

B. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

PricewaterhouseCoopers acted as external auditors to the Group during the 2019 financial year. Their report is contained on pages 66 – 71 of this Annual Report.

Internal Controls

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

C. CONTROL ENVIRONMENT

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

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

D. SHAREHOLDER RIGHTS

The Board of UBA Plc has always placed considerable emphasis on effective communication with its shareholders. It ensures that the rights of shareholders are always protected. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly. The Bank ensures the protection of statutory and general rights of shareholders at all times, particularly their right to vote at General Meetings. All shareholders are treated equally regardless of their equity interest or social status.

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

Besides, the Group maintains an Investor Relations Unit which routinely attends to shareholders' enquiries and ensures that shareholders' views are appropriately escalated to the Management and Board on a continuous basis. In addition, shareholders are encouraged to continuously communicate their opinions and recommendations whenever they see the need to do so, to either the Head of Investor Relations or the Company Secretary. Their contact details are available on the Bank's website and on the back cover of this Annual Report.

CORPORATE GOVERNANCE (CONTINUED)

E. BOARD COMMITTEES

At the beginning of 2019, the Board of UBA Plc had the following Committees, namely:

- Board Audit & Governance Committee
- Board Credit Committee
- Board Risk Management Committee
- Finance & General Purpose Committee

At the meeting of the Board of Directors which held on August, 2019, the Board Committees were reconstituted as follows:

- Board Credit Committee
- Board Governance Committee
- Board Risk & Audit Committee
- Finance & General Purpose Committee

However, in order to align with regulatory imperatives and comply with extant regulations, the Board Committees were further reconstituted at the meeting of the Board of Directors which held on December 12, 2019, as follows:

- Board Audit Committee
- Board Credit Committee
- Board Governance Committee
- Board Risk Management Committee
- Finance & General Purpose Committee

(i) Board Audit Committee

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

The Board Audit Committee which was constituted on December 12, 2019, is chaired by an Independent Director, and comprises of the following Non-Executive Directors:

a. Mrs. Owanari Duke – Chairman
b. Mrs. Foluke Abdulrazaq – Member
c. High Chief Samuel Oni, FCA – Member
d. Ms. Angela Aneke – Member
e. Erelu Angela Adebayo – Member

(ii) Board Audit & Governance Committee

The Board Audit & Governance Committee, which prior to the reconstitution of the Committees on August 22, 2019 had oversight over Audit & Governance, met at least once a quarter. It comprised of the following members:

a. Ms. Angela Aneke – Chairman
b. Mrs. Foluke Abdulrazaq – Member
c. Mrs. Owanari Duke – Member
d. Erelu Angela Adebayo – Member
e. Mr. Abdulqadir J. Bello – Member

The record of attendance for the Board Audit & Governance Committee for the year 2019 is displayed in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
Ms. Angela Aneke	5	5
Mrs. Foluke Abdulrazaq	5	4
Mrs. Owanari Duke	5	4
Erelu Angela Adebayo	5	5
Mr. Abdulqadir Bello	5	5

CORPORATE GOVERNANCE (CONTINUED)

(iii) Board Credit Committee

The Board Credit Committee is responsible for approval of credit facilities in the Bank. It reviews all credits granted by the Bank and meetings are held at least once a quarter. The Board Credit Committee was set up to assist the Board of Directors to discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Group. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance within such limits; determining and setting the lending limits, reviewing and approving the Group's credit strategy and the credit risk tolerance. The Committee reviews the Loan portfolio of the Bank and reviews and approves country risks exposure limits.

Prior to the reconstitution of the Board Committees on August 22, 2019, the Board Credit Committee comprised of the following Non-Executive Directors:

a. Mr. Abdulqadir J. Bello – Chairman
b. Mrs. Foluke Abdulrazaq – Member
c. Mrs. Owanari Duke – Member
d. Ms. Angela Aneke – Member
e. Mr. Kayode Fasola – Member

However, following the reconstitution of the Board Committees on December 2, 2019, the current composition of the Committee is as follows:

a. Mr. Abdulqadir J. Bello – Chairman
b. Mrs. Foluke Abdulrazaq – Member
c. Mrs. Owanari Duke – Member
d. Mr. Kayode Fasola – Member
e. Mr. Abdoul Aziz Dia – Member

The record of attendance of the Board Credit Committee for the year 2019 is contained in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
Ms. Angela Aneke	6	6
Mrs. Foluke Abdulrazaq	6	6
Mrs. Owanari Duke	6	6
Ms. Angela Aneke[3]	6	2
Mr. Kayode Fasola	6	5
Mr. Abdoul Aziz Dia[4]	6	4

[3] Stopped being a member on August 22, 2019
[4] Appointed to the Committee on August 22, 2019

(iv) Board Governance Committee

Following the reconstitution of the Board Committees on August 22, 2019 and the division of the erstwhile Board Audit & Governance Committee into 2 (two) separate Committees, the Board Governance Committee, which met at least once every quarter, comprised of the following members:

Ms. Angela Aneke – Chairman
Mrs. Foluke Abdulrazaq – Member
Mrs. Owanari Duke – Member
Erelu Angela Adebayo – Member
Mr. Abdulqadir J. Bello – Member

The record of attendance for the Board Governance Committee for the year 2019 is presented below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
Ms. Angela Aneke	3	3
Mrs. Foluke Abdulrazaq	3	3
Mrs. Owanari Duke	3	2
Erelu Angela Adebayo	3	3
Mr. Abdulqadir Bello	3	3

CORPORATE GOVERNANCE (CONTINUED)

(v) Board Risk & Audit Committee

The Board Risk & Audit Committee, which was constituted on August 22, 2019, met twice in 2019. Before the reconstitution of the Committees in December 2019, the Board Risk & Audit Committee comprised of the following members:

a. High Chief Samuel Oni – Chairman
b. Ms. Angela Aneke – Member
c. Mr. Kayode Fasola – Member
d. Erelu Angela Adebayo – Member
e. Mr. Abdoul Aziz Dia – Member

The record of attendance of the Board Risk & Audit Committee for the year 2019 is displayed in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
High Chief Samuel Oni, FCA	2	2
Ms. Angela Aneke	2	2
Mr. Kayode Fasola	2	2
Erelu Angela Adebayo	2	2

(vi) Board Risk Management Committee

Before the reconstitution of the Board Committees on August 22, 2019, and prior to the merger of the Board Risk Management Committee and the Board Audit Committee into the Board Risk & Audit Committee, the Board Risk Management Committee comprised of the following Directors:

a. High Chief Samuel Oni, FCA – Chairman
b. Mr. Kayode Fasola – Member
c. Erelu Angela Adebayo – Member
d. Mr. Kennedy Uzoka – Member
e. Mr. Victor Osadolor – Member
f. Mr. Chukwuma Nweke – Member
g. Mr. Uche Ike – Member

Meetings are held at least once a quarter and the responsibilities of the Committee include to review and recommend risk management strategies, policies and risk tolerance for the Board's approval; to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and make recommendations or reports to the Board accordingly.

Upon the reconstitution of the Board Committees on December 12, 2019, the Board Risk Management Committee was reinstated as a standalone Committee and the previous membership was retained.

The record of attendance of the Board Risk Management Committee for the year 2019 is contained in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
High Chief Samuel Oni, FCA	2	2
Mr. Kayode Fasola	2	2
Erelu Angela Adebayo	2	2
Mr. Kennedy Uzoka	2	1
Mr. Victor Osadolor	2	2
Mr. Uche Ike	2	2
Mr. Chukwuma Nweke	2	2

CORPORATE GOVERNANCE (CONTINUED)

(vii) Finance and General Purpose Committee

The purpose of the Finance & General Purpose Committee is to, amongst other things; discharge the Board's responsibilities with regard to strategic direction and budgeting and to provide oversight on financial matters and the performance of the Group.

Prior to the reconstitution of the Board Committees on August 22, 2019, the Finance & General Purpose Committee comprised of the following members:

a. Mr. Kayode Fasola – Chairman
b. Mr. Abdulqadir J. Bello – Member
c. Erelu Angela Adebayo – Member
d. Ms. Angela Aneke – Member
e. Mr. Kennedy Uzoka – Member
f. Mr. Victor Osadolor – Member
g. Mr. Chukwuma Nweke – Member
h. Mr. Uche Ike – Member

Upon reconstitution of the Board Committees in August 2019, the Finance & General Purpose Committee comprised of the following members and met thrice in the intervening period:

a. Mr. Kayode Fasola – Chairman
b. Mr. Abdulqadir J. Bello – Member
c. Ms. Angela Aneke – Member
d. Erelu Angela Adebayo – Member
e. Mr. Abdoul Aziz Dia – Member
f. Mr. Kennedy Uzoka – Member
g. Mr. Victor Osadolor – Member
h. Mr. Uche Ike – Member
i. Mr. Chukwuma Nweke – Member

The current composition of the Finance & General Purpose Committee, after the meeting of the Board of Directors which held on December 12, 2019 where the Board Committees were further reconstituted, is as follows:

a. Mr. Kayode Fasola – Chairman
b. Mr. Abdulqadir J. Bello – Member
c. Ms. Angela Aneke – Member
d. Mr. Abdoul Aziz Dia – Member
e. Mr. Kennedy Uzoka – Member
f. Mr. Victor Osadolor – Member
g. Mr. Uche Ike – Member
h. Mr. Chukwuma Nweke – Member

The record of attendance of the Finance and General Purpose Committee for the year 2019 is contained in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
Mr. Kayode Fasola	6	6
Ms. Angela Aneke	6	6
Erelu Angela Adebayo[5]	6	6
Mr. Abdulqadir J. Bello	6	6
Mr. Abdoul Aziz Dia[6]	6	2
Mr. Kennedy Uzoka	6	5
Mr. Victor Osadolor	6	5
Mr. Uche Ike	6	6
Mr. Chukwuma Nweke	6	6

[5]Stopped being a member of the Committee from December 12, 2019
[6]Appointed to the Committee on August 22, 2019

CORPORATE GOVERNANCE (CONTINUED)

(viii) Statutory Audit Committee

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

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

The Members of the Statutory Audit Committee in 2019 are as follows:

a. Mr. Feyi Ogoji – Chairman/Shareholder
b. Mr. Matthew Esonanjor – Shareholder
c. Alhaji Al-Kassim Umar – Shareholder
d. Ms. Angela Aneke – Non-Executive Director
e. Mr. Abdulqadir J. Bello – Non-Executive Director
f. Mr. Kayode Fasola – Non-Executive Director

The record of attendance of the Statutory Audit Committee for the year 2019 is contained in the table below:

Members	Number of Meetings Held	Number of Meetings Attended by Members
Mr. Feyi Ogoji	3	3
Mr. Matthew Esonanjor	3	3
Alhaji Alkassim Umar	3	3
Ms. Angela Aneke	3	3
Mr. Abdulqadir J. Bello	3	3
Mr. Kayode Fasola	3	3

(ix) Executive Management Committees

These are Committees comprising of senior management of the Bank. The committees are also risk-driven, as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Assets and Liabilities Committee (ALCO), the Executive Credit Committee (ECC), the IT Risk Committee (ITRC), the Risk Management Committee (RMC), the Costs Optimization Committee (COC), the Criticized Assets Committee (CAC), and the Executive Management Committee (EMC).

(F) DIRECTORS' COMPENSATION

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

CORPORATE GOVERNANCE (CONTINUED)

(G) DETAILS OF TRAINING ATTENDED BY DIRECTORS

No.	Title of Training	Participants	
1	Anti-Money Laundering/Countering the Financing of Terrorism Training	Mr. Tony O. Elumelu, CON Amb. Joe Keshi, OON Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Dan Okeke Mr. Emeke Iweriebor Mr. Uche Ike Mr. Chukwuma Nweke Mr. Oliver Alawuba	Mr. Ayoku Liadi Mr. Ibrahim Puri Mrs. Foluke Abdulrazaq Mrs. Owanari Duke High Chief Samuel Oni, FCA Ms. Angela Aneke Erelu Angela Adebayo Mr. Abdulqadir J. Bello Mr. Kayode Fasola Mr. Abdoul Aziz Dia
2	IFRS 9 Training	Mr. Tony O. Elumelu, CON Amb. Joe Keshi, OON Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Dan Okeke Mr. Emeke Iweriebor Mr. Uche Ike Mr. Chukwuma Nweke Mr. Oliver Alawuba	Mr. Ayoku Liadi Mr. Ibrahim Puri Mrs. Foluke Abdulrazaq Mrs. Owanari Duke High Chief Samuel Oni, FCA Ms. Angela Aneke Erelu Angela Adebayo Mr. Abdulqadir J. Bello Mr. Kayode Fasola Mr. Abdoul Aziz Dia
3	IFRS 9 Training	High Chief Samuel Oni, FCA Mr. Kayode Fasola Ms. Angela Aneke Erelu Angela Adebayo	Mr. Abdulqadir J. Bello Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Uche Ike Mr. Victor Osadolor
4	UBA Compliance Refresher Course for Board	Mr. Tony O. Elumelu, CON Amb. Joe Keshi, OON Mrs. Foluke Abdulrazaq Mrs. Owanari Duke	High Chief Samuel Oni, FCA Ms. Angela Aneke Erelu Angela Adebayo Mr. Abdulqadir J. Bello Mr. Kayode Fasola
5	Transfer Pricing Training	Mr. Kayode Fasola Ms. Angela Aneke Erelu Angela Adebayo Mr. Abdulqadir J. Bello	Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Uche Ike Mr. Victor Osadolor
6	Anti-Money Laundering/Countering the Financing of Terrorism Training	Mr. Tony O. Elumelu, CON Amb. Joe Keshi, OON Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Dan Okeke Mr. Emeke Iweriebor Mr. Uche Ike Mr. Chukwuma Nweke Mr. Oliver Alawuba Mr. Ayoku Liadi	Mr. Ibrahim Puri Mrs. Foluke Abdulrazaq Mrs. Owanari Duke High Chief Samuel Oni, FCA Ms. Angela Aneke Erelu Angela Adebayo Mr. Abdulqadir J. Bello Mr. Kayode Fasola Mr. Abdoul Aziz Dia
7	Global AML/CFT Trends: The Role of UBA Directors	High Chief Samuel Oni, FCA Mr. Kayode Fasola Ms. Angela Aneke Erelu Angela Adebayo	Mr. Abdulqadir J. Bello Mr. Kennedy Uzoka Mr. Victor Osadolor Mr. Uche Ike Mr. Victor Osadolor

REPORT OF THE STATUTORY AUDIT COMMITTEE

To members of United Bank for Africa Plc

In accordance with the provision of Section 359[6] of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the members of the Audit Committee hereby report as follows:

- We confirm that we have seen the audit plan & scope, and the Management Letter on the audit of the Group financial statements and the responses to the said letter.
- In our opinion, the plan & scope of the audit for the period ended 31 December, 2019 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.
- We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.
- Related party transactions and balances are disclosed in Note 42 of the financial statements as required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements". This disclosure was reviewed and found to be as analysed in the financial statements as at December 31, 2019.

MR FEYI OGOJI (FCA)
FRC/2016/ICAN/00000015438
Chairman, Statutory Audit Committee
27 January 2020

Members of the audit committee are:

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act and Sections 24 and 28 of the Banks and Other Financial Institutions Act, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for the period ended December 31, 2019 and in so doing they ensure that:

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

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act 2011, the Banks and Other Financial Institutions Act, the Central Bank of Nigeria Prudential guidelines and other relevant regulations issued by the Central Bank of Nigeria.

The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS:

Kennedy Uzoka

Kennedy Uzoka
FRC/2013/IODN/00000015087

BOARD EVALUATION REPORT

EY
Building a better working world

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

We have performed the Evaluation of the Board of United Bank for Africa Plc for the year ended 31st December 2019 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 and Section 15.1 of the Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies in Nigeria.

The Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 mandates an annual evaluation of the Board and individual directors of financial institutions with specific focus on the Board structure and composition, responsibilities, processes, relationships, individual director's competences and respective roles in the performance of the Board. Subsection 2.8.2 of the code requires each board to "identify and adopt in the light of the company's future strategy, critical success factors or key strategic objectives" while subsection 2.8.3 requires that such Evaluation should be conducted by an independent consultant.

The Securities and Exchange Commission (SEC) Code of Corporate Governance 2014 mandates the Board of Public Companies to undergo an annual appraisal of its own performance, that's of its committees, the Chairman and individual Directors. Subsection 15.2 of the code requires the appraisal system "include the criteria and key performance indicators and targets for the Board, its committees, the Chairman and each individual Board member" while Subsection 15.6 states that the services of external consultants may be engaged to facilitate the appraisal process.

Our approach included the review of UBA's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the directors and key personnel of the Bank.

The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities, if any, in the underlying information.

On the basis of our work, the Board of UBA has complied with the requirements of the Central Bank of Nigeria (CBN) Revised Code of Corporate Governance (CCG) 2014 and Securities and Exchange Commission (SEC) Code of Corporate Governance for Public Companies during the year ended 31st December 2019.

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

Benson Uwheru
Partner, Advisory Services
FRC/2013/CIBN/00000001554

February 12, 2020

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Financial Statement

INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the Members of United Bank for Africa Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of United Bank for Africa Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2019;
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

INDEPENDENT AUDITOR'S REPORT

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Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers	
Gross loans and advances to customers as at 31 December 2019 amounted to ₦2,147 billion for the group and ₦1,557 billion for the bank while the related loan loss reserve were ₦86 billion and ₦54 billion respectively.	We understood and evaluated the design and operating effectiveness of the controls supporting management's estimate, judgements and assumptions and tested selected key controls focusing on the integrity, completeness and accuracy of data used as input to the models including the transfer of data between source systems and the impairment model
We focused on this area because of the significant value of loans and advances and because the directors make significant and subjective judgement over the timing, estimation and recognition of the related loan loss reserve.	We assessed the criteria used by directors in determining the significant increase in credit risk since initial recognition of loans and advances and in determining credit-impaired loans and advances. We also assessed directors default presumption as prescribed by IFRS 9.
The expected credit loss (ECL) model requires significant judgement exercised by the directors which include; • determination of default definition used in the ECL model; • determining the criteria for assessing significant increase in credit risk (SICR); • the allocation of loan accounts into different stages to reflect the credit risk of the loan; • incorporating forward looking information in building economic scenarios used in the ECL model; • methodology used to determine the 12 month and lifetime probability of default (PD) used in the ECL model • estimation of Loss Given Default (LGD) by considering collateral values and the Credit Conversion Factor (CCF) • haircut adjustment as well as estimation of recoveries on unsecured exposures.	We checked that the default definition in the ECL model are consistent with Internal credit risk management default definition and appropriately reflects all observable default events across all financial instruments. We applied target testing approach in selecting a sample of loan facilities for detailed reviews of related customer files and account statements. Our reviews included checking the details of the borrower's account history, the nature of the facility and other factors that could indicate deterioration in the financial condition of the borrowers and their capacity to repay. This formed our basis of challenging directors judgement made in determining facilities with significant increase in credit risk since initial recognition and loans in default. We checked the forward looking information applied in the ECL model by benchmarking to industry trends and information to assess the reasonableness of the economic scenarios We assessed the reasonableness of forward looking information incorporated into the impairment calculations and challenged the multiple economic scenarios chosen as well as the weighting applied to capture non-linear losses.

INDEPENDENT AUDITOR'S REPORT

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- Overlays on model to apply judgment on certain areas where subjective information is available to support a different conclusion from the model parameters

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

See notes 3.28, 4.2, 8a (i) and 25 to the consolidated and separate financial statements for further information.

We tested the appropriateness of historical data used for the determination of 12 months PD, which are used as basis for determination of lifetime PDs. We re-performed certain model calculations to evaluate the inputs and risk parameter outputs for the determination of the probability of default (PD), Loss Given default (LGD), Exposure at default (EAD) and credit conversion factor

We tested the valuation of collaterals used in the ECL model by comparing the values to the results of valuation performed by directors' external valuers. We assessed the competence, experience and independence of directors' valuers. We assessed reasonableness of haircut adjustments by checking historical recovery trends, time to realisation and costs of recovery of collaterals.

We reviewed the impairment output of the model for completeness and re-performed the calculation of expected credit losses for a selected sample of facilities. We considered post-model adjustments made by management, challenged their rationale and recalculated where necessary.

We reviewed the IFRS 9 disclosures for reasonableness

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

At 31 December 2019, the unquoted equity instruments measured at fair value through other comprehensive income amounted to N114.1 billion and N113.5 billion for the group and bank respectively.

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

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

- identifying the appropriate valuation methodology; and

We adopted a substantive approach to testing the directors' independent valuation of all unquoted equity investment securities performed using the discounted cash flow valuation technique.

We challenged the cash flow forecasts used by the directors in their independent valuation of these securities by checking information on the business plans of the investee companies, their historical performance and long term economic outlook.

We used our internal valuation experts to;

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

We reviewed the disclosure for adequacy.

INDEPENDENT AUDITOR'S REPORT

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

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

See Notes 3.28, 8a (ii) and 26 to the consolidated and separate financial statements for further information.

Other information

The directors are responsible for the other information. The other information comprises the directors' report, complaints and feedback, corporate governance report, report of the statutory audit committee, statement of directors' responsibilities, statement of value added and five-year financial summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the United Bank for Africa Plc 2019 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the United Bank for Africa Plc 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

INDEPENDENT AUDITOR'S REPORT

matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 42 to the consolidated and separate financial statements; and

v) as disclosed in Note 45 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2019.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0648212

For: PricewaterhouseCoopers

28 February 2020

Chartered Accountants
Lagos, Nigeria

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

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

		GROUP		BANK	
In millions of Nigerian Naira	**Notes**	**2019**	**2018**	**2019**	**2018**
Interest income	10	404,830	362,922	307,433	265,698
Interest income on amortised cost and FVOCI securities		390,304	360,583	292,907	263,359
Interest income on FVTPL securities		14,526	2,339	14,526	2,339
Interest expense	11	(182,955)	(157,276)	(156,580)	(129,396)
Net interest income		**221,875**	**205,646**	**150,853**	**136,302**
Allowance for credit losses on financial and non-financial instruments	12	(18,252)	(4,529)	(16,369)	(4,257)
Net interest income after impairment on financial and non-financial instruments		**203,623**	**201,117**	**134,484**	**132,045**
Fees and commission income	13	110,561	93,997	65,160	53,488
Fees and commission expense	14	(30,557)	(28,551)	(22,556)	(20,964)
Net trading and foreign exchange income	15	37,627	31,675	19,081	12,818
Other operating income	16	6,787	5,451	20,950	9,500
Employee benefit expenses	17	(75,099)	(71,158)	(43,774)	(41,537)
Depreciation and amortisation	18	(15,490)	(11,801)	(11,772)	(8,670)
Other operating expenses	19	(126,578)	(114,383)	(91,510)	(81,330)
Share of gain of equity-accounted investee	28(a)	413	419	-	-
Profit before income tax		**111,287**	**106,766**	**70,063**	**55,350**
Income tax expense	20	(22,198)	(28,159)	(7,313)	(14,303)
Profit for the period		**89,089**	**78,607**	**62,750**	**41,047**
Other comprehensive income					
Items that may be reclassified to the income statement:					
Exchange differences on translation of foreign operations		(12,958)	(21,264)	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income(FVOCI):					
Net change in fair value during the period		44,942	(14,498)	44,914	(14,498)
Net amount transferred to the income statement		(5,893)	(777)	(5,893)	(777)
		26,091	**(36,539)**	**39,021**	**(15,275)**
Items that will not be reclassified to the income statement:					
Fair value changes on equity investments designated at FVOCI		9,259	3,266	9,223	3,266
		9,259	**3,266**	**9,223**	**3,266**
Other comprehensive income for the period, net of tax		35,350	(33,273)	48,244	(12,009)
Total comprehensive income for the period		**124,439**	**45,334**	**110,994**	**29,038**
Profit for the period attributable to:					
Owners of Parent		86,220	75,359	62,750	41,047
Non-controlling interest		2,869	3,248	-	-
Profit for the period		**89,089**	**78,607**	**62,750**	**41,047**
Total comprehensive income attributable to:					
Owners of Parent		124,173	44,426	110,994	29,038
Non-controlling interest		266	908	-	-
Total comprehensive income for the period		**124,439**	**45,334**	**110,994**	**29,038**
Total comprehensive income attributable to equity shareholders arises from:					
- Continuing operations		123,997	44,426	110,818	29,038
- Discontinued operations	29(iv)	176	-	176	-
Total comprehensive income for the period		**124,173**	**44,426**	**110,994**	**29,038**
Earnings per share attributable to owners of the parent					
Basic and diluted earnings per share (Naira)	**21**	**2.52**	**2.20**	**1.83**	**1.20**

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

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019

		GROUP		BANK	
In millions of Nigerian Naira	**Notes**	**2019**	**2018**	**2019**	**2018**
ASSETS					
Cash and bank balances	22	1,396,228	1,220,596	1,182,554	1,015,199
Financial assets at fair value through profit or loss	23	102,388	19,439	102,388	19,439
Derivative assets	33(a)	48,131	34,784	48,131	34,784
Loans and advances to banks	24	108,211	15,797	99,849	15,516
Loans and advances to customers	25	2,061,147	1,715,285	1,503,380	1,213,801
Investment securities:					
- At fair value through other comprehensive income	26	901,048	1,036,653	772,658	925,892
- At amortised cost	26	670,502	600,479	73,556	84,265
Other assets	27	139,885	63,012	111,607	49,642
Investment in equity-accounted investee	28	4,143	4,610	2,715	2,715
Investment in subsidiaries	29	-	-	103,275	103,777
Property and equipment	30	128,499	115,973	107,448	97,502
Intangible assets	31	17,671	18,168	7,070	6,911
Deferred tax asset	32	26,199	24,942	21,862	21,862
TOTAL ASSETS		**5,604,052**	**4,869,738**	**4,136,493**	**3,591,305**
LIABILITIES					
Derivative liabilities	33(b)	852	99	852	99
Deposits from banks	34	267,070	174,836	92,717	30,502
Deposits from customers	35	3,832,884	3,349,120	2,764,388	2,424,108
Other liabilities	36	107,255	120,764	57,150	84,299
Current tax liability	20	9,164	8,892	722	706
Borrowings	37	758,682	683,532	744,094	657,134
Subordinated liabilities	38	30,048	29,859	30,048	29,859
Deferred tax liability	32	119	28	-	-
TOTAL LIABILITIES		**5,006,074**	**4,367,130**	**3,689,971**	**3,226,707**
EQUITY					
Share capital	39	17,100	17,100	17,100	17,100
Share premium	39	98,715	98,715	98,715	98,715
Retained earnings	39	184,685	168,073	90,090	89,217
Other reserves	39	278,073	199,581	240,617	159,566
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		578,573	483,469	446,522	364,598
Non-controlling interests		19,405	19,139	-	-
TOTAL EQUITY		**597,978**	**502,608**	**446,522**	**364,598**
TOTAL LIABILITIES AND EQUITY		**5,604,052**	**4,869,738**	**4,136,493**	**3,591,305**

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

The financial statements were approved by the directors on 27 January, 2020.

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

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

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019

(i) GROUP

	Attributable to equity holders of the parent									
In millions of Nigerian naira	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
At 1 January 2018	**17,100**	**98,715**	**37,102**	**932**	**81,108**	**84,626**	**148,532**	**468,115**	**18,231**	**486,346**
Profit for the period	-	-	-	-	-	-	75,359	75,359	3,248	78,607
Exchange differences on translation of foreign operations	-	-	(18,924)	-	-	-	-	(18,924)	(2,340)	(21,264)
Fair value change in debt instruments classified as FVOCI	-	-	-	-	(14,498)	-	-	(14,498)	-	(14,498)
Fair value change in equity instruments classified as FVOCI	-	-	-	-	3,266	-	-	3,266	-	3,266
Net amount transferred to income statement	-	-	-	-	(777)	-	-	(777)	-	(777)
Total comprehensive income for the period	**-**	**-**	**(18,924)**	**-**	**(12,009)**	**-**	**75,359**	**44,426**	**908**	**45,334**
Transfer between reserves	-	-	-	20,589	-	6,157	(26,746)	-	-	-
Transactions with owners										
Dividends paid	-	-	-	-	-	-	(29,072)	(29,072)	-	(29,072)
Balance at 31 December 2018	**17,100**	**98,715**	**18,178**	**21,521**	**69,099**	**90,783**	**168,073**	**483,469**	**19,139**	**502,608**
At 1 January 2019	**17,100**	**98,715**	**18,178**	**21,521**	**69,099**	**90,783**	**168,073**	**483,469**	**19,139**	**502,608**
Profit for the period	-	-	-	-	-	-	86,220	86,221	2,869	89,090
Exchange differences on translation of foreign operations	-	-	(10,355)	-	-	-	-	(10,355)	(2,603)	(12,958)
Fair value change in debt instruments classified as FVOCI	-	-	-	-	44,942	-	-	44,942	-	44,942
Fair value change in equity instruments classified as FVOCI	-	-	-	-	9,259	-	-	9,259	-	9,259
Net amount transferred to income statement	-	-	-	-	(5,893)	-	-	(5,893)	-	(5,893)
Total comprehensive income for the period	**-**	**-**	**(10,355)**	**-**	**48,309**	**-**	**86,220**	**124,174**	**266**	**124,440**
Transfer between reserves	-	-	-	29,073	-	11,465	(40,538)	-	-	-
Transactions with owners										
Dividends paid	-	-	-	-	-	-	(29,070)	(29,070)	-	(29,070)
Balance at 31 December 2019	**17,100**	**98,715**	**7,823**	**50,594**	**117,408**	**102,248**	**184,685**	**578,573**	**19,405**	**597,978**

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019

(ii) BANK

In millions of Nigerian naira	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
At 1 January 2018	**17,100**	**98,715**	**932**	**81,760**	**68,446**	**97,677**	**364,630**
Profit for the period	-	-	-	-	-	41,047	41,047
Fair value change in debt instruments classified as FVOCI	-	-	-	(14,498)	-	-	(14,498)
Fair value change in equity instruments classified as FVOCI	-	-	-	3,266	-	-	3,266
Net amount transferred to income statement	-	-	-	(777)	-	-	(777)
Total comprehensive income for the period	**-**	**-**	**-**	**(12,009)**	**-**	**41,047**	**29,038**
Transfer between reserves	-	-	14,280	-	6,157	(20,437)	-
Transactions with owners							
Dividends paid	-	-	-	-	-	(29,070)	(29,070)
Balance at 31 December 2018	**17,100**	**98,715**	**15,212**	**69,751**	**74,603**	**89,217**	**364,598**
At 1 January 2019	**17,100**	**98,715**	**15,212**	**69,751**	**74,603**	**89,217**	**364,598**
Profit for the period	-	-	-	-	-	62,750	62,750
Fair value change in debt instruments classified as FVOCI	-	-	-	44,914	-	-	44,914
Fair value change in equity instruments classified as FVOCI	-	-	-	9,223	-	-	9,223
Net amount transferred to income statement	-	-	-	(5,893)	-	-	(5,893)
Total comprehensive income for the period	**-**	**-**	**-**	**48,244**	**-**	**62,750**	**110,994**
Transfer between reserves	-	-	21,342	-	11,465	(32,807)	-
Transactions with owners							
Dividends paid	-	-	-	-	-	(29,070)	(29,070)
Balance at 31 December 2019	**17,100**	**98,715**	**36,554**	**117,995**	**86,068**	**90,090**	**446,522**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

For the year ended December 31, 2019

		GROUP		BANK	
In millions of Nigerian Naira	**Notes**	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities					
Profit before income tax		**111,287**	**106,766**	**70,063**	**55,350**
Adjustments for:					
Depreciation of property and equipment	18	11,980	10,199	8,842	7,368
Amortisation of intangible assets	18	1,627	1,602	1,325	1,302
Depreciation of right-of-use assets	18	1,883	-	1,605	-
Allowance for credit loss on loans to customers	12	14,160	34,280	11,098	11,373
Allowance for credit loss/(reversal) on loans to banks	12	2,741	(213)	2,675	(213)
Write-off of loans and advances	12	1,689	1,725	1,095	1,558
Impairment charge on other assets	12	3,738	4,162	3,074	3,105
Net fair value gain on derivative financial instruments	15	(12,594)	(26,581)	(12,594)	(26,896)
Foreign currency revaluation loss	15	10,171	31,482	12,080	31,227
Dividend income	16	(3,305)	(3,454)	(20,190)	(8,469)
Gain on disposal of property and equipment	16	(251)	(15)	(16)	(15)
Write-off of property and equipment	30	74	6	13	6
Net amount transferred to the income statement		(5,893)	(777)	(5,893)	(777)
Origination and reversal of temporary differences		91	(501)	-	-
Net interest income		(221,598)	(205,646)	(150,634)	(136,302)
Share of gain of equity-accounted investee	28	(414)	(419)	-	-
		(84,614)	**(47,384)**	**(77,457)**	**(61,383)**
Changes in operating assets and liabilities					
Change in financial assets at FVTPL		(70,208)	10,532	(70,208)	10,532
Change in cash reserve balance		(268,425)	(118,445)	(264,410)	(121,564)
Change in loans and advances to banks		(95,155)	5,056	(87,008)	4,671
Change in loans and advances to customers		(361,711)	(149,043)	(301,772)	(96,959)
Change in other assets		(102,377)	(33,358)	(77,119)	(6,025)
Change in deposits from banks		92,234	40,547	62,215	15,212
Change in deposits from customers		483,764	615,772	340,280	546,372
Change in placement with banks		(22,722)	31,676	(3,822)	12,776
Change in other liabilities and provisions		(12,686)	22,487	(26,284)	15,540
Interest received		404,830	362,922	307,433	265,698
Interest paid on deposits from banks and customers		(136,341)	(113,093)	(112,004)	(86,855)
Income tax paid	20(c)	(23,182)	(21,822)	(7,297)	(9,389)
Net cash generated from operating activities		**(196,593)**	**605,847**	**(317,453)**	**488,626**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities		3,089,704	2,757,710	3,155,680	2,566,241
Purchase of investment securities		(2,956,816)	(3,175,007)	(2,939,081)	(2,921,905)
Purchase of property and equipment	30	(26,513)	(19,044)	(20,461)	(15,493)
Purchase of intangible assets	31	(1,846)	(3,364)	(1,683)	(2,621)
Additional investment in equity-accounted investee		-	(945)	-	(945)
Proceeds from disposal of property and equipment		522	297	270	185
Proceeds from disposal of intangible assets		11	33	12	34
Proceeds from disposal of investement in subsidiaries		-	-	502	-
Dividend received		3,305	3,454	20,190	8,469
Net cash used in investing activities		**108,367**	**(436,866)**	**215,429**	**(366,035)**
Cash flows from financing activities					
Interest paid on borrowings and subordinated liabilities		(55,120)	(47,066)	(54,795)	(46,739)
Proceeds from borrowings	37	140,708	235,128	126,120	235,128
Repayment of borrowings	37	(64,062)	(116,117)	(37,664)	(116,117)
Payments of principal on leases		(1,000)	-	(988)	-
Payments of interest on leases		(99)	-	(96)	-
Repayment of subordinated liabilities		-	(35,017)	-	(35,017)
Dividend paid to owners of the parent		(29,070)	(29,070)	(29,070)	(29,070)
Net cash generated from financing activities		**(8,643)**	**7,858**	**3,507**	**8,185**
Net decrease in cash and cash equivalents		**(96,869)**	**176,839**	**(98,517)**	**130,776**
Effects of exchange rate changes on cash and cash equivalents		(5,905)	56,978	10,381	46,162
Cash and cash equivalents at beginning of period	22	662,245	428,428	450,063	273,125
Effect of exchange rate fluctuations on cash held					
Cash and cash equivalents at end of period	**22**	**559,471**	**662,245**	**361,927**	**450,063**

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

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

1 General Information

United Bank for Africa Plc. (the "Group") 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 company's registered address is at 57 Marina, Lagos, Nigeria.

The consolidated financial statements of the Group for the year ended 31 December 2019 comprise the Bank (Parent) and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The Bank and its subsidiaries are primarily involved in corporate, commercial and retail banking, trade services, cash management, treasury and custodial services.

The financial statements for the year ended 31 December 2019 were approved and authorised for issue by the Board of Directors on 27 January, 2020.

2 Basis of preparation

These consolidated 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, the Financial Reporting Council of Nigeria Act, 2011, and the Banks and other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

3 Significant accounting policies

3.1 Basis of measurement

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

3 Significant accounting policies - Continued

3.4 Basis of consolidation - continued

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

- the fair value of the consideration transferred; plus
- the amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- less the net amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of any previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(c) Disposal of subsidiaries
When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Transactions eliminated on consolidation
Intra-group balances and any unrealised gains or losses or incomes and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(e) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3 Significant accounting policies - Continued

3.4 Basis of consolidation - continued

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss)' of associates in the income statement.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the income statement.

3.5 Foreign currency

(a) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the income statement.

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

(b) Foreign operations

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

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

3.6 Interest income and interest expense

Interest income and expense for all interest bearing financial instruments 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 statement of comprehensive income. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

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

Current tax liability is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

3.11 Cash and bank balances

Cash and bank balances include notes and coins on hand, current balances with other banks, balances held with central banks and placements with banks which are used by the Group in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

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

3.12 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

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	-	5 years
Furniture and Fittings	-	5 years
Computer hardware	-	5 years
Equipment	-	5 years
Work in progress	-	Not depreciated
Lifts*	-	10 years

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

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

(d) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.15 Intangible assets

(a) Goodwill

Goodwill represents the excess of consideration over the Group’s interest in net fair value of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

3 Significant accounting policies - Continued

3.15 Intangible assets - continued

(a) Goodwill - continued
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 the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3.17 Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

3 Significant accounting policies - Continued

3.18 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.

3.19 Provisions

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

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

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

3.20 Financial guarantee contracts

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

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

3.21 Employee benefits

Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Termination benefits

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

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.22 Share capital and reserves

(a) Share issue costs

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

3 Significant accounting policies - Continued

3.22 Share capital and reserves - continued

(b) Dividend on ordinary shares

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

(c) Treasury shares

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

3.23 Earnings per share

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

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

3.24 Fiduciary activities

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

3.25 Stock of consumables

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

3.26 Segment reporting

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

3.27 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.

3.28 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 are based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

a. Initial recognition, classification and measurement of financial assets - continued

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

d. Investment securities - continued

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

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

e. Fair value option

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

Financial assets designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in net trading and foreign exchange income.

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

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

f. Loans

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

Interest on loans is recognized in interest income using the effective interest method. The estimated future cash flows used in this calculation include those determined by the contractual term of the asset and all fees that are considered to be integral to the effective interest rate. Also included in this amount are transaction costs and all other premiums or discounts.

Fees that relate to activities such as originating, restructuring or renegotiating loans are deferred and recognized as interest income over the expected term of such loans using the effective interest method. Where there is a reasonable expectation that a loan will be originated, commitment and standby fees are also recognized as interest income over the expected term of the resulting loans using the effective interest method. Otherwise, such fees are recorded as other liabilities and amortised into Other operating income over the commitment or standby period.

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

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

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.

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

l. Definition of default - continued

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 Bank'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.

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

o. Modifications - continued

- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3 Significant accounting policies - Continued

3.28 IFRS 9: Financial instruments - continued

q. De-recognition of financial instruments - continued

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

3.29 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 - 3.28 to all periods presented in these consolidated and separate financial statements.The Group has adopted this new standard with initial date of application of January 1, 2019.

a) IFRS 16 Leases

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

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors. However, it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees are expected to apply a single model for all recognised leases, but will also have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

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

The Group has consequently reclassified the existing prepaid operating leases as of January 1, 2019 to Right-of-Use Assets with consideration of corresponding lease liabilities for leases with renewal or extension options. In discounting operating leases with renewal options in the Group's books, the transition date to the next renewal dates were identified as part of the lease terms in determining the lease liability. Meanwhile, associated depreciation of the ROU assets would commence for those period for which the Group has the right to use an underlying asset.

3.30 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective as at 31 December 2018 are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

a) IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3.30 New standards and interpretations not yet adopted - Continued

ai) Impact of adoption of IFRS 16

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the group recognised right-of-use assets in relation to leases which had previously been classified as operating leases' under the principles of IAS 17 Leases.

However, for leases for which the group was reasonably certain to exercise the renewal or extension options, those lease liabilities were measured as the present value of the payments made at next respective renewal dates, discounted using the corresponding FGN Bond/Bill yields of similar maturity (risk premium inclusive) with their respective lease terms as of 1 January 2019. The weighted average discount rates applied to the lease liabilities on 1 January 2019 was 16.17%.

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

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to the leasse recognised in the statement of financial position as at 31 December 2019.

A reconciliation of the outstanding operating lease payments as at 31 December 2018 and the lease liability as at 1 January 2019 and 31st December 2019 is shown below:

Group

For the period ended 31 December,2019

In millions of Nigerian Naira	**IFRS 16 Disclosures**
Total Operating Leases:	
Operating lease commitments disclosed as at 31 December 2018	-
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Less: Short term leases not recognised as a liability	-
Less: Low value leases not recognised as a liability	-
Adjustments as a result of a different treatment of extension option	2,029
Lease liability as at 1 January 2019	**2,029**

The following table summarises the total impact of IFRS 16 on the Group's statement of financial position as at 1 January 2019:

		Impact of IFRS 16		
In millions of Nigerian Naira	**31 December 2018**	**Reclassification**	**Remeasurement**	**1 January 2019**
Assets				
Property and equipment	115,973	2,821	2,029	120,823
Other assets	4,753,765	(2,821)	-	4,750,944
Total assets	**4,869,738**	**-**	**2,029**	**4,871,767**
Liabilities				
Other liabilities	4,367,130	-	2,029	4,369,159
Total liabilities	**4,367,130**	**-**	**2,029**	**4,369,159**
Equity				
Total equity	502,608	-	-	502,608
Total liabilities and equity	**4,869,738**	**-**	**2,029**	**4,871,767**

There was no impact on retained earnings on adoption of IFRS 16 as at January 1 2019.

- Right-of -use assets increased by ₦2.82bn
- Prepaid rent decreased by ₦2.82bn
- Lease liability increased by ₦2.03bn

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3.30 New standards and interpretations not yet adopted - Continued

ai) Impact of adoption of IFRS 16 - continued

Adjustments recognised on adoption of IFRS 16 - continued

Bank

For the period ended 31 December,2019

In millions of Nigerian Naira	**IFRS 16 Disclosures**
Total Operating Leases:	
Operating lease commitments disclosed as at 31 December 2018	-
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Less: Short term leases not recognised as a liability	-
Less: Low value leases not recognised as a liability	-
Adjustments as a result of a different treatment of extension option	1,679
Lease liability as at 1 January 2019	**1,679**

The following table summarises the total impact of IFRS 16 on the Bank's statement of financial position as at 1 January 2019:

		Impact of IFRS 16		
In millions of Nigerian Naira	**31 December 2018**	**Reclassification**	**Remeasurement**	**1 January 2019**
Assets				
Property and equipment	97,502	2,596	1,679	101,777
Other assets	3,493,803	(2,596)	-	3,491,207
Total assets	**3,591,305**	**-**	**1,679**	**3,592,984**
Liabilities				
Other liabilities	3,226,707	-	1,679	3,228,386
Total liabilities	**3,226,707**	**-**	**1,679**	**3,228,386**
Equity				
Total equity	364,598	-	-	364,598
Total liabilities and equity	**3,591,305**	**-**	**1,679**	**3,592,984**

There was no impact on retained earnings on adoption of IFRS 16 as at January 1 2019.
- Right-of -use assets rose by ₦2.60bn
- Prepaid rent decreased by ₦2.60bn
- Lease liability increased by ₦1.68bn

The associated right-of-use assets for operating leases were measured on a prospective basis as if the new rules had always been applied. They were measured at the amount equal to the lease liability discounted to present value; relating to that lease recognised in the balance sheet as at 31 December 2018.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Practical Expedients applied:

(i)Incremental borrowing rate (IBR) used for discounting was determined using the corresponding FGN Bond/Bill yields of similar maturity (risk premium inclusive) with their respective lease terms(16.45% +1%). Hence, there was application of single lease rate to a portfolio of leases with reasonably similar characteristics but matched with their relevant lease terms.

(ii) There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(iii) The Group measured its right-of-use asset as an amount equal to the lease liability and any prepayments made on the lease while excluding other initial direct costs of measurement at the date of initial application.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3.30 New standards and interpretations not yet adopted - Continued

ai) Impact of adoption of IFRS 16 - continued

Adjustments recognised on adoption of IFRS 16 - continued

(iv) For existing leases which had been prepaid and which have extension or renewal options, the prepayments were reclassed from other assets to right of use assets, and the lease liability relating to the extension period was also recognised as a component of right of use assets.

(v) The Group also considered use of hindsight in determining lease term where the contract contains option to extend or terminate the lease.

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

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

Short-term leases and leases of low value:

The Group did not apply the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Also, there was no application of the exemption regarding low-value leases as at 31 December 2019.

b) Amendments to IAS 19

This amendment was issued 7 February 2018 and became effective 1 January 2019. It prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognise:

i) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and

ii) an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

c) IFRIC 23 – Uncertainty over Income Tax Treatments

This standard which became effective 1 January 2019, clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit(tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The Group has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Group

d) Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions

This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Group.

3.31 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 2019. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

3.31 Standards and interpretations issued/amended but not yet effective - Continued

a) Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g. An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business.

The effective date is on or after 1st January 2020.

The considerations include:

- To be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:
- Narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
- Adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
- Adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

This amendment does not have any impact on the Group.

b) Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. in IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity". The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1st January 2020. The Group has taken into consideration the new definition in the preparation of its annual account.

c) IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. 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 profitability 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.

In June 2019, the IASB proposed targeted amendments to IFRS 17 which aim to ease implementation of the standard. The amendments defer the effective date of the standards to reporting periods beginning on or after 1 January 2022. This is a deferral of one year compared to the current data published in IFRS 17 of 1 January 2021 and is subject to public consultation, which will take place in the latter half of 2019.

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

3.32 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management

4.1 Introduction and overview

Given the scale and scope of its operations as well as the diversity of the geographies within which it operates, United Bank for Africa Plc (UBA Plc) has adopted an enterprise wide, integrated approach to risk management. The key objectives are as follow:

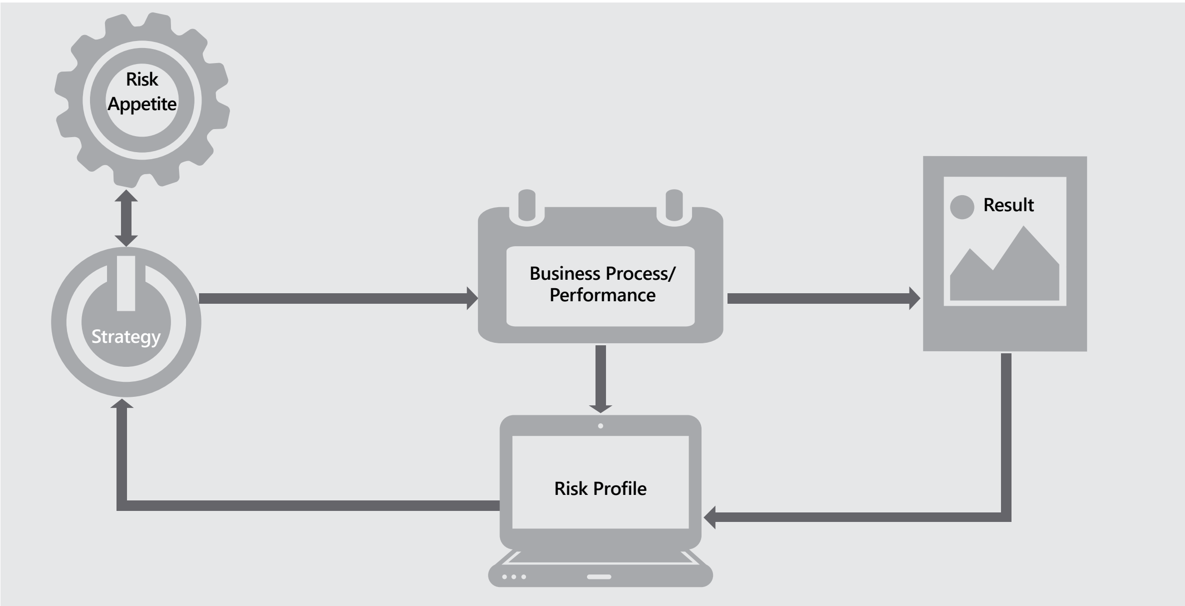
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords as adopted by the Central Bank of Nigeria (CBN);
2. ensure sustainable profitability and enterprise value protection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

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

(a) Risk Management Strategy

UBA's risk management strategy is based on an embedded risk management process from the strategy formulation level to the business unit decision making. The strategic risk management objectives include:

- Evaluation of the strategic risks faced by the Group in the continuously evolving environment;
- Allocate resources in line with strategic objectives and risks;
- Determine the tolerable risk profile and formulate the acceptable risk appetite for the Group;
- Establish adequate risk management and internal control systems to support the business and the risk appetite; and
- Establish proper feedback mechanism as input into the strategic risk management process.



(b) Risk Management Culture

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management - Continued

4.1 Introduction and risk profile - continued

(c) Role and responsibilities

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

Board of Directors

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

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

Board Committees

The Board of Directors has established various Board-level risk committees, to support its risk oversight roles and responsibilities. These committees review and advise on numerous risk matters requiring Board approvals.

The Board Risk Management Committee has direct oversight for the Bank's overall risk management framework. The Board Credit Committee considers and approves large exposure underwriting decisions within its authority and recommends those above its limit to the Board for consideration. The Board Audit and Governance Committee assists the Board with regard to internal controls, audit assessments and compliance matters.

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

Management Committees

Key Management Committees include:

(i) Executive Management Committee (EMC)

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

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

All non-credit product approvals must go to the EMC which shall review and approve or recommend for approval to the appropriate Board Committees in line with the Bank's advised Approval Limits. Above the EMC approval limits, Non-Credit products are approved by the Board's Finance and General Purpose Committee (F&GPC).

All new business activity irrespective of capital commitment must be approved by the F & GPC through the EMC.

ii) Executive Credit Committee (ECC)

The Committee's main objective is to develop and maintain a sound credit risk portfolio for the Group and to oversee the development and deployment of credit risk practices across the Group. They also:

Its principal activities and functions are:

- Set frameworks and guidelines for credit risk management for the Group
- Review and recommend all Credit related policies for the Group to the BCC for approval
- Monitor implementation and compliance with credit policy paying particular attention to the following:
- Credit concentration
- Credit portfolio quality
- Review credit requests and recommend those above its limit to BCC for approval
- Ensure the Group's Non Performing Loans portfolio is within the acceptable ratio
- Review all major credit audit issues with a view to adopting learning points for enhancement to the credit process

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management - Continued

4.1 Introduction and risk profile - continued

(c) Role and responsibilities - continued

(iii) Group Asset and Liability Committee

The Group Asset and Liability Committee (GALCO), is a sub-committee of the EMC whose decisions are reported to the Finance & General Purpose Committee. GALCO has responsibility for managing UBA Group's balance sheet as well as traded and non-traded market risks.

In playing this role, GALCO does the following:

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

(iv) Criticized Assets Committee

- The Criticized Assets Committee is a management committee which reviews Past Due Obligations (PDOs) and Develops the framework to reduce the Group's portfolio of risk assets on watch-list as well as delinquent accounts
- Monitor implementation of strategies developed for recoveries and reduction of loan delinquencies
- Ratifies proposed classification of accounts and provisioning levels
- Recommends write-offs for approval through the EMC to the Board

(v) Group Risk Management Committee

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

(a) To support the EMC in the discharge of its risk management responsibilities which includes but is not limited to the management of risk, determining risk tolerance levels, risk appetite, risk monitoring, risk assurance and risk disclosures for the Group.
(b) To review, assess and make recommendations on the integrity and adequacy of the overall risk management function of the Group.
(c) To review, assess and make recommendations to the Executive Management Committee regarding policies relating to risk management.
(d) To review risk limits and periodic risk and compliance reports and make recommendations to the Executive Management Committee.
(e) Recommend risk approval limits to Executive Management Committee.
(f) To review and recommend on an annual basis the update of the risk management policies, frameworks and procedures of the Group.
(g) Advice Executive Management Committee on any emerging risks that the Group is or could be exposed to and recommend mitigation actions.
(h) Monitor overall risk management framework to ensure that the framework is uniformly applied in all the entities in the Group.
(i) Review IT Risk Management and make recommendations in accordance with the risk appetite of the Group.
(j) Monitor the Basel II Accord Capital Framework implementation and compliance program in the Group.
(k) Periodic review of the Risk Assets Portfolio and Limits in line with internal and regulatory benchmarks.
(l) Review and recommend yearly Risk Management staffing model and manpower development programs.

Group Chief Risk Officer

The Group Chief Risk Officer has oversight for the effective and efficient governance of all risk functions in the Group. He is responsible for the development and implementation of Group's risk management frameworks, policies and processes across the entire risk spectrum.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.1 Introduction and risk profile - continued

(d) Central Risk Management Functions

Each risk function including Credit, Market, Operational and IT Risk has direct responsibility for the development and management of risk management activities. The responsibilities of divisional functions with respect to risk include:

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

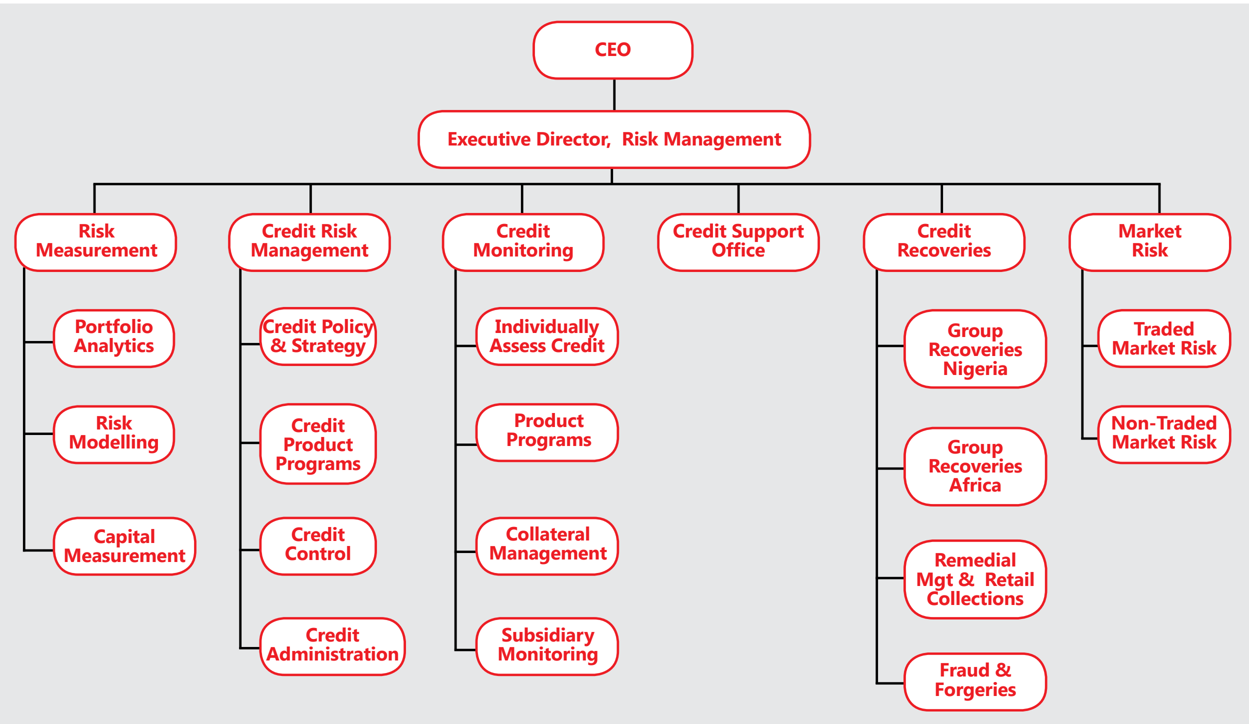
At a strategic level, our risk management objectives are as follows:

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

(e) Risk Management Structure

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

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



(f) Risk Management Policies

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

4 Financial Risk Management- Continued

4.1 Introduction and risk profile - continued

(f) Risk Management Policies - continued

(i) Risk Appetite

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

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

(ii) Approval Authority

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

(iii) Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.
In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. The Group applies a concentration risk management framework that sets exposure limits as a function of capital across all dimensions of its asset portfolio including geography, sector, obligor, product etc. This is closely monitored to ensure diversification of risk.

4.2 Credit Risk

(a) Overview

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

(i) Credit Risk Management (CRM)

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

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

(ii) Credit Risk Governance

The Board through the Board Credit Committee (BCC) is responsible for the overall governance of credit risk and the management of the credit portfolio of the Group. It reviews and recommends credit policies to the Board. The Executive Credit Committee (ECC) sets frameworks and guidelines for credit risk management for the Group and reviews and recommends for approval to the BCC all credit related policies for the Group. ECC monitors implementation and compliance with credit policy paying particular attention to the following:

a. Credit concentration
b. Credit portfolio performance
c. Credit quality

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(a) Overview - continued

(iii) *Credit Monitoring*

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

(iv) *Credit Concentration Management*

The Group has a Credit Concentration Risk Management policy which provides a framework within which lending decisions can be made so as to ensure an adequate level of diversification of the Group's credit portfolio. The policy provides risk-based limits that restrict lending activities to the Group's desired risk appetite and tolerance.

The Group ensures that:

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

(v) *Credit Risk Measurement*

In measuring credit risk of loans and advances to various counterparties, the Group considers the credit worthiness and financial capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations-value of collateral and other ways out. Our credit exposure comprises wholesale and retail loans and advances and debt securities. The Group's policy is to lend principally on the basis of our customers' repayment capacity through quantitative and qualitative evaluation. However we strive to ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

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

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

Probability of Default

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

Loss Given Default

LGD is defined as the portion of the loan determined to be irrecoverable at the time of loan default (1 – recovery rate). Our methods for estimating LGD includes both quantitative and qualitative factors which are adjusted for forward looking information to measure lifetime expected credit losses.

Exposure at default

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

(vi) *General Risk Rating Process*

The Group adopts a two-dimensional approach to the assessment of credit risk in the Risk Rating Process for all obligors.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(a) Overview - continued

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

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

The integrity of the Group's portfolio management process is dependent on accurate and timely risk ratings. Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed on a periodic basis and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the outstanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as

- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

(vii) *Credit Rating of Counterparty/Obligor*

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

Description	Rating Bucket	Range of Scores	Risk Range	Risk Range (Description)
Extremely Low Risk	AAA	1.00 – 1.99	90% – 100%	Low Risk Range
Very Low Risk	AA	2.00 – 2.99	80% – 89%	
Low Risk	A	3.00 – 3.99	70% – 79%	
Acceptable Risk	BBB	4.00 – 4.99	60% – 69%	Acceptance Risk Range
Moderately High Risk	BB	5.00 – 5.99	50% – 59%	
High Risk	B	6.00 – 6.99	40% – 49%	High Risk Range
Very High Risk	CCC	7.00 – 7.99	30% – 39%	
Extremely High Risk	CC	8.00 – 8.99	0% – 29%	Unacceptable Risk Range
High Likelihood of Default	C	9.00 – 9.99	Below 0%	
Default	D	Above 9.99	Below 0%	

(viii) *Remedial Management Process*

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

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

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

- Rate/Payment modification or longer-term payment relief - adjusting interest rates or payment frequency;
- Ageing/Extension: Modifying the length of the loan;
- Cash Out: Refinancing a loan at a higher principal amount in order to get additional funds for other uses;
- Short Sale – Loan is discounted to prevent imminent foreclosure; and
- Deed in lieu – Voluntary conveyance of interest in property to the Bank

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(a) Overview - continued

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

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

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

Risk Management and Credit Recovery Division methodology

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure

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

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

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

	Maximum exposure		Maximum exposure	
	Group		Bank	
In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Cash and bank balances				
Current balances with banks	192,522	344,123	168,775	309,921
Unrestricted balances with Central Banks	113,574	202,714	5,688	27,642
Money market placements	153,355	8,467	117,646	51,089
Restricted balances with central banks	832,108	563,683	815,978	551,568
Financial assets at fair value through profit or loss				
Treasury bills	35,631	18,743	35,631	18,743
Promissory notes	59,038	-	59,038	-
Bonds	7,719	696	7,719	696
Derivative assets	48,131	34,784	48,131	34,784
Loans and advances to banks:				
Term Loan	108,211	15,797	99,849	15,516
Loans and advances to individuals				
Overdraft	16,812	15,668	8,867	7,525
Term loan	88,960	81,905	36,068	15,508
Loans and advances to corporate entities and others				
Overdraft	426,036	332,505	280,503	179,246
Term Loan	1,526,409	1,280,890	1,175,012	1,007,204
Others	2,930	4,317	2,930	4,318
Investment securities at fair value through other comprehensive income:				
Treasury bills	678,243	790,292	634,209	705,152
Bonds	108,697	143,608	24,931	118,498
Investment securities at amortised cost:				
Treasury bills	461,353	321,131	-	-
Bonds	209,149	279,658	73,556	84,509
Other assets	111,912	43,583	98,197	38,949
Total	**5,180,790**	**4,482,564**	**3,692,728**	**3,170,868**
Loans exposure to total exposure	42%	39%	43%	39%
Debt securities exposure to total exposure	30%	35%	23%	29%
Other financial assets exposure to total exposure	28%	27%	34%	32%

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

	Group		Bank	
In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Performance bonds and guarantees	48,692	428,043	47,019	307,680
Letters of credits	595,896	217,764	299,756	71,796
	644,588	**645,807**	**346,775**	**379,476**
Bonds and guarantee exposure to total exposure	8%	66%	14%	81%
Letters of credit exposure to total off-balance sheet exposure	92%	34%	86%	19%

Credit risk exposures relating to loan commitment are as follows:

Loan commitment to corporate entities and others				
Term Loan	87,028	159,543	87,028	159,543
	87,028	**159,543**	**87,028**	**159,543**

There are no loan commitments to individuals.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(ii) Credit concentration - location

The Group monitors concentrations of credit risk by sector, geographic location and industry. Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security. The amounts stated are net of impairment allowances.

An analysis of concentrations of credit risk at the reporting date is shown below:

31 December 2019	Group				Bank			
In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the world	Total	Nigeria	Rest of Africa	Rest of the world	Total
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	36,274	156,248	192,522	-	12,527	156,248	168,775
- Unrestricted balances with Central Banks	5,688	107,886	-	113,574	5,688	-	-	5,688
- Money market placements	44,417	30,660	78,278	153,355	44,417	30,660	42,569	117,646
- Restricted balances with central banks	815,978	16,130	-	832,108	815,978	-	-	815,978
Financial assets at FVTPL:								
- Treasury bills	35,631	-	-	35,631	35,631	-	-	35,631
- Promissory notes	59,038	-	-	59,038	59,038	-	-	59,038
- Government bonds	7,719	-	-	7,719	7,719	-	-	7,719
Derivative assets	38,221	-	9,910	48,131	38,221	-	9,910	48,131
Loans and advances to banks								
- Corporates	31,013	65,328	11,870	108,211	31,013	65,328	3,508	99,849
Loans and advances to customers:								
Individuals:								
- Overdrafts	8,867	7,945	-	16,812	8,867	-	-	8,867
- Term loans	36,068	52,892	-	88,960	36,068	-	-	36,068
Corporates:								
- Overdrafts	219,461	206,575	-	426,036	219,461	61,042	-	280,503
- Term loans	1,139,181	387,228	-	1,526,409	1,139,181	35,831	-	1,175,012
- Others	2,930	-	-	2,930	2,930	-	-	2,930
Investment securities:								
At amortised cost								
- Treasury bills	-	461,353	-	461,353	-	-	-	-
- Bonds	64,392	133,691	11,066	209,149	64,392	-	9,164	73,556
At FVOCI								
- Treasury bills	634,209	44,034	-	678,243	634,209	-	-	634,209
- Bonds	24,931	83,766	-	108,697	24,931	-	-	24,931
Other assets	72,315	39,476	121	111,912	72,315	25,882	-	98,197
Total financial assets	**3,240,059**	**1,673,238**	**267,493**	**5,180,790**	**3,240,059**	**231,270**	**221,399**	**3,692,728**
Commitments and guarantees								
- Performance bonds and guarantees	47,019	1,673	-	48,692	47,019	-	-	47,019
- Letters of credits	299,756	255,559	40,581	595,896	299,756	-	-	299,756
- Loan commitments	87,028	-	-	87,028	87,028	-	-	87,028
Total commitments and guarantees	**433,803**	**257,232**	**40,581**	**731,616**	**433,803**	**-**	**-**	**433,803**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(ii) Credit concentration - location (continued)

31 December 2018	**Group**				**Bank**			
In millions of Nigerian Naira	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**	**Nigeria**	**Rest of Africa**	**Rest of the world**	**Total**
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	34,282	309,841	344,123	-	80	309,841	309,921
- Unrestricted balances with Central Banks	27,642	175,072	-	202,714	27,642	-	-	27,642
- Money market placements	-	-	8,467	8,467	-	13,013	38,076	51,089
- Restricted balances with central banks	551,568	12,115	-	563,683	551,568	-	-	551,568
Financial assets at FVTPL:								
- Treasury bills	18,743	-	-	18,743	18,743	-	-	18,743
- Promissory notes	696	-	-	696	696	-	-	696
- Government bonds	34,742	-	42	34,784	34,742	-	42	34,784
Derivative assets								
Loans and advances to banks	8,366	7,150	281	15,797	8,366	7,150	-	15,516
- Corporates								
Loans and advances to customers:								
Individuals:	7,525	8,143	-	15,668	7,525	-	-	7,525
- Overdrafts	15,508	66,397	-	81,905	15,508	-	-	15,508
- Term loans								
Corporates:	178,955	153,550	-	332,505	178,955	291	-	179,246
- Overdrafts	968,834	312,056	-	1,280,890	968,834	38,370	-	1,007,204
- Term loans	4,318	-	-	4,318	4,318	-	-	4,318
- Others								
Investment securities:								
At amortised cost	-	321,131	-	321,131	-	-	-	-
- Treasury bills	75,345	189,517	14,796	279,658	75,345	-	9,164	84,509
- Bonds								
At FVOCI	705,152	85,140	-	790,292	705,152	-	-	705,152
- Treasury bills	118,498	25,110	-	143,608	118,498	-	-	118,498
- Bonds	24,304	18,604	675	43,583	24,304	14,645	-	38,949
Other assets								
Total financial assets	**2,740,196**	**1,408,267**	**334,102**	**4,482,565**	**2,740,196**	**73,549**	**357,123**	**3,170,868**
Commitments and guarantees								
- Performance bonds and guarantees	307,680	120,363	-	428,043	307,680	-	-	307,680
- Letters of credits	71,796	120,427	25,541	217,764	71,796	-	-	71,796
- Loan commitments	159,543	-	-	159,543	159,543	-	-	159,543
Total commitments and guarantees	**539,019**	**240,790**	**25,541**	**805,350**	**539,019**	**-**	**-**	**539,019**

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(iii) Credit concentration - Industry

The following table analyses the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. The amounts stated are net of impairment allowances.

Group *In millions of Nigerian Naira*	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2019													
Cash and bank balances:													
- Current balances with banks	-	-	-	192,522	-	-	-	-	-	-	-	-	192,522
- Unrestricted balances with Central Banks	-	-	-	113,574	-	-	-	-	-	-	-	-	113,574
- Money market placements	-	-	-	153,355	-	-	-	-	-	-	-	-	153,355
- Restricted balances with central banks	-	-	-	832,108	-	-	-	-	-	-	-	-	832,108
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	35,631	-	-	-	-	-	35,631
- Promissory notes	-	-	-	-	-	-	58,963	-	-	75	-	-	59,038
- Government bonds	-	-	-	-	-	-	7,719	-	-	-	-	-	7,719
Derivative assets	-	-	-	48,131	-	-	-	-	-	-	-	-	48,131
Loans and advances to banks	-	-	-	108,211	-	-	-	-	-	-	-	-	108,211
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	16,812	-	-	-	-	-	-	-	16,812
- Term loans	-	-	-	-	88,960	-	-	-	-	-	-	-	88,960
Corporates	-	-	-	-	-	-	-	-	-	-	-	-	
- Overdrafts	12,835	7,406	2,395	4,195	5,408	92,126	59,046	3,589	97,851	128,618	8,885	3,682	426,036
- Term loans	46,771	77,496	14,264	100,747	19,141	193,240	274,374	129,527	208,524	242,387	202,994	16,945	1,526,409
- Others	-	-	-	-	-	-	-	-	2,930	-	-	-	2,930
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	461,353	-	-	-	-	-	461,353
- Bonds	-	-	-	10,577	-	-	198,572	-	-	-	-	-	209,149
At FVOCI													
- Treasury bills	-	-	-	-	-	-	678,243	-	-	-	-	-	678,243
- Bonds	-	-	-	-	-	-	108,697	-	-	-	-	-	108,697
Other assets	-	-	-	31,868	80,044	-	-	-	-	-	-	-	111,912
Total financial assets	**59,606**	**84,902**	**16,659**	**1,595,288**	**210,365**	**285,366**	**1,882,598**	**133,116**	**309,305**	**371,080**	**211,879**	**20,627**	**5,180,790**
Commitments and guarantees													
- Performance bonds and guarantees	1,813	13,667	-	3,824	7,359	2,838	1,092	50	6,587	5,850	4,943	669	48,692
- Letters of credits	11,933	103,561	-	-	79,154	26,231	-	2,135	282,129	85,629	5,124	-	595,896
- Loan Commitments	-	-	-	-	-	-	-	18,198	-	-	68,830	-	87,028
Total commitments and guarantees	**13,746**	**117,228**	**-**	**3,824**	**86,513**	**29,069**	**1,092**	**20,383**	**288,716**	**91,479**	**78,897**	**669**	**731,616**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(iii) Credit concentration - Industry (continued)

Bank *In millions of Nigerian Naira*	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2019													
Cash and bank balances:													
- Current balances with banks	-	-	-	168,775	-	-	-	-	-	-	-	-	168,775
- Unrestricted balances with Central Banks	-	-	-	5,688	-	-	-	-	-	-	-	-	5,688
- Money market placements	-	-	-	117,646	-	-	-	-	-	-	-	-	117,646
- Restricted balances with central banks	-	-	-	815,978	-	-	-	-	-	-	-	-	815,978
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	35,631	-	-	-	-	-	35,631
- Promissory notes	-	-	-	-	-	-	58,963	-	-	75	-	-	59,038
- Government bonds	-	-	-	-	-	-	7,719	-	-	-	-	-	7,719
Derivative assets	-	-	-	48,131	-	-	-	-	-	-	-	-	48,131
Loans and advances to banks	-	-	-	99,849	-	-	-	-	-	-	-	-	99,849
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	8,867	-	-	-	-	-	-	-	8,867
- Term loans	-	1,379	-	-	34,689	-	-	-	-	-	-	-	36,068
Corporates													
- Overdrafts	7,408	4,880	1,886	422	5,408	61,425	38,126	583	70,442	78,702	6,907	4,315	280,503
- Term loans	28,930	47,902	12,189	93,436	19,141	171,265	133,086	105,075	187,657	189,627	173,762	12,942	1,175,012
- Others	-	-	-	-	-	-	-	-	2,930	-	-	-	2,930
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	10,577	-	-	62,979	-	-	-	-	-	73,556
At FVOCI													
- Treasury bills	-	-	-	-	-	-	634,209	-	-	-	-	-	634,209
- Bonds	-	-	-	-	-	-	24,931	-	-	-	-	-	24,931
Other assets	-	-	-	54,977	43,220	-	-	-	-	-	-	-	98,197
Total financial assets	**36,338**	**54,161**	**14,075**	**1,415,479**	**111,325**	**232,690**	**995,644**	**105,658**	**261,029**	**268,404**	**180,669**	**17,256**	**3,692,728**
Commitments and guarantees													
- Performance bonds and guarantees	1,813	13,667	-	3,824	7,359	2,838	1,092	50	5,044	5,850	4,943	539	47,019
- Letters of credits	11,933	103,561	-	-	79,154	3,893	-	2,135	91,135	7,945	-	-	299,756
- Loan Commitments	-	-	-	-	-	-	-	18,198	-	-	68,830	-	87,028
Total commitments and guarantees	**13,746**	**117,228**	**-**	**3,824**	**86,513**	**6,731**	**1,092**	**20,383**	**96,179**	**13,795**	**73,773**	**539**	**433,803**

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(iii) Credit concentration - Industry (continued)

Group *In millions of Nigerian Naira*	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2018													
Cash and bank balances:													
- Current balances with banks													
- Unrestricted balances with Central Banks	-	-	-	344,123	-	-	-	-	-	-	-	-	344,123
- Money market placements	-	-	-	202,714	-	-	-	-	-	-	-	-	202,714
- Restricted balances with central banks	-	-	-	8,467	-	-	-	-	-	-	-	-	8,467
Financial assets at FVTPL:	-	-	-	563,683	-	-	-	-	-	-	-	-	563,683
- Treasury bills													
- Promissory notes	-	-	-	-	-	-	18,743	-	-	-	-	-	18,743
- Government bonds	-	-	-	-	-	-	696	-	-	-	-	-	696
Derivative assets	-	-	-	34,784	-	-	-	-	-	-	-	-	34,784
Loans and advances to banks	-	-	-	15,797	-	-	-	-	-	-	-	-	15,797
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	15,668	-	-	-	-	-	-	-	15,668
- Term loans	-	-	-	-	81,905	-	-	-	-	-	-	-	81,905
Corporates													
- Overdrafts	46,756	10,199	2,630	4,985	8,197	60,672	48,830	5,030	76,824	61,866	5,099	1,417	332,505
- Term loans	36,872	40,680	14,292	103,179	31,403	162,620	108,387	68,465	209,297	321,132	182,938	1,625	1,280,890
- Others	96	-	-	-	-	2,380	-	-	1,842	-	-	-	4,317
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	321,131	-	-	-	-	-	321,131
- Bonds	-	-	-	-	9,164	-	270,335	-	159	-	-	-	279,658
At FVOCI				-	-	-	-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	790,292	-	-	-	-	-	790,292
- Bonds	-	-	-	-	-	-	143,608	-	-	-	-	-	143,608
Other assets	-	-	-	20,001	23,582	-	-	-	-	-	-	-	43,583
Total financial assets	**83,724**	**50,879**	**16,922**	**1,297,733**	**169,919**	**225,672**	**1,702,022**	**73,495**	**288,122**	**382,998**	**188,037**	**3,042**	**4,482,564**
Commitments and guarantees													
- Performance bonds and guarantees	876	245,868		19,104	442	75,850	-	1,153	27,227	27,642	29,790	91	428,043
- Letters of credits	1,339	19,123	-	-	44,883	983	-	9,682	114,591	26,050	922	191	217,764
- Loan Commitments	-	-	-	-	-	-	-	67,626	2,366	89,551	-	-	159,543
Total commitments and guarantees	**2,215**	**264,991**	**-**	**19,104**	**45,325**	**76,833**	**-**	**78,461**	**144,184**	**143,243**	**30,712**	**282**	**805,350**

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(b) Credit risk Exposure - continued

(iii) Credit concentration - Industry (continued)

Bank *In millions of Nigerian Naira*	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2018													
Cash and bank balances:													
- Current balances with banks	-	-	-	309,921	-	-	-	-	-	-	-	-	309,921
- Unrestricted balances with Central Banks	-	-	-	27,642	-	-	-	-	-	-	-	-	27,642
- Money market placements	-	-	-	51,089	-	-	-	-	-	-	-	-	51,089
- Restricted balances with central banks	-	-	-	551,568	-	-	-	-	-	-	-	-	551,568
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-		-	-	-	-	-	
- Promissory notes	-	-	-	-	-	-	18,743	-	-	-	-	-	18,743
- Government bonds	-	-	-	-	-	-	696	-	-	-	-	-	696
Derivative assets	-	-	-	34,784	-	-	-	-	-	-	-	-	34,784
Loans and advances to banks	-	-	-	15,516	-	-	-	-	-	-	-	-	15,516
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	7,525	-	-	-	-	-	-	-	7,525
- Term loans	-	-	-	-	15,508	-	-	-	-	-	-	-	15,508
Corporates													
- Overdrafts	31,383	8,716	1,919	795	8,077	35,681	34,683	267	35,752	19,771	2,046	156	179,246
- Term loans	17,468	39,529	13,629	87,969	30,168	139,116	60,161	56,368	177,908	231,736	152,913	239	1,007,204
- Others	96	-	-	-	-	2,380	-	-	1,842	-	-	-	4,318
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	-	9,164	-	75,186	-	159	-	-	-	84,509
At FVOCI													
- Treasury bills	-	-	-	-	-	-	705,152	-	-	-	-	-	705,152
- Bonds	-	-	-	-	-	-	118,498	-	-	-	-	-	118,498
Other assets	-	-	-	31,513	7,436	-	-		-	-	-	-	38,949
Total financial assets	**48,947**	**48,245**	**15,548**	**1,110,797**	**77,878**	**177,177**	**1,013,119**	**56,635**	**215,661**	**251,507**	**154,959**	**395**	**3,170,868**
Commitments and guarantees													
- Performance bonds and guarantees	683	184,397	-	19,041	440	43,439	-	814	13,151	26,164	19,478	73	307,680
- Letters of credits	360	4,016	-	-	32,950	96	-	9,682	552	23,883	101	156	71,796
- Loan Commitments	-	-	-	-	-	-	-	67,625	2,367	89,551	-	-	159,543
Total commitments and guarantees	**1,043**	**188,413**	**-**	**19,041**	**33,390**	**43,535**	**-**	**78,121**	**16,070**	**139,598**	**19,579**	**229**	**539,019**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality

The Group manages the credit quality of its financial assets using internal credit ratings. It is the Group's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly.

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

Stage 1 Loans and Advances:

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

Stage 2 Loans and Advances:

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

Stage 3 Loans and Advances:

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

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). These are loans and securities specifically impaired.

Loans with renegotiated terms

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Group renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. As at 31 December 2019, the carrying amount of loans with renegotiated terms was N77 billion (December 2018: N135 billion). There are no other financial assets with renegotiated terms as at 31 December 2019 (December 2018: nil).

Impairment assessment under IFRS

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

The Group records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The measurement of expected credit losses is based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate.

The ECL model has three stages. The Group recognises a 12-month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired and then a lifetime expected loss allowance is recognised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

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

31 December 2019	Group				Bank			
In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Cash and bank balances:								
- Current balances with banks	192,522	-	-	192,522	168,775	-	-	168,775
- Unrestricted balances with Central Banks	113,574	-	-	113,574	5,688	-	-	5,688
- Money market placements	153,355	-	-	153,355	117,646	-	-	117,646
- Restricted balances with central banks	832,108	-	-	832,108	815,978	-	-	815,978
Financial assets at FVTPL:								
- Treasury bills	35,631	-	-	35,631	35,631	-	-	35,631
- Promissory notes	59,038	-		59,038	59,038	-	-	59,038
- Government bonds	7,719	-	-	7,719	7,719	-	-	7,719
Derivative assets	48,131	-	-	48,131	48,131	-	-	48,131
Loans and advances to banks	110,123	-	-	110,123	101,746	-	-	101,746
Loans and advances to customers								
Individuals								
- Overdrafts	5,763	2,461	15,984	24,208	4,763	-	9,880	14,643
- Term loans	74,317	15,474	2,642	92,432	36,349	-	1,174	37,523
Corporates								
- Overdrafts	323,997	57,359	78,159	459,515	252,335	18,713	26,203	297,251
- Term loans	1,188,681	362,279	17,218	1,568,177	922,697	279,899	2,393	1,204,990
- Others	2,951	-	-	2,951	2,951	-	-	2,951
Investment securities:								
At Amortised Cost								
- Treasury bills	461,353	-	-	461,353	-	-	-	-
- Bonds	209,645	-	-	209,645	74,017	-	-	74,017
At FVOCI								
- Treasury bills	678,243	-	-	678,243	634,209	-	-	634,209
- Bonds	108,697	-	-	108,697	24,931	-	-	24,931
Other assets	111,912	-	8,642	120,554	98,197	-	5,039	103,236
Gross financial assets	**4,717,759**	**437,573**	**122,644**	**5,277,976**	**3,410,802**	**298,612**	**44,689**	**3,754,103**
Allowance for impairment on financial assets is as follows:								
Allowance for credit losses								
Loans and advances to customers								
- Individuals	1,755	855	8,258	10,868	824	-	6,407	7,231
- Corporates	32,108	15,345	27,815	75,268	23,717	8,222	14,808	46,747
Loans and advances to banks	1,912	-	-	1,912	1,897	-	-	1,897
	35,775	**16,200**	**36,073**	**88,048**	**26,438**	**8,222**	**21,215**	**55,875**
Allowance for impairment								
Other assets	8,642	-	-	8,642	5,039	-	-	5,039
Bonds at amortised cost	496	-	-	496	461	-	-	461
	9,138	**-**	**-**	**9,138**	**5,500**	**-**	**-**	**5,500**
Total impairment allowance on financial assets	**44,913**	**16,200**	**36,073**	**97,186**	**31,938**	**8,222**	**21,215**	**61,375**
Net amount	**4,672,846**	**421,373**	**86,571**	**5,180,790**	**3,378,864**	**290,390**	**23,474**	**3,692,728**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

(ii) The internal credit rating of financial assets that are classified as Stage 1 at the reporting date is as follows:

Group

31 December 2019	Group				Bank			
In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Cash and bank balances:								
- Current balances with banks	-	192,522	-	-	-	192,522	-	192,522
- Unrestricted balances with Central Banks	113,574	-	-	-	-	113,574	-	113,574
- Money market placements	-	153,355	-	-	-	153,355	-	153,355
- Restricted balances with central banks	832,108	-	-	-	-	832,108	-	832,108
Financial assets at FVTPL:								
- Treasury bills	35,631	-	-	-	-	35,631	-	35,631
- Promissory notes	58,963	-	75	-	-	59,038	-	59,038
- Government bonds	7,719	-	-	-	-	7,719	-	7,719
Derivative assets	48,131	-	-	-	-	48,131	-	48,131
Loans and advances to banks	-	110,123	-	-	-	110,123	(1,912)	108,211
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	24,208	-	-	24,208	(7,396)	16,812
- Term loans	-	-	92,432	-		92,432	(3,472)	88,960
Corporates								
- Overdrafts	204	593	458,717	-	-	459,515	(33,479)	426,036
- Term loans	57,326	73,743	1,437,109	-	-	1,568,177	(41,768)	1,526,409
- Others	-	-	2,951	-	-	2,951	(21)	2,930
Investment securities:								
At Amortised Cost								
- Treasury bills	461,353	-	-	-	-	461,353	-	461,353
- Bonds	188,447	19,969	1,229	-	-	209,645	(496)	209,149
At FVOCI						-		-
- Treasury bills	678,243	-	-	-	-	678,243	-	678,243
- Bonds	108,697	-	-	-	-	108,697	-	108,697
Other assets	-	-	-	-	120,554	120,554	(8,642)	111,912
	2,590,396	**550,305**	**2,016,721**	**-**	**120,554**	**5,277,976**	**(97,186)**	**5,180,790**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

(ii) The internal credit rating of financial assets that are classified as Stage 1 at the reporting date is as follows:

Group

31 December 2018			Group				Bank	
In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Cash and bank balances:								
- Current balances with banks	-	344,123	-	-	-	344,123	-	344,123
- Unrestricted balances with Central Banks	202,714	-	-	-	-	202,714	-	202,714
- Money market placements	-	8,467	-	-	-	8,467	-	8,467
- Restricted balances with central banks	563,683	-	-	-	-	563,683	-	563,683
Financial assets at FVTPL:								-
- Treasury bills	18,743	-	-	-	-	18,743	-	18,743
- Government bonds	696	-	-	-	-	696	-	696
Derivative assets	34,784	-	-	-	-	34,784	-	34,784
Loans and advances to banks	-	16,147	-	-	-	16,147	(350)	15,797
Loans and advances to customers								-
Individuals								-
- Overdrafts	-	-	24,303	275	-	24,578	(8,910)	15,668
- Term loans	-	-	80,119	4,229		84,348	(2,443)	81,905
Corporates								-
- Overdrafts	973	27,048	346,247	9,147	-	383,414	(50,909)	332,505
- Term loans	58,571	276,358	975,102	690	-	1,310,720	(29,830)	1,280,890
- Others	-	-	4,333	-	-	4,333	(16)	4,317
Investment securities:								-
At Amortised Cost								-
- Treasury bills	321,131	-	-	-	-	321,131	-	321,131
- Bonds	257,959	20,398	1,301	-	-	279,658	-	279,658
At FVOCI						-		-
- Treasury bills	790,292	-	-	-	-	790,292	-	790,292
- Bonds	143,608	-	-	-	-	143,608	-	143,608
Other assets	-	-	-	-	43,583	43,583	-	43,583
	2,393,154	**692,541**	**1,431,405**	**14,341**	**43,583**	**4,575,022**	**(92,458)**	**4,482,564**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

(ii) The internal credit rating of financial assets that are classified as Stage 1 at the reporting date is as follows:

Bank

31 December 2019			Group			Bank		
In millions of Nigerian Naira	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Cash and bank balances:								
- Current balances with banks	-	168,775	-	-	-	168,775	-	168,775
- Unrestricted balances with Central Banks	5,688	-	-	-	-	5,688	-	5,688
- Money market placements	-	117,646	-	-	-	117,646	-	117,646
- Restricted balances with central banks	815,978	-	-	-	-	815,978	-	815,978
Financial assets at FVTPL:								-
- Treasury bills	35,631	-	-	-	-	35,631	-	35,631
- Promissory notes	58,963	-	75			59,038	-	59,038
- Government bonds	7,719	-	-	-	-	7,719	-	7,719
Derivative assets	48,131	-	-	-	-	48,131	-	48,131
Loans and advances to banks	-	101,746	-	-	-	101,746	(1,897)	99,849
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	14,643	-	-	14,643	(5,776)	8,867
- Term loans	-	-	37,523	-	-	37,523	(1,455)	36,068
Corporates								-
- Overdrafts	204	593	296,453	-	-	297,251	(16,748)	280,503
- Term loans	57,326	73,743	1,073,921	-	-	1,204,990	(29,978)	1,175,012
- Others	-	-	2,951	-	-	2,951	(21)	2,930
Investment securities:								-
At Amortised Cost								-
- Treasury bills	-	-	-	-	-	-	-	-
- Bonds	52,819	19,969	1,229	-	-	74,017	(461)	73,556
At FVOCI								-
- Treasury bills	634,209	-	-	-	-	634,209	-	634,209
- Bonds	24,931	-	-	-	-	24,931	-	24,931
Other assets	-	-	-	-	98,197	98,197	-	98,197
	1,741,599	**482,472**	**1,426,796**	**-**	**98,197**	**3,749,064**	**(56,336)**	**3,692,728**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(c) Credit Quality - continued

(ii) The internal credit rating of financial assets that are classified as Stage 1 at the reporting date is as follows:

Bank

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(d) Statement of Prudential Adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines and the Central Banks of the foreign subsidiaries' regulations. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

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

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

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

As at 31 December 2019, the difference between the Prudential provision and IFRS impairment was ₦29.073 billion for the Group (December 2018: ₦21.455 billion) and ₦21.342 billion for the Bank (December 2018: ₦15.212 billion). This requires a transfer of ₦29.073 billion from retained earnings to regulatory credit risk reserve for the Group and ₦21.342 billion transfer from retained earnings to regulatory credit risk reserve for the Bank, as disclosed in the statement of changes in equity. These amounts represent the difference between provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the Central Banks of foreign subsidiaries, and impairment reserve as determined in line with IFRS 9 as at year end.

	Group		Bank	
In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Total impairment based on IFRS	119,769	100,757	77,796	65,542
Total impairment based on Prudential Guidelines	148,842	122,212	99,138	80,754
Amount transferred to regulatory credit risk reserve from retained earnings	(29,073)	(21,455)	(21,342)	(15,212)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(e) Credit Collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and updated periodically. Collateral generally is not held over loans and advances to banks except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually also not held against investment securities.

Irrespective of how well a credit proposal is structured, a second way out in form of adequate collateral coverage for all loans is a major requirement in order to protect the bank from incurring loan losses due to unforeseen events resulting from deterioration of the quality of a loan.

Consequently, the Group issues appropriate guidelines for acceptability of loan collateral from time to time, and during the period, there were no changes in the Group's collateral policies that would warrant any change in collateral quality. These articulate acceptable collateral in respect of each credit product including description, required documentation for perfection of collateral and minimum realizable value.

All items pledged as security for loan facilities are insured with the Bank noted as the first loss payee.

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

1. Cash

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

2. Treasury bills/certificates

Treasury bills/certificates are acceptable as bank security provided the instruments are purchased through the Bank and have been properly assigned to the bank. Since payments are channelled through the Bank on due dates, realization of the security is relatively easy.

3. Stock and shares

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

4. Legal Mortgage

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

5. Debenture

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

6. Life Insurance Policies

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

7. Guarantees

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(e) Credit Collateral - continued

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Loans to individuals				
Against Stage 3 loans				
Property	916	1,223	916	903
Others	14,966	14,243	9,666	6,800
	15,882	15,465	10,582	7,703
Against Stage 2 loans				
Property	-	284	-	-
Others	12,555	4,398	-	82
	12,555	4,682	-	82
Against Stage 1 loans				
Property	4,043	4,812	4,043	4,651
Others	64,196	85,892	36,919	19,257
	68,239	90,704	40,962	23,909
Total for loans to individuals	**96,676**	**110,851**	**51,544**	**31,694**
Loans to corporates				
Against Stage 3 loans				
Property	19,678	64,332	19,678	64,188
Others	54,431	63,232	15,289	8,522
	74,109	127,564	34,967	72,710
Against Stage 2 loans				
Property	59,728	43,633	59,728	40,097
Others	313,268	155,174	228,550	109,353
	372,996	198,808	288,278	149,450
Against Stage 1 loans				
Property	184,554	292,788	178,172	286,776
Others	1,118,506	1,062,567	864,961	713,749
	1,303,060	1,355,355	1,043,133	1,000,525
Total for loans to corporates	**1,750,165**	**1,681,727**	**1,366,378**	**1,222,685**
Total for loans and advances to customers	**1,846,841**	**1,792,578**	**1,417,922**	**1,254,379**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(e) Credit Collateral - continued

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

31 December 2019	**Group**		**Bank**	
In millions of Nigerian Naira	**Total Exposure Dec. 2019**	**Value of Collateral Dec. 2018**	**Total Exposure Dec. 2019**	**Value of Collateral Dec. 2018**
Loans and advances to banks				
Unsecured	110,123	5,106	101,746	5,106
Loans and advances to customers				
Secured against real estate	289,977	268,919	281,073	262,537
Secured against cash	14,752	15,115	14,752	15,115
Secured against other collateral*	1,707,400	1,562,808	1,158,537	1,140,271
Unsecured	49,018	-	49,018	-
	2,061,147	**1,846,842**	**1,503,380**	**1,417,923**

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

31 December 2019	**Group**		**Bank**	
In millions of Nigerian Naira	**Total Exposure Dec. 2019**	**Value of Collateral Dec. 2018**	**Total Exposure Dec. 2019**	**Value of Collateral Dec. 2018**
Off-balance sheet exposures				
Secured against real estate	116,796	69,992	75,315	69,992
Secured against cash	68,794	62,780	21,794	15,780
Secured against other collateral*	546,026	413,534	336,694	288,959
	731,616	**546,306**	**433,803**	**374,731**
31 December 2018				
Loans and advances to banks				
Unsecured	16,147	-	15,859	-
Loans and advances to customers				
Secured against real estate	325,238	407,072	319,222	396,616
Secured against cash	3,000	5,050	3,000	5,050
Secured against other collateral*	1,343,979	1,378,715	848,511	850,973
Unsecured	43,068	-	43,068	-
	1,715,285	**1,790,837**	**1,213,801**	**1,252,639**
Off-balance sheet exposures				
Secured against real estate	50,530	69,992	50,531	69,992
Secured against cash	68,794	62,780	21,794	15,780
Secured against other collateral*	686,026	413,534	466,694	288,959
	805,350	**546,306**	**539,019**	**374,731**

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.2 Credit Risk - continued

(e) Credit Collateral - continued

Repossessed collateral

During the period, the Group took possession of property amounting to ₦1.759 billion (2018: ₦115 million) held as collateral against certain loans. These collaterals have been realised and used in offsetting the affected customers' outstanding obligations.

Details of collaterals realised during the period are as shown below:

	Loans and advances to customers			
	Group		Bank	
In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Property	1,759	115	1,740	115
Equities	-	2	-	2
	1,759	**117**	**1,740**	**117**

4.3 Liquidity risk

(a) Overview

Liquidity risk arises in the general funding of the Group's activities and the management of position. Liquidity risk is the risk that the Group may not have sufficient financial resources to meet maturing obligations or can only access these financial resources at excessive cost. Liquidity risk includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group remains well funded with strong liquidity position.

(i) Liquidity Risk Management

In terms of measuring, managing and mitigating liquidity mismatches, UBA Group focuses on two types of liquidity risk, namely funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that UBA Group is unable to meet its payment obligations as they fall due. These payment obligations could emanate from depositor withdrawals or the inability to roll over maturing debt or meet contractual commitments to lend. Market liquidity risk is the risk that the group will be unable to sell assets without incurring an unacceptable loss, in order to generate the cash required to meet payment obligations under a stress liquidity event. The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress.

Contingency funding plans are reviewed and approved annually. They provide a broad set of Early Warning Indicators, an escalation framework and a set of management actions that could be effectively implemented by the appropriate level of senior management in the event of a liquidity stress. A similar plan is maintained within each country.

(ii) Liquidity Risk Governance

The board of directors retains ultimate responsibility for the effective management of liquidity risk. Through the Group Risk Management Committee (GRMC), the board has delegated its responsibility for the management of liquidity risk to the Group Assets & Liability Committee (GALCO). GALCO is the responsible governing management body that monitors liquidity management metrics. Liquidity in each country is managed by the country ALCO within pre-defined liquidity limits and in compliance with Group liquidity policies and practices, as well as local regulatory requirements. Group Market Risk management and Group Treasury are responsible for proactively managing liquidity risk at an operational, tactical and strategic level.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.3 Liquidity risk - continued

(iii) Liquidity Risk Measurement

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

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

(b) Liquidity ratios

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitment maturing within one month.

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

	Bank	**Bank**
	Dec. 2019	**Dec. 2018**
At period end	43.99%	55.84%
Average for the period	54.89%	50.28%
Maximum for the period	64.59%	57.03%
Minimum for the period	41.48%	43.37%

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

The tables below show the undiscounted cash flow on the Group's financial liabilities and on the basis of the earliest possible contractual maturity. The Gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial liabilities or commitments, except for derivatives assets and liabilities which are stated at their fair values.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.3 Liquidity risk - continued

Maturity analysis for financial liabilities

31 December 2019

Group *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities							
Deposits from banks	267,070	270,995	270,995	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	385,635	391,465	213,991	172,591	4,550	277	56
Current deposits	483,714	483,902	483,902	-	-	-	-
Savings deposits	855,079	857,217	857,217	-	-	-	-
Corporate Customers:							
Term deposits	630,358	702,363	383,941	309,661	8,164	497	100
Current deposits	1,478,098	1,478,673	1,478,673	-	-	-	-
Other financial liabilities	86,937	88,801	86,951	22	380	378	1,070
Borrowings	758,682	834,847	7,923	37,753	143,758	271,196	374,217
Subordinated liabilities	30,048	40,535			2,495	2,523	35,517
Total financial liabilities	**4,975,621**	**5,148,798**	**3,783,593**	**520,027**	**159,347**	**274,871**	**410,960**
Derivative liabilities:							
Cross Currency Swap	852	852	997	7	5	365	-
Contingents and loan commitments							
Performance bonds and guarantees	48,692	48,692	757	4,545	9,539	11,815	22,037
Letters of credit	595,896	595,896	87,153	275,389	12,321	-	221,032
Loan commitments	87,028	87,028	-	3,533	-	23,874	59,621
Assets used to manage liquidity							
Cash and bank balances	1,396,228	1,396,228	464,800	67,295	59,080	31,747	773,305
Financial assets at FVTPL							
Treasury bills	35,631	35,631	35,631	-	-	-	-
Promissory notes	59,038	63,686	-	-	-	63,686	-
Bonds	7,719	7,719	7,719	-	-	-	-
Loans and advances to banks	108,211	113,622	68,809	100	-	-	44,713
Loans and advances to customers							
Individual							
Term loans	88,960	92,431	3,524	9,219	8,321	14,151	57,216
Overdrafts	16,812	24,208	24,208	-	-	-	-
Corporates							
Term loans	1,526,409	1,602,765	64,899	294,416	115,302	237,835	890,313
Overdrafts	426,036	459,515	459,515	-	-	-	-
Others	2,930	2,951	-	32	2,919	-	-
Investment securities							
At FVOCI							
Treasury bills	678,243	777,231	66,694	68,405	229,821	412,311	-
Bonds	108,697	109,805	471	9,735	1,694	2,998	94,907
At amortised cost		-					
Treasury bills	461,353	543,268	46,618	47,814	160,640	288,197	-
Bonds	209,645	243,682	342	17,739	4,464	6,871	214,266
Other assets	111,912	111,956	111,956	-	-	-	-
Derivative assets	48,131	48,131	124	2,641	25,940	19,425	-
Total financial assets	**5,285,955**	**5,632,829**	**1,355,310**	**517,396**	**608,180**	**1,077,221**	**2,074,720**
Gap	**(422,134)**	**(248,437)**	**(2,517,190)**	**(286,106)**	**426,968**	**766,297**	**1,361,070**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.3 Liquidity risk - continued

Maturity analysis for financial liabilities - continued

31 December 2019 **Bank** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative liabilities							
Deposits from banks	92,717	92,717	92,717	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	298,426	302,938	165,598	133,561	3,521	214	43
Current deposits	318,213	318,337	318,337	-	-	-	-
Savings deposits	711,516	713,888	713,888	-	-	-	-
Corporate Customers:							
Term deposits	529,830	590,352	322,711	260,277	6,862	418	84
Current deposits	906,403	906,755	906,755	-	-	-	-
Other financial liabilities	51,421	52,800	51,430	-	297	220	853
Borrowings	744,094	818,794	7,771	37,027	140,994	265,981	367,022
Subordinated liabilities	30,048	40,535	-	-	2,495	2,523	35,517
Total financial liabilities	**3,682,668**	**3,837,116**	**2,579,207**	**430,865**	**154,169**	**269,356**	**403,519**
Derivative liabilities							
Cross Currency Swap	852	852	852	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	47,019	47,019	730.74	4,389	9,211	11,409	21,280
Letters of credit	299,756	299,756	43,841	138,530	6,198	-	111,187
Loan commitments	87,028	87,028	-	3,533	-	23,874	59,621
Assets used to manage liquidity							
Cash and bank balances	1,182,554	1,182,554	283,808	36,147	31,735	17,053	813,811
Financial assets at FVTPL							
Treasury bills	35,631	35,631	35,631	-	-	-	-
Promissory notes	59,038	63,686	-	-	-	63,686	-
Bonds	7,719	7,722	7,722	-	-	-	-
Loans and advances to banks	99,849	101,846	61,678	90	-	-	40,079
Loans and advances to customers							
Individual:							
Term loans	36,068	44,724	3,032	4,017	3,843	6,409	27,424
Overdrafts	8,867	8,870	8,870	-	-	-	-
Corporates:							
Term loans	1,175,012	1,406,777	59,489	188,537	91,075	211,765	855,912
Overdrafts	280,503	280,612	280,612	-	-	-	-
Others	2,930	3,077	-	34	3,043	-	-
Investment securities							
At FVOCI							
Treasury bills	634,209	651,295	55,887	57,321	192,582	345,504	-
Bonds	24,931	45,192	194	4,007	697	1,234	39,061
At amortised cost							
Bonds	74,017	83,775	117	6,098	1,535	2,362	73,662
Other assets	98,197	98,235	98,235	-	-	-	-
Derivative asset	48,131	48,131	124	2,641	25,940	19,425	-
Total financial assets	**3,767,656**	**4,062,127**	**895,399**	**298,892**	**350,450**	**667,438**	**1,849,949**
Gap	**(349,667)**	**(209,644)**	**(1,729,232)**	**(278,425)**	**180,872**	**362,799**	**1,254,343**

4 Financial Risk Management- Continued

4.3 Liquidity risk - continued

Maturity analysis for financial liabilities - continued

31 December 2018 **Group** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities							
Deposits from banks	174,836	176,747	150,341	26,406	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	353,247	357,559	204,202	146,507	5,518	738	594
Current deposits	663,514	663,772	663,772	-	-	-	-
Savings deposits	701,980	704,320	704,320	-	-	-	-
Corporate Customers:							
Term deposits	419,230	424,130	262,234	148,835	13,053	-	8
Current deposits	1,211,149	1,211,620	1,211,620	-	-	-	-
Other financial liabilities	101,864	101,864	101,864	-	-	-	-
Borrowings	683,532	802,505	-	36,587	81,058	226,892	457,969
Subordinated liabilities	29,859	45,552	-	-	2,509	2,509	40,535
Total financial liabilities	**4,339,211**	**4,488,069**	**3,298,353**	**358,335**	**102,138**	**230,139**	**499,106**
Derivative liabilities:							
Cross Currency Swap	99	99	99	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	428,043	428,043	27,233	41,988	140,900	153,710	64,212
Letters of credit	217,764	217,764	27,878	32,484	103,513	37,788	16,101
Loan commitments	159,543	159,543	-	6,477	-	43,767	109,299
Assets used to manage liquidity							
Cash and bank balances	1,220,596	1,248,096	681,632	-	9,230	5,664	551,571
Financial assets at FVTPL							
Treasury bills	18,743	18,743	18,743	-	-	-	-
Bonds	696	696	696	-	-	-	-
Loans and advances to banks	15,797	16,762	1,602	-	-	1,129	14,031
Loans and advances to customers							
Individual							
Term loans	81,905	94,727	39,323	1,328	1,352	1,135	51,589
Overdrafts	15,668	15,851	15,851	-	-	-	-
Corporates							
Term loans	1,280,890	1,439,920	611,956	20,575	20,840	17,283	769,266
Overdrafts	332,505	336,384	336,384	-	-	-	-
Others	4,317	4,852	2,062	69	70	58	2,593
Investment securities							
At FVOCI							
Treasury bills	790,292	846,855	56,725	218,289	213,210	358,631	-
Bonds	143,608	418,589	-	-	-	915	417,674
At amortised cost							
Treasury bills	321,131	344,115	23,050	88,701	86,637	145,728	-
Bonds	279,658	436,402	-	-	-	28,620	407,781
Other assets	43,583	43,600	43,600	-	-	-	-
Derivative assets	34,784	34,784	598	9,034	-	25,152	-
Total financial assets	**4,584,173**	**5,300,376**	**1,832,222**	**337,996**	**331,339**	**584,315**	**2,214,505**
Gap	**(560,487)**	**6,858**	**(1,521,341)**	**(101,288)**	**(15,212)**	**118,911**	**1,525,787**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.3 Liquidity risk - continued

Maturity analysis for financial liabilities - continued

31 December 2018

Bank *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative liabilities							
Deposits from banks	30,502	31,005	26,229	4,776	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	270,968	274,276	156,639	112,382	4,233	566	456
Current deposits	512,468	512,667	512,667	-	-	-	-
Savings deposits	578,963	580,893	580,893	-	-	-	-
Corporate Customers:							
Term deposits	308,871	312,479	193,199	109,655	9,619	-	6
Current deposits	752,838	753,131	753,131	-	-	-	-
Other financial liabilities	76,949	76,949	76,949	-	-	-	-
Borrowings	657,134	773,799	-	36,587	81,058	198,185	457,969
Subordinated liabilities	29,859	45,552	-	-	2,509	2,509	40,535
Total financial liabilities	**3,218,552**	**3,360,751**	**2,299,707**	**263,400**	**97,419**	**201,260**	**498,966**
Derivative liabilities							
Cross Currency Swap	99	99	99	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	307,680	307,680	33,764	134,950	57,165	63,303	18,498
Letters of credit	71,796	71,797	30,273	26,947	13,160	197	1,220
Loan commitments	159,543	159,543	-	6,477	-	43,767	109,299
Assets used to manage liquidity							
Cash and bank balances	1,015,199	1,016,587	440,229	-	15,358	9,433	551,568
Financial assets at FVTPL							
Treasury bills	18,743	18,743	18,743	-	-	-	-
Bonds	696	696	696	-	-	-	-
Loans and advances to banks	15,516	16,498	1,561	-	-	1,157	13,780
Loans and advances to customers							
Individual:							
Term loans	15,508	18,459	5,505	316	344	304	11,990
Overdrafts	7,525	7,528	7,528	-	-	-	-
Corporates:							
Term loans	1,007,204	1,156,376	355,809	20,346	20,608	17,090	742,523
Overdrafts	179,246	179,316	179,316	-	-	-	-
Others	4,318	4,423	1,533	86	86	67	2,651
Investment securities							
At FVOCI							
Treasury bills	705,152	755,621	50,614	194,772	190,240	319,994	-
Bonds	118,498	345,398	-	-	-	755	344,643
At amortised cost							
Bonds	84,509	131,875	-	-	-	8,649	123,226
Other assets	38,949	38,964	38,964	-	-	-	-
Derivative asset	34,784	34,784	51	-	19,455	15,278	-
Total financial assets	**3,245,847**	**3,725,268**	**1,100,549**	**215,520**	**246,091**	**372,727**	**1,790,381**
Gap	**(511,823)**	**(174,602)**	**(1,263,294)**	**(216,254)**	**78,347**	**64,200**	**1,162,399**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk

(a) Overview

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The overall objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages each of these portfolios separately. The trading portfolios comprise positions arising from market-making and warehousing of customer derived positions while non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities as well as financial instruments designated as FVOCI and amortised cost. UBA Group follows the Standardised Approach for market risk regulatory reporting purposes.

(i) Market Risk Management

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

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

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

The material risks identified by these measures are summarised in daily reports that are circulated to, and discussed with, senior management.

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

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

(ii) Market Risk Governance

The Board of Directors is responsible for determining UBA Group's risk appetite and tolerance limits for all its market risk exposures. Senior management is responsible for supporting the Board in determining market risk appetite and tolerance limits as well as putting in place all requisite processes, procedures and tools to ensure proper implementation of a robust system for managing, monitoring and reporting market risk appetite. The Board through Board Risk Management Committee (BRMC) is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to both the Group Risk Management Committee (GRMC) and Group Asset & Liability Management Committee (GALCO). GALCO has Group oversight and is charged with ensuring that market risks are managed homogeneously in all areas of operation. Further to the above, oversight of market risk is vested in BRMC, GALCO and the Finance & General Purpose Committee (FGPC) while the day to day management rests with the Executive Director, Risk Management, Corporate Governance & Compliance. The Group Market Risk Division is not only responsible for the development of detailed risk management policies but is also involved in the day to day review of their implementation. The market risk management policies are usually validated / approved by the Board in accordance with the approval guidelines. Trading limits are approved by GALCO and F&GPC and ratified by the Board while exposures against these limits are monitored by market risk management team. Market risk exposures are measured and reported and reported to management and bank executives on a daily basis. Documented policies and procedures are in place to ensure that exceptions are resolved timeously.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(a) Overview - continued

(iii) Market Risk Measurement

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

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

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

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

Market Risk Limits: The Bank has put in place specific market risk limits and triggers (regulatory and in-house) to prevent undue risk exposure to the Group. Market risk limits are based on recommendations by GALCO and approved by the Board. Position limits, transaction size and portfolio volume limits are in place for each trading portfolio. UBA Group sets various limits for total market risk and specific foreign exchange, interest rate, equity and other price risks. All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on a daily basis by Group Market Risk and Internal Control. Limit excesses are escalated and approved under a delegated authority structure and reported to the GALCO. Excesses are also reported monthly to Group Risk Management Committee (GRMC) and quarterly to Board Risk Management Committee (BRMC).

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

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

1) Fair value through profit or loss(FVTPL) – valued on fair value accounting methodology and MTM daily.
2) Fair value through other comprehensive income(FVOCI) – valued on fair value accounting methodology and MTM monthly.
3) Amortised cost – This portfolio is not MTM because positions are held until maturity.

Marking-to-market is at least the daily valuation of positions at readily available close out prices that are sourced independently. Where marking-to-market is not possible, marking-to-model technique is employed. Marking-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. Assets that must be marked-to-model either don't have a regular market that provides accurate pricing, or valuations rely on a complex set of reference variables and time frames. E.g. complex financial instruments and derivatives.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(a) Overview - continued

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

Market risk from non-trading portfolios stems from the potential impact of changes in interest rates and foreign exchange rates on UBA's net interest revenues, the changes in accumulated other comprehensive income (loss) from its investment portfolios and capital invested in foreign currencies.

The management of banking book related market risk exposures involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book MTM profit or loss) and economic value of equity. Market risk in the banking book arises as a result of the mismatch between the future yield on assets and their funding cost and also the different re-pricing characteristics of banking book assets and liabilities. UBA Group uses a variety of tools to track and manage this risk. These tools include;

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

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

UBA Group's principal measure of risk to net interest revenue is interest rate exposure (IRE). This is the risk that changes in interest rates could have a negative impact on the Bank's margins, earnings and capital. The objective of the Bank's interest rate risk management is to ensure that earnings are stable and predictable over time. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to different re-pricing characteristics of banking book assets and liabilities.

Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. There will always be a mis-match between maturing assets and maturing liabilities, and changes in interest rates mean that the Net Interest Margin (NIM) is affected on a daily basis by maturing and re-pricing activities. This change is measured through calculation of Earnings at Risk or EaR on a portfolio over the life of its assets and liabilities. EaR is usually calculated at various levels of change to simulate the likely change in the course of normal business or the expected risk where there is an unusual market event.

GALCO has oversight for compliance with these limits and execution of gapping strategy is carried out by Group Treasury.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

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

(b) Interest rate risk

UBA Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income and maintaining market interest rate levels consistent with the group's business strategies.

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

4 Financial Risk Management- Continued

4.4 Market risk - continued

(b) Interest rate risk - continued

31 December 2019	**Re-pricing period**						
Group *In millions of Nigerian Naira*	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	1,396,228	88,974	-	40,511	23,870	-	1,242,873
Financial assets at FVTPL							
Treasury bills	35,631	7,483	10,472	9,740	7,936	-	-
Promissory note	59,038	-	-	-	59,038	-	-
Bonds	7,719	-	-	-	-	7,719	-
Loans and advances to banks	108,211	59,799	38,734	9,678	-	-	-
Loans and advances to customers:							
Individual							
Term loans	88,960	3,391	8,873	8,009	13,620	55,067	-
Overdrafts	16,812	16,812	-	-	-	-	-
Corporates		-	-	-	-	-	
Term loans	1,526,409	63,261	286,987	76,478	231,834	867,849	-
Overdrafts	426,036	426,036	-	-	-	-	-
Others	2,930	-	32	2,898	-	-	-
Investment securities:							
At FVOCI:							
Treasury bills	678,243	56,756	54,939	226,043	340,505	-	-
Bonds	108,697	4,344				104,353	-
Equity	114,108	-	-	-	-	-	114,108
At amortised cost:							
Treasury bills	461,353	22,663	21,937	90,260	326,493	-	-
Bonds	209,645	10,411	-	-	-	199,234	-
Derivative assets	48,131	-	-	-	-	-	48,131
Other assets	111,912	-	-	-	-	-	111,912
	5,400,063	**759,930**	**421,974**	**463,617**	**1,003,296**	**1,234,222**	**1,517,024**
Derivative liability	852	-	-	-	-	-	852
Deposits from banks	267,070	267,070	-	-	-	-	-
Deposits from customers	3,832,884	1,580,552	549,746	14,494	883	177	1,687,032
Other liabilities	86,937	-	-	-	-	-	86,937
Subordinated liabilities	30,048	-	-	-	-	30,048	-
Borrowings	758,682	-	64,345	127,983	211,689	354,665	-
	4,976,473	**1,847,622**	**614,091**	**142,477**	**212,572**	**384,890**	**1,774,821**
Gaps	**423,590**	**(1,087,692)**	**(192,117)**	**321,140**	**790,724**	**849,332**	**(257,797)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(b) Interest rate risk - continued

31 December 2018	**Re-pricing period**						
Group *In millions of Nigerian Naira*	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	1,220,596	4,530	-	2,374	1,563	-	1,212,129
Financial assets at FVTPL							
Treasury bills	18,743	18,743	-	-	-	-	-
Bonds	696	696	-	-	-	-	-
Loans and advances to banks	15,797	8,997	4,081	2,719	-	-	-
Loans and advances to customers:							
Individual							
Term loans	81,905	4,866	14,056	8,322	14,441	40,220	-
Overdrafts	15,668	15,668	-	-	-	-	-
Corporates							
Term loans	1,280,890	76,093	219,823	130,148	225,836	628,990	-
Overdrafts	332,505	332,505	-	-	-	-	-
Others	4,317	-	-	-	4,317	-	-
Investment securities:							
At FVOCI:							
Treasury bills	790,292	52,937	203,709	198,969	334,677	-	-
Bonds	143,608	-	-	-	314	143,294	-
Equity	102,753	-	-	-	-	-	102,753
At amortised cost:							
Treasury bills	321,131	90,483	22,908	43,283	164,457	-	
Bonds	279,658	6,973	10,968	5,366	14,437	241,914	
Derivative assets	34,784	-	-	-	-	-	34,784
Other assets	43,583	-	-	-	-	-	43,583
	4,686,926	**612,491**	**475,545**	**391,181**	**760,042**	**1,054,418**	**1,393,249**
Derivative liability	99	-	-	-	-	-	99
Deposits from banks	174,836	148,430	26,406	-	-	-	-
Deposits from customers	3,349,120	1,163,926	291,770	17,401	750	611	1,874,662
Other liabilities	101,864	-	-	-	-	-	101,864
Subordinated liabilities	29,859	-	-	2,009	2,043	25,807	-
Borrowings	683,532	691	73,001	79,443	214,710	315,687	-
	4,339,310	**1,313,047**	**391,177**	**98,853**	**217,503**	**342,105**	**1,976,625**
Gaps	**347,616**	**(700,556)**	**84,368**	**292,328**	**542,539**	**712,313**	**(583,376)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(b) Interest rate risk - continued

31 December 2019			**Re-pricing period**				
Bank *In millions of Nigerian Naira*	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	1,182,554	53,265	-	40,511	23,870	-	1,064,908
Financial assets at FVTPL							
Treasury bills	35,631	7,483	10,472	9,740	7,936	-	-
Promissory notes	59,038	-	-	-	59,038		
Bonds	7,719	-	-	-	-	7,719	-
Loans and advances to banks	99,849	58,609	38,734	2,506	-	-	-
Loans and advances to customers:							
Individual							
Term loans	36,068	2,445	3,239	3,099	5,169	22,116	
Overdrafts	8,867	8,867	-	-	-	-	-
Corporates						-	
Term loans	1,175,012	49,790	157,799	76,226	177,240	713,957	-
Overdrafts	280,503	280,503	-	-	-	-	-
Others	2,930	-	32	2,898	-	-	-
Investment securities:							
At FVOCI:							
Treasury bills	634,209	47,651	46,126	189,782	350,650		-
Bonds	24,931	4,344	-	-		20,587	
Equity	113,518	-	-	-	-	-	113,518
At amortised cost:							
Bonds	74,017	10,410				63,607	
Derivative assets	48,131	-	-	-	-	-	48,131
Other assets	98,197	-	-	-	-	-	98,197
	3,881,174	**523,367**	**256,402**	**324,762**	**623,903**	**827,986**	**1,324,754**
Derivative liability	852	-	-	-	-	-	852
Deposits from banks	92,717	92,717	-	-	-	-	-
Deposits from customers	2,764,388	1,136,131	395,168	10,419	634	127	1,221,909
Other liabilities	51,421	-	-	-	-	-	51,421
Subordinated liabilities	30,048	-	-	-	-	30,048	-
Borrowings	744,094	-	64,345	127,983	211,689	340,077	-
	3,683,520	**1,228,848**	**459,513**	**138,402**	**212,323**	**370,252**	**1,274,182**
Gaps	**197,654**	**(705,481)**	**(203,111)**	**186,360**	**411,580**	**457,734**	**50,572**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(b) Interest rate risk - continued

31 December 2018			**Re-pricing period**				
Bank							
In millions of Nigerian Naira	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	1,015,199	27,335	-	14,322	9,433	-	964,110
Financial assets at FVTPL							
Treasury bills	18,743	18,743	-	-	-	-	-
Bonds	696	696	-	-	-	-	-
Loans and advances to banks	15,516	-	-	-	-	15,516	-
Loans and advances to customers:							
Individual							
Term loans	15,508	921	2,661	1,576	2,734	7,616	-
Overdrafts	7,525	7,525	-	-	-	-	-
Corporates							
Term loans	1,007,204	59,834	172,854	102,339	177,582	494,595	-
Overdrafts	179,246	179,246	-	-	-	-	-
Others	4,318	-	-	-	4,318		-
Investment securities:							
At FVOCI:							
Treasury bills	705,152	47,234	181,763	177,534	298,621	-	-
Bonds	118,498	-	-	-	259	118,239	-
Equity	102,242	-	-	-	-	-	102,242
At amortised cost:							
Bonds	84,509	-	-	-	5,542	78,967	
Derivative assets	34,784	-	-	-	-	-	34,784
Other assets	38,949	-	-	-	-	-	38,949
	3,348,089	**341,534**	**357,278**	**295,771**	**498,489**	**714,933**	**1,140,085**
Derivative liability	99	-	-	-	-	-	99
Deposits from banks	30,502	25,895	4,607	-	-	-	-
Deposits from customers	2,424,108	925,710	219,009	13,061	563	458	1,265,307
Other liabilities	76,949	-	-	-	-	-	76,949
Subordinated liabilities	29,859	-	-	2,009	2,043	25,807	-
Borrowings	657,134	664	70,129	76,317	206,263	303,761	-
	3,218,651	**952,269**	**293,745**	**91,387**	**208,869**	**330,026**	**1,342,355**
Gaps	**129,438**	**(610,735)**	**63,533**	**204,384**	**289,620**	**384,907**	**(202,270)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(b) Interest rate risk - continued

Interest rate sensitivity analysis of floating rate financial instruments

The tables below show the impact of interest rate changes (increase/decrease) on the Group's floating-rate financial instrument portfolios and the effect on income statement. The sensitivity analysis is based on a conservative assumption of 50 basis point change on the instrument with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Borrowings				
- Sumitomo Mitsui Banking Corporation (note 37.3)	36,608	-	36,608	-
- European Investment Bank (EIB) (note 37.4)	23,356	23,539	23,356	23,539
- Africa Trade Finance Limited (note 37.5)	32,846	43,359	18,258	25,419
- African Development Bank (note 37.6)	46,385	54,842	46,385	54,842
- Credit Suisse (note 37.7)	110,509	108,065	110,509	108,065
- Eurobond debt security (note 37.8)	181,022	177,634	181,022	177,634
- JP Morgan Securities Limited (note 37.9)	73,185	72,062	73,185	72,062
- Societe Generale Bank (note 37.10)	63,879	35,967	63,879	35,967
- Mashreqbank psc (note 37.11)	18,277	17,969	18,277	17,969
- Rand Merchant Bank (note 37.12)	55,280	27,015	55,280	27,015
- ABSA Bank Limited (note 37.13)	27,380	21,534	27,380	21,534
- International Finance Corporation (IFC) (note 37.14)	-	8,458	-	-
	668,727	**590,444**	**654,139**	**564,046**
Impact on income statement:				
Favourable change @ 0.5% increase in rates	(3,344)	(2,952)	(3,271)	(2,820)
Unfavourable change @ 0.5% reduction in rates	3,344	2,952	3,271	2,820

(c) Price risk

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

Price sensitivity analysis for financial instruments measured at FVTPL.

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Financial assets at FVTPL				
Treasury bills	35,631	18,743	35,631	18,743
Government bonds	7,719	696	7,719	696
	43,350	**19,439**	**43,350**	**19,439**
Impact on income statement:				
Favourable change @ 2% increase in prices	(867)	(389)	(867)	(389)
Unfavourable change @ 2% reduction in prices	867	389	867	389
Derivative assets	48,131	34,784	48,131	34,784
Impact on income statement:				
Favourable change @ 2% increase in rates	(963)	(696)	(963)	(696)
Unfavourable change @ 2% reduction in rates	963	696	963	696
Derivative liabilities	852	99	852	99
Impact on income statement:				
Favourable change @ 2% increase in rates	17	2	17	2
Unfavourable change @ 2% reduction in rates	(17)	(2)	(17)	(2)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(c) Price risk - continued

Price sensitivity analysis for financial instruments measured at FVOCI:

The table below shows the impact of price changes (increase/decrease) on the Group's financial instruments at FVOCI and the effect on other comprehensive income. For debt securities which are categorised under level 1 in the fair value hierarchy, a 2% change in prices has been assumed with other variables remaining constant.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Debt securities				
Investment securities at FVOCI:				
Treasury bills	678,243	790,292	634,209	705,152
Government bonds	108,697	143,608	24,931	118,498
Total	**786,940**	**933,900**	**659,140**	**823,650**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in prices	15,739	18,678	13,183	16,473
Unfavourable change @ 2% reduction in prices	(15,739)	(18,678)	(13,183)	(16,473)

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as FVOCI. The sensitivity analysis of the Group's total equity position is shown below.

Sensitivity analysis for level 1 equity securities is based on average movement in share price index for quoted shares during the year. Price sensitivity analysis for the Group's Level 2 unquoted equities was based on assumptions of a 5% change in the last trading prices obtained from over-the-counter (OTC) trades that were done as at the reporting date. For unquoted equity securities categorised under level 3 in the fair value hierarchy, 5% increases/decreases were assumed for the significant unobservable inputs (cost of equity and terminal growth rates).

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Total Equity Positions				
Investment securities at FVOCI	111,496	102,753	110,906	102,242
Total	**111,496**	**102,753**	**110,906**	**102,242**
Impact on Other comprehensive income:				
Favourable change @ 5% increase in prices	12,025	6,621	12,025	2,210
Unfavourable change @ 5% reduction in prices	(9,871)	(5,789)	(9,871)	(1,874)

4 Financial Risk Management- Continued

4.4 Market risk - continued

(d) Exchange rate exposure limits

FCY sensitivity analysis on foreign exchange rate

Foreign exchange risk is the risk of an adverse impact on the group's financial position or earnings or key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures. The group is exposed to foreign exchange rate both as a result of on-balance sheet transactions in a currency other than the Naira, as well as through structural foreign exchange risk from the translation of its foreign operations' results into Naira. The impact on equity as a result of structural foreign exchange risk is recognised in the foreign currency translation reserve balance. Foreign exchange risk is primarily controlled via in-country macro-prudential and regulatory limits as well as the group's policies around trading limits. The Board and Group ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions. These limits must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory limits are monitored daily with zero tolerance for limit breaches. These limits include OPL, dealers' limit, overnight/intraday limits, maturity gap limits, management action trigger, product limits, counterparty limits and cross border limits.

The tables below show foreign currencies to which the Group had exposure at the end of the reporting period and the sensitivity of the Group's profit before tax and equity to changes in exchange rates. The analysis calculates the effect of reasonably possible movement of the foreign exchange rates against the Nigerian Naira (all other variables being constant) on the income statement due to changes to the carrying amounts of the Group's foreign currency sensitive financial assets and liabilities. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Nigerian Naira would have resulted in an equivalent but opposite impact.

For the purpose of disclosing the sensitivity analysis for foreign currency risk, the Group's foreign currency risk arising from the translation of its foreign operations are not taken into account even though they may have an impact on equity. This is because foreign currency risk can only arise on financial instruments denominated in a currency other than the functional currency in which they are measured and translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the group's presentation currency.

The information disclosed on the net foreign currency (FCY) exposure is representative of the average exposure in the period. The Bank believes that for each foreign currency exposure, it is reasonable to assume 15% depreciation of the Naira holding all other variables constant.

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2019						
Cash and bank balances	904,710	301,584	57,158	9,598	123,178	1,396,228
Financial assets at FVTPL	102,388	-	-	-	-	102,388
Derivative assets	2,462	45,545	124	-	-	48,131
Loans and advances to banks	3,240	86,858	18,113	-	-	108,211
Loans and advances to customers	882,046	607,415	63,333	142	508,211	2,061,147
Investment securities	865,813	48,052	-	-	657,685	1,571,550
Other assets	64,373	16,852	14	7	30,666	111,912
Total financial assets	**2,825,032**	**1,106,306**	**138,742**	**9,747**	**1,319,740**	**5,399,567**
Derivative liability	365	487	-	-	-	852
Deposits from banks	13,955	188,546	4,455	1	60,113	267,070
Deposits from customers	2,193,537	607,495	27,391	7,606	996,855	3,832,884
Other liabilities	14,723	27,124	1,003	68	44,019	86,937
Borrowings	87,033	671,649	-	-	-	758,682
Subordinated liabilities	30,048	-	-	-	-	30,048
Total financial liabilities	**2,339,661**	**1,495,301**	**32,849**	**7,675**	**1,100,987**	**4,976,473**
Swap and forward contracts	(419,405)	419,405	-	-	-	-
Net FCY Exposure		**30,410**	**105,893**	**2,072**	**218,753**	
Effect of naira depreciation by 15% on profit before tax		4,562	15,884	311	32,813	53,569
Effect of naira appreciation by 15% on profit before tax		(4,562)	(15,884)	(311)	(32,813)	(53,569)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(d) Exchange rate exposure limits - continued

Group

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

4 Financial Risk Management- Continued

4.4 Market risk - continued

(d) Exchange rate exposure limits - continued

Bank

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2019						
Cash and bank balances	905,804	228,617	39,068	7,900	1,165	1,182,554
Financial assets at FVTPL	102,388	-	-	-	-	102,388
Derivative assets	2,462	45,545	124	-	-	48,131
Loans and advances to banks	-	81,736	18,113	-	-	99,849
Loans and advances to customers	880,941	559,002	63,296	141	-	1,503,380
Investment securities	834,135	12,079	-	-	-	846,214
Other assets	81,324	16,852	14	7	-	98,197
Total financial assets	**2,807,054**	**943,831**	**120,615**	**8,048**	**1,165**	**3,880,713**
Derivative liability	365	487	-	-	-	852
Deposits from banks	13,504	72,935	6,278	-	-	92,717
Deposits from customers	2,217,239	512,152	27,391	7,606	-	2,764,388
Other liabilities	10,587	39,326	1,003	68	437	51,421
Borrowings	87,033	657,061	-	-	-	744,094
Subordinated liabilities	30,048	-	-	-	-	30,048
Total financial liabilities	**2,358,776**	**1,281,961**	**34,672**	**7,674**	**437**	**3,683,520**
Swap and forward contracts	(419,405)	419,405	-	-	-	-
Net FCY Exposure		81,275	85,943	374	728	
Effect of naira depreciation by 15% on profit before tax		12,191	12,891	56	109	25,248
Effect of naira appreciation by 15% on profit before tax		(12,191)	(12,891)	(56)	(109)	(25,248)
31 December 2018						
Cash and bank balances	604,279	168,107	231,585	8,151	3,077	1,015,199
Financial assets held for trading	19,439	-	-	-	-	19,439
Derivative assets	-	34,784	-	-	-	34,784
Loans and advances to banks	-	10,274	5,242	-	-	15,516
Loans and advances to customers	628,609	575,606	9,494	92	-	1,213,801
Investment securities	995,680	14,477	-	-	-	1,010,157
Other assets	34,947	3,984	14	4	-	38,949
Total financial assets	**2,282,954**	**807,232**	**246,335**	**8,247**	**3,077**	**3,347,845**
Derivative liability	-	99	-	-	-	99
Deposits from banks	6,181	22,982	1,288	51	-	30,502
Deposits from customers	1,807,402	410,798	198,708	7,189	11	2,424,108
Other liabilities	47,921	24,077	3,058	226	1,667	76,949
Borrowings	92,209	564,925	-	-	-	657,134
Subordinated liabilities	29,859	-	-	-	-	29,859
Total financial liabilities	**1,983,572**	**1,022,881**	**203,054**	**7,466**	**1,678**	**3,218,651**
Swap and forward contracts	(287,032)	287,032	-	-	-	-
Net FCY Exposure		71,383	43,281	781	1,399	
Effect of naira depreciation by 15% on profit before tax		10,707	6,492	117	210	17,527
Effect of naira appreciation by 15% on profit before tax		(10,707)	(6,492)	(117)	(210)	(17,527)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

5 Capital

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

5.1 Capital management

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

The Group has a process of ensuring adequate capital is maintained and this process includes:

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

The objective of the capital management process is to:

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

5.2 Regulatory capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

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

The Central Bank of Nigeria sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is split into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, translation reserve and non-controlling interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital includes qualifying subordinated liabilities and the element of the fair value reserve relating to unrealised gains on financial instruments classified as FVOCI.

Various limits are applied to elements of the capital base. Elements of Tier 2 capital are limited to a maximum of one-third of Tier 1 capital, after making deductions of goodwill, deferred tax asset and other intangible assets but before deductions of investments.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

5 Capital - continued

5.2 Regulatory capital - continued

Capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. UBA Plc operates under an international banking authorization with a minimum regulatory capital of N50 billion and a minimum capital adequacy ratio of 15%. During the year, the Group complied with all external capital requirements.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Tier 1 capital				
Ordinary share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	184,685	168,073	90,090	89,217
Other reserves	102,248	90,783	86,068	74,603
Gross Tier 1 capital	402,748	374,671	291,973	279,635
Less:				
Deferred tax on accumulated losses	7,433	10,799	6,362	10,779
Intangible assets	17,671	18,168	7,070	6,911
Tier 1 Capital After Regulatory Deduction	**377,644**	**345,724**	**278,541**	**261,945**
Investment in subsidiaries	-	-	(51,638)	(51,889)
Eligible Tier 1 Capital	**377,644**	**345,724**	**226,903**	**210,056**
Tier 2 capital				
Fair value reserve for securities measured at FVOCI	117,408	69,099	117,995	69,751
Subordinated liabilities	30,048	29,859	30,048	29,859
Less: limit of tier 2 to tier 1 capital	(55,196)	(12,295)	(55,196)	(12,295)
Qualifying Tier 2 Capital Before Deductions	**92,260**	**86,663**	**92,847**	**87,315**
Less: Investment in subsidiaries	-	-	(51,638)	(51,889)
Net Tier 2 Capital	**92,260**	**86,663**	**41,209**	**35,426**
Qualifying capital				
Net Tier I regulatory capital	377,644	345,724	226,903	210,056
Net Tier II regulatory capital	92,260	86,663	41,209	35,426
Total qualifying capital	469,904	432,387	268,112	245,482
Composition of risk-weighted assets:				
Risk-weighted amount for credit risk	1,262,750	1,234,765	905,238	873,808
Risk-weighted amount for operational risk	704,752	569,966	369,284	348,242
Risk-weighted amount for market risk	38,148	26,921	40,361	26,460
Total Basel II Risk-weighted assets	**2,005,650**	**1,831,652**	**1,314,883**	**1,248,510**
Basel II Capital ratios				
Risk Weighted Capital Adequacy Ratio	23.43%	24%	20.39%	20%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

5.3 Capital allocation

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

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

6 Fair value measurement

Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

6.1 Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily quoted equity and debt investments classified as trading securities or available for sale.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - Continued

6.1 Valuation models - continued

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

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

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

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

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

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

6.2 Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes an Investor Relations and Portfolio Investments Management Unit which is independent of front office management and reports to the Group Chief Financial Officer, and which has overall responsibility for valuations. There is also the Risk Measurement unit responsible for independent independently verifying the results of third party valuation. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both Product Control and Group Market Risk;
- periodic calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments compared with the previous month, by a committee of senior Product Control and Group Market Risk personnel.

6 Fair value measurement - Continued

6.3 Financial instruments measured at fair value

When third party information, such as broker quotes or pricing services, is used to measure fair value, the risk measurement unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

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

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

Group					
31 December 2019					
In millions of Nigerian Naira	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Financial assets at FVTPL	23				
Government bonds		7,719	-	-	7,719
Promissory notes			59,038		59,038
Treasury bills		35,631	-	-	35,631
Derivative assets measured at fair value through profit and loss:	33(a)	-	48,131	-	48,131
Investment securities at FVOCI	26				
Treasury bills		678,243	-	-	678,243
Bonds		108,697	-	-	108,697
Equity investments		2,612	3,088	108,408	114,108
Total assets		**832,902**	**110,257**	**108,408**	**1,051,567**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	852	-	852

Bank					
31 December 2019					
In millions of Nigerian Naira	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Financial assets at FVTPL	23				
Government bonds		7,719	-	-	7,719
Promissory notes			59,038	-	59,038
Treasury bills		35,631	-	-	35,631
Derivative assets measured at fair value through profit and loss:	33(a)	-	48,131	-	48,131
					-
Investment securities at FVOCI	26				-
Treasury bills		634,209	-	-	634,209
Bonds		24,931	-	-	24,931
Equity investments		2,612	3,088	107,818	113,518
		705,102	**110,257**	**107,818**	**923,177**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	852	-	852

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.3 Financial instruments measured at fair value - continued

Group

31 December 2018

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading	23				
Government bonds		696	-	-	696
Treasury bills		18,743	-	-	18,743
Derivative assets measured at fair value through profit and loss:	33(a)	-	34,784	-	34,784
Investment securities at FVOCI	26				
Treasury bills		790,292	-	-	790,292
Bonds		143,608	-	-	143,608
Equity investments		-	4,755	97,998	102,753
Total assets		**953,339**	**39,539**	**97,998**	**1,090,876**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**99**	**-**	**99**

Bank

31 December 2018

In millions of Nigerian Naira	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading	23				
Government bonds		696	-	-	696
Treasury bills		18,743	-	-	18,743
Derivative assets measured at fair value through profit and loss:	33(a)	-	34,784	-	34,784
Investment securities at FVOCI	26				
Treasury bills		705,152	-	-	705,152
Bonds		118,498	-	-	118,498
Equity investments		-	4,755	97,487	102,242
		843,089	**39,539**	**97,487**	**980,115**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**99**	**-**	**99**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.3 Financial instruments measured at fair value - continued

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Balance, beginning of year	97,998	90,530	97,487	89,870
Addition during the year	79	76	-	76
Gain recognised in other comprehensive income (under fair value gain on FVOCI)	9,223	6,412	9,223	6,412
Translation differences	1,108	980	1,108	1,129
Balance, end of year	108,408	97,998	107,818	97,487

(i) The fair value of the Group's equity investment in CSCS Limited was previously categorised as level 3 in the fair value hierarchy. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. In 2015 however, CSCS shares became available for over-the-counter (OTC trades). The fair value measurement was therefore transferred from level 3 to level 2. Also during the period, the fair value of MTN shares was transferred from level 2 to level 1 in the fair value hierarchy due to the listing and trading of the shares of MTN Nigeria on the Nigerian Stock Exchange (NSE). There were no transfers from level 2 to level 3 in 2019.

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

(iii) Level 3 fair value measurements - Unobservable inputs used in measuring fair value
All valuation processes and techniques are subject to review and approval by the Finance and General Purpose Committee of the Board of Directors. There was no change in the Group's valuation technique during the period.

The table below sets out information about significant unobservable inputs used as at 31 December 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

<table>
<tr><th>Type of financial instrument</th><th>Fair value as at 31 December 2019 N'million</th><th>Fair value as at 31 December 2018 N'million</th><th>Valuation technique</th><th>Unobservable input</th><th>Range of estimates for unobservable inputs (31 December 2019)</th><th>Range of estimates for unobservable inputs (31 December 2018)</th><th>Relationship of unobservable inputs to fair value</th></tr>
<tr><td rowspan="4">Unquoted equity securities</td><td rowspan="2">101,216</td><td rowspan="2">90,706</td><td rowspan="2">Income Approach (Discounted cash flow method)</td><td>Cost of equity</td><td>8.00% - 23.40%</td><td>9.12% - 23.9%</td><td>Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values</td></tr>
<tr><td>Terminal growth rate</td><td>2.5%-2.6%</td><td>1.5%-4%</td><td>Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">1,671</td><td rowspan="2">Income Approach (Dividend discount model)</td><td>Cost of equity</td><td>-</td><td>12.75% - 32.00%</td><td>Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values</td></tr>
<tr><td>Terminal growth rate</td><td>-</td><td>9.4% - 24.3%</td><td>Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values.</td></tr>
</table>

6 Fair value measurement - continued

6.3 Financial instruments measured at fair value - continued

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

Significant unobservable inputs are developed as follows:

Discounted cash flow

- The Group used the Capital Asset Pricing Model to determine the cost of equities for its various unquoted equities which were fair valued at year end.
- The risk free rate was determined using the yield on 30-year US treasury bond (for unquoted securities denominated in USD) and longest tenured Federal Government of Nigeria bond (for unquoted securities denominated in Nigerian naira).
- Equity risk premium was determined using market returns obtained from PricewaterhouseCoopers and KPMG industry surveys.
- Beta estimates were obtained from Damodaran Online.

Dividend discount model

- The Group used the build-up approach to determine cost of equities for its various unquoted equities which were fair valued using dividend discount model at year end.
- The risk free rate was determined using the yield on the longest tenured sovereign bonds.
- The dividend growth rate was determined using the historical five years weighted average growth rate of dividends paid by the respective entities.
- Equity risk premium were obtained from Damodaran Online (with specific focus on emerging markets data), adjusted for size premium.

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

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

In millions of Nigerian Naira

Key Assumption	Effect on other comprehensive income (OCI)			
	Dec. 2019		Dec. 2018	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Cost of Equity	(12,996)	14,949	(7,217)	7,953
Terminal Growth Rate	3,279	(3,078)	1,666	(1,570)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.4 Financial instruments not measured at fair value

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

Group					
31 December 2019 *In millions of Nigerian Naira*	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
Assets					
Cash and bank balances	-	1,396,228	-	1,396,228	1,396,228
Loans and advances to banks	-	-	109,435	109,435	108,211
Loans and advances to customers					
- Individual					
Term loans	-	-	91,432	91,432	88,960
Overdrafts	-	-	18,745	18,745	16,812
- Corporate					
Term loans	-	-	1,540,968	1,540,968	1,526,409
Overdrafts	-	-	438,473	438,473	426,036
Others		-	2,962	2,962	2,930
Investment Securities - Amortised cost					
Treasury bills	461,353	-	-	461,353	461,353
Bonds	209,645	-	-	209,645	209,645
Other assets	-	111,912	-	111,912	111,912
Liabilities					
Deposits from banks	-		267,070	267,070	267,070
Deposits from customers	-	-	3,845,782	3,845,782	3,832,884
Subordinated liabilities	-	30,969	-	30,969	30,048
Other liabilities	-	86,937	-	86,937	86,937
Borrowings	-	-	834,847	834,847	758,682

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.4 Financial instruments not measured at fair value - continued

Group

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.4 Financial instruments not measured at fair value - continued

Bank

31 December 2019

In millions of Nigerian Naira	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Assets					
Cash and bank balances	-	1,182,554	-	1,182,554	1,182,554
Loans and advances to banks	-	-	100,979	100,979	99,849
Loans and advances to customers					-
- Individual					
Term loans	-	-	37,070	37,070	36,068
Overdrafts	-	-	9,887	9,887	8,867
- Corporate					
Term loans	-	-	1,186,219	1,186,219	1,175,012
Overdrafts	-	-	288,692	288,692	280,503
Others	-	-	2,962	2,962	2,930
Investment Securities - Amortised cost					
Treasury bills	-	-	-	-	-
Bonds	74,017	-	-	74,017	74,017
Other assets	-	98,197	-	98,197	98,197
Liabilities					
Deposits from banks	-	-	92,717	92,717	92,717
Deposits from customers	-	-	2,775,120	2,775,120	2,764,388
Subordinated liabilities	-	30,969	-	30,969	30,048
Other liabilities	-	51,421	-	51,421	51,421
Borrowings	-	-	818,794	818,794	744,094

31 December 2018

	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Assets					
Cash and bank balances	-	1,015,199	-	1,015,199	1,015,199
Loans and advances to banks	-	-	15,692	15,692	15,516
Loans and advances to customers					-
-Individual					
Term loans	-	-	15,939	15,939	15,508
Overdrafts	-	-	8,390	8,390	7,525
-Corporate					
Term loans	-	-	1,016,811	1,016,811	1,007,204
Overdrafts	-	-	184,479	184,479	179,246
Others	-	-	4,365	4,365	4,318
Investment Securities - Amortised cost					
Treasury bills	-	-	-	-	-
Bonds	-	-	-	-	84,509
Other assets	-	38,949	-	38,949	38,949
Liabilities					
Deposits from banks	-	-	30,502	30,502	30,502
Deposits from customers	-	-	2,457,716	2,457,716	2,424,108
Subordinated liabilities	-	30,969	-	30,969	29,859
Other liabilities	-	76,949	-	76,949	76,949
Borrowings	-	-	773,799	773,799	657,134

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

6 Fair value measurement - continued

6.4 Financial instruments not measured at fair value - continued

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

i) Cash and bank balances

The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

ii) Loans and advances

Loans and advances are net of charges for impairment. To improve the accuracy of the valuation estimate for loans, homogenous loans are grouped into portfolios with similar characteristics. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

iii) Investment securities

The fair value is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iv) Other assets

The bulk of these financial assets have short (less than 3 months) maturities and their amounts are a reasonable approximation of fair value.

v) Deposits from banks and customers

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

vi) Other liabilities

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

vii) Interest bearing loans and borrowings

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

viii) Subordinated liabilities

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

7 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Group may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

7 Offsetting of financial instruments - Continued

Group			
31 December 2019		**Amounts offset**	
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27)	89,470	(57,602)	31,868
Financial liabilities			
- Creditors and payables (note 36) (a)	120,908	(57,602)	63,306
31 December 2018			
Financial assets			
- Electronic payments receivable (note 27)	86,060	(66,059)	20,001
Financial liabilities			
- Creditors and payables (note 36)	127,821	(66,059)	61,762

Bank			
31 December 2019		**Amounts offset**	
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27)	86,697	(57,602)	29,095
Financial liabilities			
- Creditors (note 36) (a)	89,633	(57,602)	32,031
Bank			
31 December 2018			
Financial assets			
- Electronic payments receivable (note 27)	82,927	(66,059)	16,868
Financial liabilities			
- Creditors and payables (note 36)	107,794	(66,059)	41,735

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

8 Critical accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities.

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

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

(i) Measurement of the expected credit loss allowance

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

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of financial assets for the purposes of measuring ECL.

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

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3.11. Further disclosures on the Group's valuation methodology have been made on note 6.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 32.

(iv) Valuation of derivative contracts

The fair value of the Group's derivatives is determined by using valuation techniques. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. The Group has used interest rate parity method discounted for passage of time in the valuation of its foreign exchange derivative contracts. These derivative contracts are not traded in active markets.

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

	Interest rates		Exchange rates	
In millions of Nigerian Naira	**5% decrease**	**5% increase**	**15% decrease**	**15% increase**
Derivative assets	(475)	470	(2,040)	2,040
Derivative liabilities	84	(83)	69	(69)

8 Critical accounting estimates and judgments - Continued

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

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

(i) Fair value of equity instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see the Group's accounting policy on valuation of financial instruments in note 6.

(ii) Allowance for credit losses

In estimating credit losses, the Group considers the credit worthiness and financial capacity of the obligor, the probability that an obligor or counterparty will default over a given period (probability of default - PD), the portion of the loan expected to be irrecoverable at the time of loan default (loss given default - LGD) and Exposure at Default (EAD). The table below shows the sensitivities of the impairment loss provision for 1% increase or decrease in the LGD and PD.

In millions of Nigerian Naira	31 December 2019		31 December 2018	
	Probability of Default -PD	Loss Given Default-LGD	Probability of Default -PD	Loss Given Default-LGD
Increase/decrease				
1% increase	128	148	141	136
1% decrease	(125)	(148)	(140)	(136)

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

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

(iv) Determination of exchange rate used for translation

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

(v) Determination of incremental borrowing rate used for discounting lease liabilities

The incremental borrowing rate is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

The Incremental borrowing rate used for discounting the future lease payments to present value was determined by using the corresponding FGN Bond/Bill yields of similar maturity profiles with the outstanding lease terms in addition to the Bank's risk premium based on the interest rate of the Bank's quoted subordinated series 3 notes. Hence, the bank applied a single discount rate to a portfolio of leases with reasonably similar characteristics but matched with their relevant lease terms.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

9 Operating segments

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Chief Operating Decision Maker (Board of Directors), reviews the Group's performance along these business segments and resources are allocated accordingly.

Geographical segments

The Group operates in the following geographical regions:

- Nigeria: This comprises UBA Plc (excluding the branch in New York), UBA Pensions Custodian Limited and FX Mart Limited.
- Rest of Africa: This comprises all subsidiaries in Africa, excluding Nigeria. The African subsidiaries have been aggregated into one reportable segment as they are deemed to have similar economic characteristics.
- Rest of the world: This comprises UBA UK Limited and UBA New York branch. Although this part of the business is not large enough to be presented as a separate reporting segment, it has been included here as it is seen as a potential growth segment which is expected to materially contribute to group revenue in the future. The entities within this reporting segment have been aggregated into one reportable segment as they have similar economic characteristics.

Business segments

The Group operates in the following business segments:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

9 Operating segments - Continued.

(a) Geographical segments

31 December 2019

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	403,219	166,267	17,771	(27,452)	559,805
Derived from other geographic segments	4,327	-	-	(4,327)	-
Total revenue[1]	**407,546**	**166,267**	**17,771**	**(31,779)**	**559,805**
Interest expenses	(154,743)	(32,965)	(2,950)	7,703	(182,955)
Fee and commission expense	(22,555)	(8,058)	57	(1)	(30,557)
Impairment loss recognised in income statement	(15,686)	(2,309)	(683)	426	(18,252)
Operating expenses	(144,500)	(71,203)	(7,203)	6,152	(216,754)
Profit before tax	**70,062**	**51,732**	**6,992**	**(17,499)**	**111,287**
Income tax expenses	(8,720)	(10,867)	-	(2,611)	(22,198)
Profit for the year	**61,342**	**40,865**	**6,992**	**(20,110)**	**89,089**
31 December 2019					
Loans and advances	1,530,941	554,043	164,323	(79,949)	2,169,358
Deposits from customers and banks	2,897,071	1,275,536	153,982	(226,635)	4,099,954
Total segment assets[2]	4,176,500	1,580,319	180,895	(333,662)	5,604,052
Total segment liabilities	3,734,307	1,358,596	157,945	(244,774)	5,006,074
[1] Includes:					
Recognised at a point in time	50,429	49,604	1,228	-	101,261
Recognised over time	708	515	-	-	1,223
Total revenue within the scope of IFRS 15	**51,137**	**50,119**	**1,228**	**-**	**102,484**
[2] Includes:					
Investments in associate and accounted for by using the equity method	-	4,143	-	-	4,143
Expenditure for reportable segment:					
Depreciation	8,804	2,903	273	-	11,980
Amortisation	1,364	135	128	-	1,627

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

9 Operating segments - Continued.

(a) Geographical segments - continued

31 December 2018

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	335,033	151,977	14,170	(7,135)	494,045
Derived from other geographic segments	3,765	-	-	(3,765)	-
Total revenue[1]	**338,798**	**151,977**	**14,170**	**(10,900)**	**494,045**
Interest expenses	(128,829)	(32,036)	(2,391)	5,980	(157,276)
Fee and commission expense	(21,260)	(7,281)	(9)	(1)	(28,551)
Impairment loss recognised in income statement	(4,829)	(2,844)	540	2,604	(4,529)
Operating expenses	(128,785)	(66,022)	(6,294)	3,759	(197,342)
Share of loss in equity-accounted investee	-	419	-	-	419
Profit before tax	**55,095**	**44,213**	**6,016**	**1,442**	**106,766**
Income tax expenses	(15,685)	(12,477)	-	-	(28,159)
Profit for the year	**39,410**	**31,736**	**6,016**	**1,442**	**78,607**
31 December 2018					
Loans and advances	1,208,343	518,877	107,495	(103,633)	1,731,082
Deposits from customers and banks	2,509,506	1,246,031	105,616	(337,197)	3,523,956
Total segment assets[2]	3,651,853	1,528,634	130,699	(441,448)	4,869,738
Total segment liabilities	3,286,846	1,323,847	108,754	(352,317)	4,367,130
[1]Includes:					
Recognised at a point in time	45,157	40,893	1,451	-	87,501
Recognised over time	524	519	-	-	1,043
Total revenue within the scope of IFRS 15	**45,681**	**41,412**	**1,451**	**-**	**88,544**
[2]Includes:					
Investments in associate and accounted for by using the equity method	-	4,610	-	-	4,610
Expenditure for reportable segment:					
Depreciation	7,175	2,706	318	-	10,199
Amortisation	1,338	167	97	-	1,602

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

9 Operating segments - Continued

(b) Business reporting

31 December 2019

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	181,397	193,460	184,948	559,805
Derived from other business segments	(24,647)	109,701	(85,054)	-
Total revenue	**156,750**	**303,161**	**99,894**	**559,805**
Interest expenses	(39,703)	(85,019)	(58,233)	(182,955)
Fee and commission expense	(209)	(30,347)	(1)	(30,557)
Impairment loss recognised in income statement	(16,209)	(1,974)	(69)	(18,252)
Operating expenses	(42,616)	(136,791)	(22,270)	(201,677)
Depreciation and amortisation	(103)	(15,380)	(7)	(15,490)
Share of profit of equity-accounted investee	26	358	29	413
Profit before income tax	**57,937**	**34,007**	**19,343**	**111,287**
Taxation	(10,034)	(9,652)	(2,512)	(22,198)
Profit for the period	**47,903**	**24,355**	**16,831**	**89,089**
31 December 2019				
Loans and advances	1,449,662	467,087	252,609	2,169,358
Deposits from customers and banks	1,079,579	2,368,558	651,817	4,099,954
Total segment assets	3,725,046	1,229,902	649,104	5,604,052
Total segment liabilities	1,321,806	2,886,201	798,067	5,006,074
31 December 2018				
Revenue:				
Derived from external customers	171,526	167,451	155,068	494,045
Derived from other business segments	(48,575)	116,414	(67,839)	-
Total revenue	**122,951**	**283,865**	**87,229**	**494,045**
Interest expenses	(44,384)	(82,534)	(30,358)	(157,276)
Fee and commission expense	(69)	(28,479)	(3)	(28,551)
Impairment loss recognised in income statement	(4,022)	(490)	(17)	(4,529)
Operating expenses	(29,550)	(135,994)	(19,997)	(185,541)
Depreciation and amortisation	(116)	(11,682)	(3)	(11,801)
Share of profit of equity-accounted investee	372	45	2	419
Profit before income tax	**45,182**	**24,731**	**36,853**	**106,766**
Taxation	(10,809)	(8,218)	(9,132)	(28,159)
Profit for the period	**34,373**	**16,513**	**27,721**	**78,607**
31 December 2018				
Loans and advances	1,135,826	397,673	197,583	1,731,082
Deposits from customers and banks	842,308	2,258,976	422,672	3,523,956
Total segment assets	3,200,002	1,113,080	556,656	4,869,738
Total segment liabilities	1,049,803	2,790,533	526,794	4,367,130

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

10 Interest income

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Interest income				
Interest income on amortised cost and FVOCI securities				
Cash and bank balances	14,864	7,814	13,786	8,673
Loans and advances to banks	3,801	3,667	911	850
Loans and advances to customers				
- To individuals				
Term loans	6,714	8,436	3,717	3,507
Overdrafts	2,422	2,060	1,874	1,547
- To corporates				
Term loans	162,274	146,577	136,953	117,996
Overdrafts	36,049	37,551	26,076	30,576
Others	501	320	501	296
Investment securities				
- Treasury bills	123,470	107,137	89,335	70,582
- Bonds	40,209	47,021	19,754	29,332
	390,304	360,583	292,907	263,359
Interest income on financial assets at fair value through profit or loss				
- Promissory notes	14,353	-	14,353	-
- Bonds	173	2,339	173	2,339
Total interest income	**404,830**	**362,922**	**307,433**	**265,698**

Interest income includes accrued interest on impaired loans of N2,135 million for the Group (Bank: N1,819 million) for the year ended 31 December 2019 and N2,097 million for the Group (Bank: N1,747 million) for the year ended 31 December 2018.

11 Interest expense

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Deposits from banks	11,018	7,083	5,760	5,205
Deposits from customers	125,046	106,010	106,025	81,650
Borrowings	41,408	35,151	39,370	33,509
Subordinated liabilities	5,207	9,032	5,206	9,032
Lease liabilities	276	-	219	-
	182,955	**157,276**	**156,580**	**129,396**

12 Allowance for credit losses on financial and non-financial instruments

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Allowance for credit losses on loans and advances to customers:				
- allowance for credit losses (Note 25(c))	14,160	34,280	11,098	11,373
Allowance for credit losses on loans and advances to banks:				
- allowance for credit losses/(reversal) ((Note 24)	2,741	(213)	2,675	(213)
Allowance for credit losses/(reversal) on investment securities	254	(69)	217	(135)
Allowance for credit losses/(reversal) on off-balance sheet items	(2,076)	1,635	(1,617)	1,050
Write-off on loans and receivables	1,689	1,725	1,095	1,558
Recoveries in allowance for credit loss	(2,254)	(36,991)	(173)	(12,481)
Impairment charge on other assets (Note 27(a))	3,738	4,162	3,074	3,105
	18,252	**4,529**	**16,369**	**4,257**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

13 Fees and commission income

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Credit-related fees and commissions	10,887	7,045	7,100	3,229
Commission on turnover	1,564	1,102	-	-
Account maintenance fee	7,151	6,248	7,151	6,248
Electronic banking income	38,766	27,923	25,583	18,855
Funds transfer fee	8,582	8,289	437	575
Trade transactions income	14,127	19,492	6,081	12,112
Remittance fee	9,108	5,422	6,636	3,979
Commissions on transactional services	15,155	13,009	6,148	4,725
Pension funds custody fees	5,221	5,467	-	-
Internal transfer pricing charges	-	-	6,024	3,765
	110,561	**93,997**	**65,160**	**53,488**

14 Fees and commission expense

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
E-Banking expense	28,454	23,768	21,042	16,571
Trade related expenses	1,541	4,391	1,400	4,312
Funds transfer expense	562	392	114	81
	30,557	**28,551**	**22,556**	**20,964**

15 Net trading and foreign exchange income

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Fixed income securities(i)	10,641	6,705	10,297	6,360
Foreign exchange trading income(ii)	24,563	29,872	8,270	10,789
Foreign currency revaluation loss	(10,171)	(31,482)	(12,080)	(31,227)
Net fair value gain on derivatives (see note 33 (c))	12,594	26,580	12,594	26,896
	37,627	**31,675**	**19,081**	**12,818**

(i) This comprises gains and losses arising from trading and fair value changes.

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

16 Other operating income

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Dividend income (i)	3,305	3,454	20,190	8,469
Rental income	421	390	415	378
Income on cash handling	2,810	1,592	329	638
Gain on disposal of property and equipment	251	15	16	15
	6,787	5,451	20,950	9,500

(i) Dividend income of N20.190 billion for the Bank includes a sum of N17.045 billion (December 2018: N5.09 billion) being total dividend received from the Bank's subsidiaries. This amount has been eliminated in arriving at the Group's dividend income from other equity investments of N3.31 billion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

17 Employee benefit expenses

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Wages and salaries (note 43)	72,490	68,487	42,532	40,278
Defined contribution plans	2,609	2,671	1,242	1,259
	75,099	**71,158**	**43,774**	**41,537**

18 Depreciation and amortisation

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Depreciation of right-of-use assets (note 30)	1,883	-	1,605	-
Depreciation of property and equipment (note 30)	11,980	10,199	8,842	7,368
Amortisation of intangible assets (note 31)	1,627	1,602	1,325	1,302
	15,490	**11,801**	**11,772**	**8,670**

19 Other operating expenses

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Directors' fees	51	34	51	34
Banking sector resolution cost	19,992	16,628	19,992	16,628
Deposit insurance premium	9,737	7,354	9,389	7,186
Non-deposit insurance costs	2,161	2,251	787	982
Auditors' remuneration	608	592	360	350
Occupancy and premises maintenance costs	14,018	14,075	3,417	4,132
Business travels	7,062	7,126	5,725	5,543
Advertising, promotions and branding	7,433	7,254	5,812	5,874
Contract services	12,066	12,786	8,530	8,412
Communication	5,821	4,968	2,923	2,034
IT support and related expenses	6,052	5,674	5,690	5,394
Printing, stationery and subscriptions	6,176	6,606	4,900	5,499
Security and cash handling expenses	3,979	3,275	2,713	1,865
Fuel, repairs and maintenance	23,057	22,053	14,786	14,085
Bank charges	2,814	937	2,100	754
Donations	753	1,048	650	1,033
Training and human capital development	3,735	1,318	3,437	1,123
Penalties	884	32	69	30
Loan recovery expenses	179	372	179	372
	126,578	**114,383**	**91,510**	**81,330**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

20 Taxation

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Recognised in the statement of comprehensive income				
(a) Current tax expense				
Current period	23,454	23,046	7,313	8,987
(b) Deferred tax expense/(credit)				
Origination and reversal of temporary differences (Note 32)	(1,256)	5,113	-	5,316
Total income tax expense/(credit)	**22,198**	**28,159**	**7,313**	**14,303**
(c) Current tax liabilities				
Balance, beginning of period	8,892	7,668	706	1,108
Tax paid	(23,182)	(21,822)	(7,297)	(9,389)
Income tax charge	23,454	23,046	7,313	8,987
Balance, end of period	**9,164**	**8,892**	**722**	**706**

(d) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Bank (Parent). The reconciliation of amount reported as tax expense in the statement of comprehensive income to the income tax using the domestic corporation tax rate is presented below:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	111,287	106,766	70,063	55,350
Income tax using the domestic corporation tax rate	33,386	32,030	21,019	16,605
Tax effects of:				
Information Technology Levy	1,102	2,310	694	548
Nigerian Police Trust Fund Levy	4	-	4	-
Education tax	87	3,560	-	-
Minimum tax/excess dividend tax adjustment	2,407	2,248	2,210	2,248
Deferred tax written off	-	5,316	-	5,316
Prior Year under Provision of Current Tax	4,864	4,601	4,486	4,601
Effect of Permanent differences - Income not subject to tax	(45,741)	(32,637)	(45,698)	(25,746)
Effect of Permanent differences - Expenses not deductible	16,770	9	16,000	9
Effect of Temporary Difference not recognised in Deferred Tax	4,869	9,948	6,380	9,948
Losses/(Relief) not recognised in Deferred Tax	4,450	774	2,218	774
Total income tax expense in comprehensive income	**22,198**	**28,159**	**7,313**	**14,303**

20 Taxation - Continued

The Bank was assessed based on the minimum tax legislation for the period ended 30 June 2017 because of a tax exemption granted via Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 as contained in a gazette issued by the President of the Federal Republic of Nigeria, which took effect from 2 January 2012. The Order exempts all interests earned on Bonds (Federal, state, local and corporate bodies including supra-nationals) and other short-term securities such as Treasury Bills and Promissory Notes from being subjected to tax imposed under the Companies Income Tax Act. The Order is valid for a period of 10 years from the effective date of the Order, except for Bonds issued by the Federal Government, which will continue to enjoy the exemption.

A significant portion of the Bank's income derives from short-term securities and government bonds, and as a result, the Bank's current income tax assessment for 2012 to 2015 financial years yielded tax credit in its favour. Consequently, the Bank applied the provisions of the Companies Income Tax Act that mandate a minimum tax assessment, where a taxpayer does not have any tax liability arising from its tax assessment.

During the year, the Bank was liable to excess dividend tax of ₦4.124billion net of tax credits of ₦230million representing 30% of ₦14.5billion final dividend (40k) paid on 2015 accounts as the Nigerian tax laws require companies to pay tax calculated at 30% of the higher of taxable profit and dividend paid. However, in the 2015 financial statements, the Bank only recognised ₦3.903 billion (Dividend tax on 2015 Interim Dividend, Education tax, National Information Technology Levy, and Withholding tax on dividend received), as the 2015 final dividend was not yet approved as at the reporting date. The difference between the tax of ₦5.419billion charged in 2017 Financial Statement and tax of ₦4.124billion paid on 2015 final dividend represents minimum tax accrued for 2017 amounting to ₦1.295billion.

21 Earnings per share

The calculation of basic earnings per share as at 31 December 2019 was based on the profit attributable to ordinary shareholders of ₦86.220 billion (Bank: ₦62.750 billion) and the weighted average number of ordinary shares outstanding of 34.199 billion (Bank: 34.199 billion). The Bank had no dilutive instruments as at period end (December 2018 : nil). Hence the basic and diluted earnings per share are equal.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Profit attributable to equity holders of the parent	86,220	75,359	62,750	41,047
Weighted average number of ordinary shares outstanding (in millions)	34,199	34,199	34,199	34,199
Basic and diluted earnings per share (Naira)	**2.52**	**2.20**	**1.83**	**1.20**

22 Cash and bank balances

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Cash	104,669	101,609	74,467	74,979
Current balances with banks	192,522	344,123	168,775	309,921
Unrestricted balances with central banks	113,574	202,714	5,688	27,642
Money market placements	153,355	8,467	117,646	51,089
Restricted balances with central banks (note (i) below)	832,108	563,683	815,978	551,568
	1,396,228	1,220,596	1,182,554	1,015,199
Current	1,396,228	1,220,596	1,182,554	1,015,199
Non current	-	-	-	-
	1,396,228	**1,220,596**	**1,182,554**	**1,015,199**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

22 Cash and bank balances - Continued

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
(i) Restricted balances with central banks comprise:				
Mandatory reserve deposits with central banks (note (a) below)	777,390	508,965	761,260	496,850
Special Intervention Reserve (note (b) below)	54,718	54,718	54,718	54,718
	832,108	**563,683**	**815,978**	**551,568**

(a) This represents amounts held as cash reserve requirement with central banks of the countries in which the Bank and its subsidiaries operate, and is not available for use in the Group's day-to-day operations.

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

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Cash and current balances with banks	297,191	445,732	243,242	384,900
Unrestricted balances with central banks	113,574	202,714	5,688	27,642
Money market placements (less than 90 days)	130,633	8,467	94,924	32,189
Financial assets held for trading (less than 90 days)	18,073	5,332	18,073	5,332
Cash and cash equivalents	**559,471**	**662,245**	**361,927**	**450,063**

23 Financial assets at fair value through profit or loss

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Government bonds	7,719	696	7,719	696
Promissory notes	59,038	-	59,038	-
Treasury bills (less than 90 days maturity) (note (i) below)	18,073	5,332	18,073	5,332
Treasury bills (above 90 days maturity)	17,558	13,411	17,558	13,411
	102,388	19,439	102,388	19,439
Current	**102,388**	**19,439**	**102,388**	**19,439**

Fixed income trading activities are restricted to the parent alone.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

24 Loans and advances to banks

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Gross amount	110,123	16,147	101,746	15,859
Less: Allowance for credit losses				
Stage 1 loans	(1,912)	(350)	(1,897)	(343)
Stage 2 loans	-	-	-	-
Stage 3 loans	-	-	-	-
	108,211	**15,797**	**99,849**	**15,516**
Current	108,211	15,797	99,849	15,516
	108,211	**15,797**	**99,849**	**15,516**

(a) **Allowance for credit losses on loans and advances to banks**
31 December 2019
Group
Allowance for credit loss

In millions of Nigerian Naira	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of period	350	-	-	350
Charge for the period	2,741	-	-	2,741
Exchange difference	(1,179)	-	-	(1,179)
Balance, end of period	**1,912**	**-**	**-**	**1,912**
Bank				
Allowance for credit loss				
Balance, beginning of period	343	-	-	343
Charge for the period	2,675	-	-	2,675
Exchange difference	(1,121)	-	-	(1,121)
Balance, end of period	**1,897**	**-**	**-**	**1,897**
31 December 2018				
Group				
Allowance for credit loss				
Balance, beginning of period	188	-	-	188
Charge for the period	(213)	-	-	(213)
Exchange difference	375	-	-	375
Balance, end of period	**350**	**-**	**-**	**350**
Bank				
Allowance for credit loss				
Balance, beginning of period	200	-	-	200
Charge for the period	(213)	-	-	(213)
Exchange difference	356	-	-	356
Balance, end of period	**343**	**-**	**-**	**343**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Gross amount	2,147,283	1,807,393	1,557,358	1,274,112
Allowance for credit losses	(86,136)	(92,108)	(53,978)	(60,311)
	2,061,147	**1,715,285**	**1,503,380**	**1,213,801**
Current	1,113,617	970,376	746,696	580,011
Non-current	947,530	744,909	756,684	633,790
	2,061,147	**1,715,285**	**1,503,380**	**1,213,801**

(a) 31 December 2019
Loans and advances to customers

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Gross amount	2,147,283	1,807,393	1,557,358	1,274,112
Allowance for credit losses:				
- Impairment loss on Stage 1 loans	(33,643)	(3,802)	(24,541)	3,374
- Impairment loss on Stage 2 loans	(16,200)	(871)	(8,222)	(139)
- Impairment loss on Stage 3 loans	(36,293)	(87,435)	(21,215)	(63,546)
Total provision for credit losses	(86,136)	(92,108)	(53,978)	(60,311)
Carrying amount	**2,061,147**	**1,715,285**	**1,503,380**	**1,213,801**
Loans and advances to individuals				
Gross amount	116,640	108,926	52,166	29,801
Provision for credit losses:				
- Impairment loss on Stage 1 loans	(1,535)	(532)	(824)	348
- Impairment loss on Stage 2 loans	(855)	2,855	-	2,934
- Impairment loss on Stage 3 loans	(8,478)	(13,676)	(6,407)	(10,050)
Total provision for credit losses	(10,868)	(11,353)	(7,231)	(6,768)
Carrying amount	**105,772**	**97,573**	**44,935**	**23,033**
Loans and advances to corporate entities and other organizations				
Gross amount	2,030,643	1,698,467	1,505,192	1,244,311
Provision for credit losses:				
- Impairment loss on Stage 1 loans	(32,108)	(3,270)	(23,717)	3,026
- Impairment loss on Stage 2 loans	(15,345)	(3,726)	(8,222)	(3,073)
- Impairment loss on Stage 3 loans	(27,815)	(73,759)	(14,808)	(53,496)
Total provision for credit losses	**(75,268)**	**(80,755)**	**(46,747)**	**(53,543)**
Carrying amount	**1,955,375**	**1,617,712**	**1,458,445**	**1,190,768**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers - Continued

(b) 31 December 2019

Group

Loans and advances to individuals	Gross amount	Stage 1 - 12-month ECL	Stage 2 - Life-time ECL	Stage 3 - Life-time ECL	Total allowances	Carrying amount
Overdrafts	24,208	(59)	(117)	(7,220)	(7,396)	16,812
Term loans	92,432	(1,476)	(738)	(1,258)	(3,472)	88,960
	116,640	**(1,535)**	**(855)**	**(8,478)**	**(10,868)**	**105,772**
Loans and advances to corporate entities and other organizations						
Overdrafts	459,515	(4,828)	(1,996)	(26,655)	(33,479)	426,036
Term loans	1,568,177	(27,259)	(13,349)	(1,160)	(41,768)	1,526,409
Others	2,951	(21)	-	-	(21)	2,930
	2,030,643	**(32,108)**	**(15,345)**	**(27,815)**	**(75,268)**	**1,955,375**
Bank						
Loans and advances to individuals						
Overdrafts	14,643	(35)	-	(5,741)	(5,776)	8,867
Term loans	37,523	(789)	-	(666)	(1,455)	36,068
	52,166	**(824)**	**-**	**(6,407)**	**(7,231)**	**44,935**
Loans and advances to corporate entities and other organizations						
Overdrafts	297,251	(3,150)	(154)	(13,444)	(16,748)	280,503
Term loans	1,204,990	(20,546)	(8,068)	(1,364)	(29,978)	1,175,012
Others	2,951	(21)	-	-	(21)	2,930
	1,505,192	**(23,717)**	**(8,222)**	**(14,808)**	**(46,747)**	**1,458,445**

31 December 2018

Group

Loans and advances to customers

Loans and advances to individuals	Gross amount	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total allowances	Carrying amount
Overdrafts	24,578	28	(38)	(8,806)	(8,816)	15,762
Term loans	84,348	(560)	2,893	(4,870)	(2,537)	81,811
	108,926	**(532)**	**2,855**	**(13,676)**	**(11,353)**	**97,573**
Loans and advances to corporate entities and other organizations						
Overdrafts	383,414	(3,220)	(457)	(47,232)	(50,909)	332,505
Term loans	1,310,720	-	(3,269)	(26,527)	(29,796)	1,280,924
Others	4,333	(50)	-	-	(50)	4,283
	1,698,467	**(3,270)**	**(3,726)**	**(73,759)**	**(80,755)**	**1,617,712**
Bank						
Loans and advances to individuals						
Overdrafts	13,305	(37)	(1)	(5,742)	(5,780)	7,525
Term loans	16,496	385	2,935	(4,308)	(988)	15,508
	29,801	**348**	**2,934**	**(10,050)**	**(6,768)**	**23,033**
Loans and advances to corporate entities and other organizations						
Overdrafts	208,244	(1,922)	(115)	(26,961)	(28,998)	179,246
Term loans	1,031,734	4,963	(2,958)	(26,535)	(24,530)	1,007,204
Others	4,333	(15)	-	-	(15)	4,318
	1,244,311	**3,026**	**(3,073)**	**(53,496)**	**(53,543)**	**1,190,768**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers - Continued

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

31 December 2019

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
(i) Group				
Balance, beginning of period	24,947	6,010	61,151	92,108
Impairment charge/(write back) in the period	7,276	10,595	(3,711)	14,160
Write offs	-	-	(20,132)	(20,132)
Transfer between stages	1,420	(405)	(1,015)	-
Balance, end of period	**33,643**	**16,200**	**36,293**	**86,136**
Loans and advances to individuals				
Balance, beginning of period	1,091	60	10,202	11,353
Impairment charge/(write back) in the period	664	795	(1,507)	(48)
Write offs	-	-	(437)	(437)
Transfer between stages	(220)	-	220	-
Balance, end of period	**1,535**	**855**	**8,478**	**10,868**
Loans and advances to corporate entities and other organizations				
Balance, beginning of period	23,856	5,950	50,949	80,755
Impairment charge/(write back) in the period	6,612	9,800	(2,204)	14,208
Write offs	-	-	(19,695)	(19,695)
Transfer between stages	1,640	(405)	(1,235)	-
Balance, end of period	**32,108**	**15,345**	**27,815**	**75,268**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers - Continued

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

31 December 2019

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
(ii) Bank				
Balance, beginning of period	17,961	5,399	36,951	60,311
Impairment charge/(write back) in the period	4,658	3,228	3,212	11,098
Write offs	-	-	(17,431)	(17,431)
Transfer between stages	1,922	(405)	(1,517)	-
Balance, end of period	**24,541**	**8,222**	**21,215**	**53,978**
Loans and advances to individuals				
Balance, beginning of period	201	1	6,566	6,768
Impairment charge/(write back) in the period	642	(1)	259	900
Write offs	-	-	(437)	(437)
Transfer between stages	(19)	-	19	-
Balance, end of period	**824**	**-**	**6,407**	**7,231**
Loans and advances to corporate entities and other organizations				
Balance, beginning of period (IFRS 9)	17,760	5,398	30,385	53,543
Impairment charge/(write back) in the period	4,016	3,229	2,953	10,198
Reversal in allowance for credit loss				
Write offs		-	(16,994)	(16,994)
Transfer between stages	1,941	(405)	(1,536)	-
Balance, end of period	**23,717**	**8,222**	**14,808**	**46,747**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers - Continued

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

31 December 2018

In millions of Nigerian Naira	Stage 1 - 12-month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
(iii) Allowance for credit losses on loans and advances to customers				
Balance, beginning of period	31,416	7,087	66,004	104,507
Impairment charge in the period	9,781	284	24,215	34,280
Reversal in allowance for credit loss	(16,250)	(1,361)	(19,380)	(36,991)
Write offs	-	-	(9,688)	(9,688)
Transfer between stages	(21,145)	(5,139)	26,284	-
Balance, end of period	**3,802**	**871**	**87,435**	**92,108**
Loans and advances to individuals				
Balance, beginning of period	1,634	189	5,594	7,417
Impairment charge in the period	638	13	5,895	6,546
Reversal in allowance for credit loss	(1,181)	(142)	(1,286)	(2,609)
Write offs	-	-	(1)	(1)
Transfer between stages	(559)	(2,915)	3,474	-
Balance, end of period	**532**	**(2,855)**	**13,676**	**11,353**
Loans and advances to corporate entities and other organizations				
Balance, beginning of period	29,782	6,898	60,410	97,090
Impairment charge in the period	9,143	271	18,320	27,734
Reversal in allowance for credit loss	(15,069)	(1,219)	(18,094)	(34,382)
Write offs	-	-	(9,687)	(9,687)
Transfer between stages	(20,586)	(2,224)	22,810	-
Balance, end of period	**3,270**	**3,726**	**73,759**	**80,755**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

25 Loans and advances to customers - Continued

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

31 December 2018

In millions of Nigerian Naira	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
(iv) Bank				
Balance, beginning of period	23,933	5,446	43,123	72,502
Impairment charge in the period	4,925	134	6,314	11,373
Reversal in allowance for credit loss	(10,897)	(181)	(1,403)	(12,481)
Write offs	-	-	(11,083)	(11,083)
Transfer between stages	(21,335)	(5,260)	26,595	-
Balance, end of period	**(3,374)**	**139**	**63,546**	**60,311**
Loans and advances to individuals				
Balance, beginning of period	201	1	3,724	3,926
Impairment charge in the period	140	-	2,844	2,984
Reversal in allowance for credit loss	(140)	-	-	(140)
Write offs	-	-	(2)	(2)
Transfer between stages	(549)	(2,935)	3,484	-
Balance, end of period	**(348)**	**(2,934)**	**10,050**	**6,768**
Loans and advances to corporate entities and other organizations				
Balance, beginning of period (IFRS 9)	23,732	5,445	39,399	68,576
Impairment charge in the period	4,785	134	3,470	8,389
Reversal in allowance for credit loss	(10,757)	(181)	(1,403)	(12,341)
Write offs	-	-	(11,081)	(11,081)
Transfer between stages	(20,786)	(2,325)	23,111	-
Balance, end of period	**(3,026)**	**3,073**	**53,496**	**53,543**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

26 Investment securities

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Investment securities at FVOCI comprise (see note (i)):				
Treasury bills	678,243	790,292	634,209	705,152
Bonds	108,697	143,608	24,931	118,498
Equity investments	114,108	102,753	113,518	102,242
	901,048	**1,036,653**	**772,658**	**925,892**
Investment securities at amortised cost comprise (see note (i)):				
Treasury bills	461,353	321,131	-	-
Bonds	209,645	279,658	74,017	84,509
Gross amount	670,998	600,789	74,017	84,509
Allowance for credit losses	(496)	(310)	(461)	(244)
Net carrying amount	670,502	600,479	73,556	84,265
Carrying amount	**1,571,550**	**1,637,132**	**846,214**	**1,010,157**
Current	1,267,963	1,251,924	762,020	812,951
Non-current	303,587	385,208	84,194	197,206
	1,571,550	**1,637,132**	**846,214**	**1,010,157**

(i) Included in investment securities at FVOCI and amortised cost are pledged financial assets which cannot be re-pledged or resold by counterparties, and these securities are stated as follows:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Bonds (at FVOCI)	10,102	9,166	10,102	9,166
Treasury bills (at FVOCI)	400,625	353,994	400,625	353,994
Bonds (at amortised cost)	44,175	39,814	44,175	39,814
	454,902	402,974	454,902	402,974
(ii) Unquoted equity securities at FVOCI are analysed below:				
Africa Finance Corporation	92,592	87,113	92,592	87,113
SMEEIS Investment	6,588	4,640	6,588	4,640
Unified Payment Services Limited	5,147	3,593	5,147	3,593
MTN Nigeria	2,612	2,499	2,612	2,499
Central Securities Clearing System Limited	3,088	2,255	3,088	2,255
Nigeria Interbank Settlement System Plc	2,021	1,482	2,021	1,482
African Export-Import Bank	815	388	815	388
FMDQ OTC Plc	455	124	455	124
Credit Reference Company	150	98	150	98
NG Clearing Limited	50	50	50	50
Others[1]	590	511	-	-
	114,108	**102,753**	**113,518**	**102,242**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

27 Other assets

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Financial assets				
Electronic payments receivables	31,868	20,001	29,095	16,868
Accounts receivable	96,635	28,148	53,298	9,401
Intercompany receivables	-	-	13,143	8,896
Dividends receivable	-	-	12,739	5,749
Pension custody fees receivable	693	744	-	-
Allowance for impairment on accounts receivable (a)	(8,642)	(5,310)	(5,039)	(1,965)
	120,554	**43,583**	**103,236**	**38,949**
Non-financial assets				
Prepayments	10,913	14,387	4,343	7,565
Recoverable taxes	2,796	1,565	718	128
Stock of consumables	5,622	3,477	3,310	3,000
	19,331	19,429	8,371	10,693
	139,885	**63,012**	**111,607**	**49,642**
(a) Movement in impairment for other assets				
At start of period	5,310	3,328	1,965	2,216
Charge for the period (Note 12)	3,738	4,162	3,074	3,105
Balances written off	-	(3,356)	-	(3,356)
Exchange difference	(406)	1,176	-	-
	8,642	5,310	5,039	1,965
(b) Current	136,041	59,441	108,622	47,268
Non-current	3,844	3,571	2,985	2,374
	139,885	**63,012**	**111,607**	**49,642**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

28 Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investee as at 31 December 2019. The Associate Company (UBA Zambia Limited) with a financial reporting date of 31 December, has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of the Group's ownership interest is the same as the proportion of voting rights held.

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

(a) Movement in investment in equity-accounted investee

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Financial assets				
Balance, beginning of the period	4,610	2,860	2,715	1,770
Additional investment	-	945	-	945
Share of current period's result	413	419	-	-
Share of foreign currency translation differences	(881)	386	-	-
Balance, end of the period	4,143	4,610	2,715	2,715

(i) Reconciliation of summarised financial information

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

In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**
Opening net assets	5,063	3,420
Profit for the period	837	856
Foreign currency translation differences	(1,797)	787
Closing net assets	4,103	5,063
Group's interest in associate (49%)	2,010	2,477
Notional goodwill	2,133	2,133
Carrying amount	4,143	4,610

(b) Nature of investment in associates

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

28 Investment in equity-accounted investee - Continued

(c) Summarised financial information for associate

In millions of Nigerian Naira	Dec. 2019	Dec. 2018
(i) Summarised Statement of Financial Position		
Assets		
Cash and cash equivalents	4,815	6,314
Other current assets	29,408	22,550
Non-current assets	1,639	518
Total assets	**35,862**	**29,382**
Financial liabilities	24,383	21,168
Other current liabilities	7,376	3,151
Total liabiliities	**31,759**	**24,319**
Net assets	**4,103**	**5,063**
(ii) Summarised statement of comprehensive income		
Operating expense	4,664	5,129
Net impairment (loss)/reversal on financial assets	(3,902)	(4,345)
Profit/(Loss) before tax	**75**	**72**
Income tax expense	837	856
Profit/(Loss) for the period	**837**	**856**
Other comprehensive income	-	-
Total comprehensive income	837	856

The information above reflects the amounts presented in the financial statements of the Associate Company. There are no differences in the accounting policies of the Associate Company and the Group's accounting policies.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

29 Investment in subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira	Year of acquisition/ Commencement	Holding	Non- controlling interest	Country	Industry	Bank Dec. 2019	Bank Dec. 2018
Bank subsidiaries (see note (i) below):							
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	0%	Cameroun	Banking	1,845	1,845
UBA Cote d'Ivoire	2008	100%	0%	Cote d'Ivoire	Banking	12,295	12,295
UBA Liberia Limited	2008	100%	0%	Liberia	Banking	2,330	2,330
UBA (SL) Limited	2008	100%	0%	Sierra Leone	Banking	1,269	1,269
UBA Uganda Limited	2008	69%	31%	Uganda	Banking	3,705	3,705
UBA Burkina Faso	2008	64%	36%	Burkina Faso	Banking	5,352	5,352
UBA Benin	2008	84%	16%	Benin Republic	Banking	11,451	11,451
UBA Kenya Bank Limited	2009	81%	19%	Kenya	Banking	3,744	3,744
UBA Chad (SA)	2009	89%	11%	Chad	Banking	2,440	2,440
UBA Senegal (SA)	2009	86%	14%	Senegal	Banking	2,400	2,400
UBA Tanzania Limited	2010	82%	18%	Tanzania	Banking	4,332	4,332
UBA Gabon	2010	100%	0%	Gabon	Banking	2,760	2,760
UBA Guinea (SA)	2010	100%	0%	Guinea	Banking	1,475	1,475
UBA Congo DRC (SA)	2011	100%	0%	Congo DRC	Banking	10,375	10,375
UBA Congo Brazzaville (SA)	2011	100%	0%	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	96%	4%	Mozambique	Banking	8,156	8,156
UBA Mali	2017	100%	0%	Mali	Banking	6,300	6,300
UBA UK Limited (see (ii) below)	2012	100%	-	United Kingdom	Banking	9,974	9,974
Non-Bank Subsidiaries:							
UBA Pensions Custodian Limited (see (iii) below)	2004	100%	-	Nigeria	Pension custody	2,000	2,000
UBA FX Mart Limited (see (iv) below)	2008	100%	-	Nigeria	Banking	-	502
						103,275	103,777

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

29 Investment in subsidiaries - Continued

(i) UBA Ghana, UBA Cameroon SA, UBA Cote d'Ivoire, UBA Liberia, UBA Uganda, UBA Burkina Faso, UBA Chad SA, UBA Senegal SA, UBA Benin, UBA Kenya, UBA Tanzania, UBA Gabon, UBA Guinea, UBA Sierra Leone, UBA Mozambique, UBA Congo DRC, UBA Mali and UBA Congo Brazzaville are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(ii) UBA UK Limited is a UK bank regulated by the Prudential Regulation Authority and the Financial Conduct Authority and received its banking licence in March 2018. Prior to gaining its bank status, the firm was authorised in the UK to undertake investment business and was originally incorporated on September 25, 1995. The bank is primarily engaged in wholesale banking, with a focus on facilitating trade and treasury flows between Europe and Africa. The bank offers trade finance, corporate banking and treasury solutions to corporate and institutional clients based in Africa and/or Europe.

(iii) UBA Pension Custodian Limited obtained an operating license on 20 February 2006 and commenced operations in Nigeria on 3 May 2006. It principally operates as a custodian of pension assets, to hold and deal in such assets as directed by the Pension Fund Administrators and in line with regulations of the National Pension Commission in conformity with the Pensions Reforms Act 2004 and as amended in 2014.

(iv) UBA FX Mart was incorporated on January 30, 2008 and commenced operations on May 22, 2008. It operated as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, Management made a decision to suspend the Company's operations. As at the reporting date, the Company has been liquidated and the analyses of the income arising from liquidation is provided below:

Profit for the year from the discontinued operation is analysed as follows:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Net assets transferred to parent	677	-	677	-
Derecognition of Investment in subsidiaries	(501)	-	(501)	-
Profit from discontinued operation	**176**	**-**	**176**	**-**

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

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the period is ₦19.41 billion (2018: ₦19.14 billion) is attributed to the following non-fully owned subsidiaries:

	Dec. 2019	**Dec. 2018**
UBA Ghana Limited	3,709	3,897
UBA Burkina Faso	6,038	6,439
UBA Benin	1,990	1,947
UBA Uganda Limited	1,401	1,235
UBA Kenya Bank Limited	1,633	1,444
UBA Senegal (SA)	2,769	2,360
UBA Mozambique (SA)	342	364
UBA Chad (SA)	1,046	1,018
UBA Tanzania Limited	477	435
	19,405	**19,139**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

29 Investment in subsidiaries - Continued

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 31 December 2019. The amounts disclosed for each subsidiary are before inter-company eliminations.

	UBA Ghana Limited		UBA Burkina Faso		UBA Benin	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	32,320	34,862	11,708	23,857	24,553	14,446
Other financial assets	214,027	191,759	175,519	180,760	88,707	105,825
Non-financial assets	2,579	1,917	2,970	3,191	2,016	2,619
Total assets	**248,926**	**228,538**	**190,197**	**207,808**	**115,276**	**122,890**
Financial liabilities	198,131	171,927	171,326	188,676	99,253	108,259
Non-financial liabilities	10,616	14,386	2,220	1,375	3,734	2,606
Total liabilities	**208,747**	**186,313**	**173,546**	**190,051**	**102,987**	**110,865**
Net assets	**40,179**	**42,225**	**16,651**	**17,757**	**12,289**	**12,025**

Summarized statement of comprehensive income	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Revenue	33,684	47,892	12,832	14,002	10,334	13,478
Profit for the period	11,093	11,356	1,796	2,706	1,097	2,390
Other comprehensive income	-	-	-	-		
Total comprehensive income	**11,093**	**11,356**	**1,796**	**2,706**	**1,097**	**2,390**
Total comprehensive income allocated to non-controlling interest	1,024	1,048	651	982	178	387
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	4,861	189	(72,938)	(33,934)	(9,810)	24
Cash flows from financing activities	1,956	77	(1,603)	(1,407)	2,343	1,013
Cash flows from investing activities	(3,777)	164	61,567	34,516	23,293	4,682
Net (decrease)/increase in cash and cash equivalents	**3,040**	**430**	**(12,974)**	**(825)**	**15,826**	**5,719**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

29 Investment in subsidiaries - Continued

	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	18,290	10,639	13,489	12,071	14,653	64,492
Other financial assets	15,187	13,252	42,675	40,671	124,270	122,093
Non-financial assets	534	416	1,558	1,472	1,601	1,119
Total assets	**34,011**	**24,307**	**57,722**	**54,214**	**140,524**	**187,704**
Financial liabilities	29,471	20,307	33,762	27,901	113,860	164,781
Non-financial liabilities	-	-	15,364	18,714	6,172	5,460
Total liabilities	**29,471**	**20,307**	**49,126**	**46,615**	**120,032**	**170,241**
Net assets	**4,540**	**4,000**	**8,596**	**7,599**	**20,492**	**17,463**
Summarized statement of comprehensive income	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Revenue	4,326	3,961	6,233	5,032	11,526	11,467
Profit/(loss) for the period	651	575	812	174	2,799	3,268
Other comprehensive income	-	-	-	-		
Total comprehensive income	**651**	**575**	**812**	**174**	**2,799**	**3,268**
Total comprehensive income allocated to non-controlling interest	201	178	154	33	378	442
Summarized cash flows						
Cash flows from operating activities	13,028	5,863	17,658	12,976	(4,442)	51,775
Cash flows from financing activities	(404)	(864)	15,504	18,504	(323)	(3,820)
Cash flows from investing activities	(4,371)	(4,397)	(21,986)	(21,722)	(7,697)	(10,578)
Net increase/(decrease) in cash and cash equivalents	**8,253**	**602**	**11,176**	**9,758**	**(12,462)**	**37,377**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

29 Investment in subsidiaries - Continued

	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Summarised statement of financial position						
Cash and bank balances	10,129	4,335	12,290	6,280	11,040	6,423
Other financial assets	8,515	15,190	38,343	34,399	17,789	10,224
Non-financial assets	218	233	629	1,199	206	160
Total assets	**18,862**	**19,758**	**51,262**	**41,878**	**29,035**	**16,807**
Financial liabilities	10,706	11,037	40,379	31,377	26,247	14,090
Non-financial assets	202	260	1,371	1,245	119	282
Total liabilities	**10,908**	**11,297**	**41,750**	**32,622**	**26,366**	**14,371**
Net assets	**7,954**	**8,461**	**9,512**	**9,256**	**2,669**	**2,436**

Summarized statement of comprehensive income	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Revenue	2,289	3,477	6,588	6,601	2,750	1,781
(Loss)/Profit for the period	(234)	88	2,229	2,063	266	(288)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(234)**	**88**	**2,229**	**2,063**	**266**	**(288)**
Total comprehensive income allocated to non-controlling interest	(10)	4	245	227	48	(52)
Summarized cash flows						
Cash flows from operating activities	630	1,331	14,126	(1,258)	12,165	391
Cash flows from financing activities	224	411	(2,509)	(2,599)	(1,131)	(810)
Cash flows from investing activities	5,326	(1,356)	(12,853)	(3,389)	(6,955)	(119)
Net increase/(decrease) in cash and cash equivalents	**6,180**	**386**	**(1,236)**	**(7,246)**	**4,079**	**(538)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

30 Property and equipment

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Property and equipment	122,290	115,973	102,009	97,502
Right-of-use assets	6,209	-	5,439	-
Carrying amount	**128,499**	**115,973**	**107,448**	**97,502**

The Group previously classified leases as operating and finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership of the underlying asset to the Group. Under IFRS16, the Group recognises right-of-use assets and lease liabilities as part of 'property and equipment' and 'other liabilities' respectively.

(a) Property and equipment
As at December 31, 2019
Group

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2019	34,390	36,956	13,259	8,564	14,367	11,640	41,936	44,910	11,452	217,474
Additions	381	833	1,016	-	646	1,776	1,320	1,844	10,605	18,421
Reclassifications	(406)	466	532	-	41	108	1,231	3,476	(5,448)	-
Disposals	-	(0)	(9)	-	(240)	(101)	(191)	(242)	(213)	(996)
Transfers	-	-	41	-	-	27	239	28	(112)	223
Write-off	-	(8)	(169)	-	(107)	(54)	(139)	(107)	(6)	(590)
Exchange difference (note i)	-	(851)	926	-	252	(208)	(163)	(247)	(411)	(702)
Balance at 31 December 2019	**34,365**	**37,396**	**15,596**	**8,564**	**14,959**	**13,188**	**44,233**	**49,662**	**15,867**	**233,830**
Accumulated depreciation										
Balance at 1 January 2019	-	14,461	7,542	1,666	11,567	9,201	28,783	28,279	-	101,499
Charge for the period	-	934	515	668	850	1,191	3,048	4,774	-	11,980
Reclassifications	-	(13)	13	-	-	2	(44)	42	-	-
Disposals	-	(0)	(2)	-	(235)	(80)	(187)	(221)	-	(725)
Write-off	-	(1)	(160)	-	(66)	(55)	(131)	(103)	-	(516)
Exchange difference (note i)	-	(346)	(135)	-	(50)	(716)	326	218	-	(703)
Balance at 31 December 2019	**-**	**15,036**	**7,774**	**2,334**	**12,066**	**9,543**	**31,800**	**32,989**	**-**	**111,540**
Carrying amounts										
Balance at 31 December 2019	**34,365**	**22,360**	**7,822**	**6,230**	**2,893**	**3,645**	**12,433**	**16,673**	**15,867**	**122,290**
Balance at 31 December 2018	**34,390**	**22,495**	**5,717**	**6,898**	**2,800**	**2,439**	**13,153**	**16,629**	**11,452**	**115,973**

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

30 Property and equipment - Continued

(a) Property and equipment - continued
As at December 31, 2018
Group

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2018	34,380	36,533	13,305	8,564	14,071	11,049	33,389	38,430	12,702	202,423
Additions	63	580	574	-	779	728	1,832	5,779	8,709	19,044
Reclassifications	(22)	928	277	-	23	136	7,182	1,417	(9,942)	(1)
Disposals	(3)	(573)	(558)	-	(342)	(135)	(276)	(446)	(99)	(2,432)
Transfers	-	-	-	-	-	-	-	-	233	233
Write-off	-	(6)	-	-	(1)	-	-	-	-	(7)
Exchange difference (note i)	(28)	(506)	(339)	-	(163)	(138)	(191)	(270)	(151)	(1,786)
Balance at 31 December 2018	**34,390**	**36,956**	**13,259**	**8,564**	**14,367**	**11,640**	**41,936**	**44,910**	**11,452**	**217,474**
Accumulated depreciation										
Balance at 1 January 2018	-	14,595	7,319	1,258	11,035	8,268	27,400	24,910	-	94,785
Charge for the period	-	514	868	408	907	1,207	2,329	3,966	-	10,199
Reclassifications	-	(7)	7	-	-	(1)	(5)	6	-	-
Disposals	-	(399)	(382)	-	(219)	(97)	(707)	(346)	-	(2,150)
Write-off	-	-	-	-	(1)	-	-	-	-	(1)
Exchange difference (note i)	-	(242)	(270)	-	(155)	(176)	(234)	(255)	-	(1,332)
Balance at 31 December 2018	**-**	**14,461**	**7,542**	**1,666**	**11,567**	**9,201**	**28,783**	**28,281**	**-**	**101,501**
Carrying amounts										
Balance at 31 December 2018	**34,390**	**22,495**	**5,717**	**6,898**	**2,800**	**2,439**	**13,153**	**16,629**	**11,452**	**115,973**
Balance at 31 December 2017	**34,380**	**21,938**	**5,986**	**7,306**	**3,036**	**2,781**	**5,989**	**13,518**	**12,702**	**107,636**

(b) Right-of-use assets
December 31, 2019
Group

In millions of Nigerian Naira	Land	Buildings	Total
Right-of-use assets			
Balance - 1 January 2019	115	4,735	4,850
New lease contracts	51	3,191	3,242
Balance - 31 December 2019	166	7,926	8,092
Depreciation			
Balance - 1 January 2019	-	-	-
Depreciation charge for the period	23	1,860	1,883
Balance - 31 December 2019	23	1,860	1,883
Carrying amounts			
Balance at 31 December 2019	143	6,066	6,209
Balance at 31 December 2018	-	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

30 Property and equipment - Continued

(c) As at December 31, 2019
Bank

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2019	33,372	26,316	4,034	8,564	10,227	7,815	35,336	37,776	7,706	171,146
Additions	381	41	5	-	287	313	873	1,527	9,990	13,417
Reclassifications	(406)	466	446	-	41	83	1,211	3,427	(5,268)	-
Disposals	-	(0)	(2)	-	(83)	(33)	(173)	(206)	(213)	(710)
Transfers	-	-	-	-	-	-	-	-	187	187
Write-off	-	(8)	-	-	(48)	(0)	(1)	(7)	-	(64)
Exchange difference (note i)	-	-	6	-	1	3	15	-	-	25
Balance at 31 December 2019	**33,347**	**26,815**	**4,489**	**8,564**	**10,425**	**8,181**	**37,261**	**42,517**	**12,402**	**184,001**
Accumulated depreciation										
Balance at 1 January 2019	-	9,082	1,626	1,666	8,364	5,733	24,096	23,077	-	73,644
Charge for the period	-	420	109	409	530	571	2,616	4,187	-	8,842
Reclassifications	-	(13)	13	-	-	2	(44)	42	-	-
Disposals	-	(0)	(1)	-	(78)	(22)	(169)	(186)	-	(456)
Write-off	-	(1)	-	-	(43)	(0)	(1)	(6)	-	(51)
Exchange difference (note i)	-	-	4	-	-	3	8	(2)	-	13
Balance at 31 December 2019	**-**	**9,488**	**1,751**	**2,075**	**8,773**	**6,287**	**26,506**	**27,112**	**-**	**81,992**
Carrying amounts										
Balance at 31 December 2019	**33,347**	**17,327**	**2,738**	**6,489**	**1,652**	**1,894**	**10,755**	**15,405**	**12,402**	**102,009**
Balance at 31 December 2018	**33,372**	**17,234**	**2,408**	**6,898**	**1,863**	**2,082**	**11,240**	**14,699**	**7,706**	**97,502**

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

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

(d) December 31, 2018
Bank

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2018	33,334	25,499	3,673	8,564	10,041	7,270	27,115	31,483	9,083	156,062
Additions	63	318	77	-	319	422	1,142	5,137	8,014	15,492
Reclassifications	(22)	512	277	-	23	136	7,182	1,417	(9,525)	-
Disposals	(3)	(7)	(20)	-	(158)	(27)	(150)	(275)	(99)	(739)
Transfers	-	-	-	-	-	-	-	-	233	233
Write-off	-	(6)	-	-	(1)	-	-	-	-	(7)
Exchange difference (note i)	-	-	27	-	3	14	47	14	-	105
Balance at 31 December 2018	**33,372**	**26,316**	**4,034**	**8,564**	**10,227**	**7,815**	**35,336**	**37,776**	**7,706**	**171,146**
Accumulated depreciation										
Balance at 1 January 2018	-	8,691	1,520	1,258	7,888	5,185	22,240	19,995	-	66,777
Charge for the period	-	400	93	408	603	561	1,985	3,318	-	7,368
Reclassifications	-	(7)	7	-	-	(1)	(5)	6	-	-
Disposals	-	(2)	(14)	-	(128)	(25)	(142)	(258)	-	(569)
Write-off	-	-	-	-	(1)	-	-	-	-	(1)
Exchange difference (note i)	-	-	20	-	2	13	18	16	-	69
Balance at 31 December 2018	**-**	**9,082**	**1,626**	**1,666**	**8,364**	**5,733**	**24,096**	**23,077**	**-**	**73,644**
Carrying amounts										
Balance at 31 December 2018	**33,372**	**17,234**	**2,408**	**6,898**	**1,863**	**2,082**	**11,240**	**14,699**	**7,706**	**97,502**
Balance at 31 December 2017	**33,334**	**16,808**	**2,153**	**7,306**	**2,153**	**2,085**	**4,875**	**11,488**	**9,083**	**89,285**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

30 Property and equipment - Continued

(e) **Right-of-use assets**
December 31, 2019
Bank

In millions of Nigerian Naira	Land	Buildings	Total
Right-of-use assets			
Balance - 1 January 2019	115	4,160	4,275
New lease contracts	51	2,718	2,769
Balance - 31 December 2019	**166**	**6,878**	**7,044**
Depreciation			
Balance - 1 January 2019	-	-	-
Depreciation charge for the period	23	1,582	1,605
Balance - 31 December 2019	23	1,582	1,605
Carrying amounts			
Balance at 31 December 2019	**143**	**5,296**	**5,439**
Balance at 31 December 2018	**-**	**-**	**-**

31 Intangible assets

(a) **(i) As at December 31, 2019**
Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress[2]	Total
Cost				
Balance at 1 January 2019	9,735	20,092	3,710	33,537
Additions	-	177	1,669	1,846
Reclassifications	-	135	(135)	-
Disposal	-	-	(11)	(11)
Transfers1	-	(37)	(187)	(224)
Exchange difference	(177)	(345)	0	(522)
Balance at 31 December 2019	**9,558**	**20,022**	**5,046**	**34,626**
Amortization				
Balance at 1 January 2019	-	15,369	-	15,369
Amortisation for the period	-	1,627	-	1,627
Exchange difference	-	(40)	-	(40)
Balance at 31 December 2019	**-**	**16,956**	**-**	**16,956**
Carrying amounts				
Balance at 31 December 2019	**9,558**	**3,066**	**5,046**	**17,670**
Balance at 31 December 2018	**9,735**	**4,723**	**3,710**	**18,168**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

31 Intangible assets - continued

(ii) December 31, 2018
Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress[2]	Total
Cost				
Balance at 1 January 2018	9,792	18,506	2,533	30,831
Additions	-	994	2,370	3,364
Reclassifications	-	926	(926)	-
Disposal	-	-	(33)	(33)
Transfers1	-	-	(233)	(233)
Exchange difference	(57)	(334)	-	(391)
Balance at 31 December 2018	**9,735**	**20,092**	**3,710**	**33,537**
Amortization	-			
Balance at 1 January 2018	-	13,940	-	13,940
Amortisation for the period	-	1,602	-	1,602
Exchange difference	-	(172)	-	(172)
Balance at 31 December 2018	**-**	**15,369**	**-**	**15,369**
Carrying amounts				
Balance at 31 December 2018	**9,735**	**4,723**	**3,710**	**18,168**
Balance at 31 December 2017	**9,792**	**4,566**	**2,533**	**16,891**

(b) (i) Bank

In millions of Nigerian Naira	Purchased software	Work in progress[2]	Total
Cost			
Balance at 1 January 2019	14,886	3,697	18,583
Additions	14	1,669	1,683
Reclassifications	123	(123)	-
Disposal	-	(12)	(12)
Transfers1	-	(187)	(187)
Exchange difference	-	-	-
Balance at 31 December 2019	**15,023**	**5,044**	**20,067**
Amortization			
Balance at 1 January 2019	11,672	-	11,672
Amortisation for the period	1,325	-	1,325
Balance at 31 December 2019	**12,997**	**-**	**12,997**
Carrying amounts			
Balance at 31 December 2019	**2,026**	**5,044**	**7,070**
Balance at 31 December 2018	**3,214**	**3,697**	**6,911**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

31 Intangible assets - continued

(ii) Bank

Cost

In millions of Nigerian Naira	Purchased software	Work in progress[2]	Total
Balance at 1 January 2018	13,683	2,533	16,216
Additions	275	2,346	2,621
Reclassifications	926	(926)	-
Disposal	-	(33)	(33)
Transfers1	2	(233)	(231)
Exchange difference	-	11	11
Balance at 31 December 2018	**14,886**	**3,697**	**18,583**
Amortization			
Balance at 1 January 2018	10,370	-	10,370
Amortisation for the year	1,302	-	1,302
Balance at 31 December 2018	**11,672**	**-**	**11,672**
Carrying amounts			
Balance at 31 December 2018	**3,214**	**3,697**	**6,911**
Balance at 31 December 2017	**3,313**	**2,533**	**5,846**

There were no capitalised borrowing costs related to the internal development of software during the period (December 2018: nil). Computer software has a definite useful life of not more than five years while goodwill has an indefinite useful life and is annually assessed for impairment.

[1] Transfers represent reclassification of items from property and equipment (work in progress) to intangible assets - purchased software (work in progress) during the period as disclosed in Note 30.

[2] Work in progress represents capitalised development costs for software that are currently in their development phase.

Impairment testing for cash-generating units containing Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to cash generating units (CGUs) as the goodwill is monitored at the level of the individual cash generating units. UBA Benin and UBA UK Limited have been identified as individual cash generating units. UBA Benin and UBA UK Limited operate under Rest of Africa and Rest of the World geographic segments respectively. The recoverable amounts of the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial forecasts covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated economic growth rates for the respective CGUs. These growth rates are consistent with forecasts included in industry reports specific to the economic environment in which each of the CGU's operates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

31 Intangible assets - continued

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

	UBA Benin		UBA UK Limited	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Gross earnings (% annual growth rate)	13.2	11.0	9.0	11.0
Deposits (% annual growth rate)	15.0	15.0	5.0	5.0
Loans and advances (% annual growth rate)	15.0	15.0	10.0	10.0
Operating expenses (% annual growth rate)	10.0	10.0	5.0	5.0
Terminal growth rate (%)	1.5	1.5	1.0	2.0
Discount rate (pre-tax) (%)	18.9	18.5	5.4	6.6

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

Assumption	Approach used in determining values
Gross earnings	This is the average annual growth rate over the five-year period. Based on past performance, expectations of market development and the expected positive impact of deposits and loan growth in the forecast period.
Deposits	This is the average annual growth rate over the five-year period. Deposits have been determined to be the key value driver for the CGUs. Projected deposits growth is based on past performance of the CGUs as well as management's plans to expand the businesses and deepen customer base.
Loans and advances	This is the average annual growth rate over the five year period. It is based partly on past performance but largely on the expected positive impact of the forecasted growth in deposits.
Operating expenses	This is the average annual growth rate over the five year period. It is based on the current structure of business of the respective CGUs, adjusting for expected inflationary increases but not reflecting any future restructurings or cost saving measures.
Terminal growth rate	This is the average growth rate used to extrapolate cash flows beyond the five-year period. Based on estimated economic growth rates for the respective CGUs.
Discount rate	The discount rate was a pre-tax measure based on the longest tenured government bond issued by the governments in Benin and United Kingdom respectively adjusted for a risk premium to reflect both the increased risk of investing in equities and generally and the systematic risk of the specific CGU.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

31 Intangible assets - continued

Below is the result of the impairment test:

	UBA Benin		UBA UK Limited	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Recoverable amount	58,534	33,788	59,886	48,818
Less: Carrying amount				
Goodwill	(5,537)	(5,779)	(4,021)	(3,956)
Net assets	(12,289)	(12,025)	(16,358)	(16,497)
Total carrying amount	(17,826)	(17,804)	(20,379)	(20,453)
Excess of recoverable amount over carrying amount	**40,708**	**15,984**	**39,507**	**28,365**

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

	Dec. 2019		Dec.2018	
In millions of Nigerian Naira	**% From**	**% To**	**% From**	**% To**
UBA Benin				
Deposit growth rate	15.0	8.1	15.0	8.1
Discount rate	18.9	35.1	18.5	36.9
UBA UK Limited				
Deposit growth rate	5.0	1.2	5.0	1.1
Discount rate	5.4	16.0	6.6	16.0

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

32 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group			Bank		
In millions of Nigerian Naira	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
31 December 2019						
Property, equipment, and software	25,670	119	25,551	22,406	-	22,406
Allowances for loan losses	3,849	61	3,788	3,728	-	3,728
Account receivable	1,454	9	1,445	1,454	-	1,454
Financial assets at FVOCI	-	13,475	(13,475)	-	13,475	(13,475)
Tax losses carried forward	7,433	-	7,433	6,362	-	6,362
Other liabilities	882	-	882	882	-	882
Fair value gain on derivatives	-	3,179	(3,179)	-	3,179	(3,179)
Loss on revaluation of investment securities	59	-	59	59	-	59
Foreign currency revaluation Loss	3,624	-	3,624	3,624	-	3,624
Others	83	12	71	-	-	-
Net deferred tax assets/liabilities	**43,054**	**16,855**	**26,199**	**38,515**	**16,653**	**21,862**
31 December 2018						
Property, equipment, and software	17,734	28	17,706	14,626	-	14,626
Allowances for loan losses	7,111	-	7,111	7,111	-	7,111
Account receivable	695	-	695	695	-	695
Tax losses carried forward	10,779	-	10,779	10,779	-	10,779
Fair value gain on derivatives	-	11,642	(11,642)	-	11,642	(11,642)
Unused capital allowance	293	-	293	293	-	293
Net deferred tax assets/liabilities	**36,612**	**11,670**	**24,942**	**33,504**	**11,642**	**21,862**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

32 Deferred tax assets and liabilities - Continued

(b) Movements in temporary differences during the period
31 December 2019
Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	17,706	7,845	-	25,551
Allowances for loan losses	7,111	(3,323)	-	3,788
Account receivable	695	750	-	1,445
Financial assets at FVOCI	-	(13,475)	-	(13,475)
Tax losses carried forward	(3,601)	11,034	-	7,433
Other liabilities	-	882	-	882
Tax losses on fair value gain on derivatives	(8,069)	4,890	-	(3,179)
Foreign currency revaluation Loss	1,440	2,184	-	3,624
Loss on revaluation of investment securities	9,368	(9,309)	-	59
Others	293	(222)	-	71
	24,943	**1,256**	**-**	**26,199**

Bank

	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	22,406	-	-	22,406
Allowances for loan losses	3,728	-	-	3,728
Account receivable	1,454	-	-	1,454
Financial assets at FVOCI	(13,475)	-	-	(13,475)
Tax losses carried forward	6,362	-	-	6,362
Other liabilities	882	-	-	882
Tax losses on fair value gain on derivatives	(3,179)	-	-	(3,179)
Foreign currency revaluation Loss	3,625	-	-	3,624
Loss on revaluation of investment securities	59	-	-	59
Others	-	-	-	-
	21,862	**-**	**-**	**21,862**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

32 Deferred tax assets and liabilities - Continued

(b) Movements in temporary differences during the period - continued
31 December 2018
Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	15,203	2,528	(25)	17,706
Allowances for loan losses	3,783	3,328	-	7,111
Account receivable	672	23	-	695
Tax losses carried forward	8,643	(12,244)	-	(3,601)
Exchange difference on monetary items	436	(436)	-	-
Tax losses on fair value gain on derivatives	(63)	(8,006)	-	(8,069)
Foreign currency revaluation Loss	-	9,368	-	9,368
Loss on revaluation of investment securities	852	588	-	1,440
Others	-	293	-	293
	29,526	**(4,558)**	**(25)**	**24,943**

Bank				
Property, equipment, and software	12,855	9,551	-	22,406
Allowances for loan losses	3,783	(55)	-	3,728
Account receivable	672	782	-	1,454
Financial assets at FVOCI	-	(13,475)	-	(13,475)
Tax losses carried forward	8,643	(2,281)	-	6,362
Other liabilities	-	882	-	882
Tax losses on fair value gain on derivatives	(63)	(3,116)	-	(3,179)
Foreign currency revaluation Loss	-	3,625	-	3,625
Loss on revaluation of investment securities	1,288	(1,229)	-	59
Others	-	-	-	-
	27,178	**(5,316)**	**-**	**21,862**

Unrecognised deferred tax assets

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Unused tax losses for which no deferred tax asset has been recognized was N23.75 billion (2018: N31.81 billion).

Temporary difference relating to the Group's investment in subsidiaries is N152.775 billion (2018: N153.815billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

33 Derivative financial instruments

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Derivative assets				
Carrying value	**48,131**	**34,784**	**48,131**	**34,784**
Notional amount	**438,130**	**318,172**	**438,130**	**318,172**
Derivative liabilities				
Carrying value	**852**	**34**	**852**	**34**
Notional amount	**129,236**	**18,815**	**129,236**	**18,815**
(a) Derivative assets				
Instrument type:				
Cross-currency swaps	40,779	34,776	40,779	34,776
Foreign exchange forward contracts	7,352	8	7,352	8
	48,131	**34,784**	**48,131**	**34,784**
The movement in derivative assets is as follows:				
Balance, beginning of period	34,784	8,227	34,784	7,911
Fair value of derivatives derecognised/remeasured in the period	(34,784)	(8,227)	(34,784)	(7,911)
Fair value of derivatives acquired/remeasured in the period	48,131	34,784	48,131	34,784
Balance, end of period	**48,131**	**34,784**	**48,131**	**34,784**
Derivative assets are current in nature				
(b) Derivative liabilities				
Instrument type:				
Cross-currency swap	599	34	599	34
Foreign exchange forward contracts	253	65	253	65
	852	**99**	**852**	**99**
The movement in derivative liability is as follows:				
Balance, beginning of period	99	123	99	123
Fair value of derivatives derecognised/remeasured in the period	(99)	(123)	(99)	(123)
Fair value of derivatives acquired/remeasured in the period	852	99	852	99
Balance, end of period	**852**	**99**	**852**	**99**

Derivative liabilities are current in nature

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

33 Derivative financial instruments - Continued

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
(c) Fair value gain on derivatives				
Derivative assets:				
Fair value gain on additions in the period	48,131	34,784	48,131	34,784
Fair value loss on maturities in the period	(34,784)	(8,227)	(34,784)	(7,911)
Net fair value gain on derivative assets	**13,347**	**26,557**	**13,347**	**26,873**
Derivative liabilities:				
Fair value loss on additions in the period	(852)	(99)	(852)	(99)
Fair value gain on maturities in the period	99	123	99	123
Net fair value loss on derivative liabilities	**(753)**	**24**	**(753)**	**24**
Net fair value gain/(loss) on derivative assets and liabilities (See note 15)	**12,594**	**26,581**	**12,594**	**26,897**

34 Deposits from banks

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Money market deposits	140,509	153,419	2,882	11,610
Due to other banks	126,561	21,417	89,835	18,892
	267,070	**174,836**	**92,717**	**30,502**
Current	**267,070**	**174,836**	**92,717**	**30,502**

35 Deposits from customers

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Retail customers:				
Term deposits	385,635	353,247	298,426	270,968
Current deposits	483,714	663,514	318,213	512,468
Savings deposits	855,079	701,980	711,516	578,963
Corporate customers:				
Term deposits	630,358	419,230	529,830	308,871
Current deposits	1,478,098	1,211,149	906,403	752,838
	3,832,884	**3,349,120**	**2,764,388**	**2,424,108**
Current	3,832,757	3,348,658	2,764,261	2,423,646
Non-current	127	462	127	462
	3,832,884	**3,349,120**	**2,764,388**	**2,424,108**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

36 Other liabilities

	Group		Bank	
In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Financial liabilities				
Creditors and payables	63,306	61,762	32,031	41,735
Managers cheques	5,942	5,233	4,300	3,728
Unclaimed dividends (note (i))	5,885	7,076	5,885	7,076
Customers' deposit for foreign trade (note (ii))	10,174	27,793	8,096	24,410
Lease liabilities (note (iii))	1,630	-	1,109	-
	86,937	101,864	51,421	76,949
Non-financial liabilities				
Provisions (note (iv))	252	252	147	147
Allowance for credit losses on off-balance sheet items (note (v))	1,157	3,264	1,062	2,679
Deferred income	262	319	262	319
Accrued expenses[1]	18,647	15,065	4,258	4,205
	20,318	18,900	5,729	7,350
Total other liabilities	**107,255**	**120,764**	**57,150**	**84,299**
Non-current	1,070	-	853	-
Current	106,185	120,764	56,297	84,299
	107,255	**120,764**	**57,150**	**84,299**

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

(ii) Customers' deposit for foreign trade represents the naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in current balances with banks in note 22.

(iii) Finance cost on the lease liabilities is included in'Interest expense' in note 11.

The movement in lease liabilities balance during the period is as follows:

	Group			Bank		
In millions of Nigerian Naira	Land	Buildings	Total	Land	Buildings	Total
Lease liabilities						
Balance - 1 January 2019	53	1,976	2,029	53	1,626	1,679
Additions (new lease contracts) during the year	23	401	424	23	272	295
Principal repayments/cashflows during the year	(2)	(998)	(1,000)	(2)	(986)	(988)
Interest repayments/cashflows during the year	(1)	(98)	(99)	(1)	(95)	(96)
Interest accrued (note 11)	10	266	276	10	209	219
Balance - 31 December 2019	**83**	**1,547**	**1,630**	**83**	**1,026**	**1,109**

Maturity analysis for Lease Liabilities

	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 1 year	Gross nominal amount	Total
Group	14	22	380	378	1070	1,864	1,630
Bank	9	0	297	220	853	1,379	1,109

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

36 Other liabilities - Continued

(iv) The amount represents a provision for certain legal claims. The provision charge is recognised in income statement within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2019. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

The movement in provision during the period is as follows:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
At 1 January	252	252	147	147
Additional provisions	-	-	-	-
At 31 December	**252**	**252**	**147**	**147**
Analysis of total provisions:				
Current	**252**	**252**	**147**	**147**

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

37 Borrowings

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
- Central Bank of Nigeria (note 37.1)	83,663	85,380	83,663	85,380
- Bank of Industry (BoI) (note 37.2)	6,292	7,708	6,292	7,708
- Sumitomo Mitsui Banking Corporation (note 37.3)	36,608	-	36,608	-
- European Investment Bank (EIB) (note 37.4)	23,356	23,539	23,356	23,539
- Africa Trade Finance Limited (note 37.5)	32,846	43,359	18,258	25,419
- African Development Bank (note 37.6)	46,385	54,842	46,385	54,842
- Credit Suisse (note 37.7)	110,509	108,065	110,509	108,065
- Eurobond debt security (note 37.8)	181,022	177,634	181,022	177,634
- JP Morgan Securities Limited (note 37.9)	73,185	72,062	73,185	72,062
- Societe Generale Bank (note 37.10)	63,879	35,967	63,879	35,967
- Mashreqbank psc (note 37.11)	18,277	17,969	18,277	17,969
- Rand Merchant Bank (note 37.12)	55,280	27,015	55,280	27,015
- ABSA Bank Limited (note 37.13)	27,380	21,534	27,380	21,534
- International Finance Corporation (IFC) (note 37.14)	-	8,458	-	-
	758,682	**683,532**	**744,094**	**657,134**
Current	384,465	225,563	377,072	199,165
Non-current	374,217	457,969	367,022	457,969
	758,682	**683,532**	**744,094**	**657,134**
Movement in borrowings during the period:				
Opening balance	683,532	502,209	657,134	502,209
Additions	140,708	235,128	126,120	235,128
Interest expense	41,408	35,151	39,370	33,509
Interest paid	(50,103)	(37,167)	(49,778)	(36,842)
Repayments (principal)	(64,062)	(116,117)	(37,664)	(116,117)
Exchange difference	7,199	64,328	8,912	39,247
	758,682	**683,532**	**744,094**	**657,134**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

37 Borrowings - Continued

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

(a) ₦19.443 billion of this facility represents the outstanding balance on the Commercial Agriculture Credit Scheme granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. Interest on the facility cannot exceed 9% per annum inclusive of all charges and is to be shared between the Bank and CBN at 7% and 2% respectively. The facility will terminate on 30 September 2025. The Bank is the primary obligor to CBN and assumes the risk of default.

(b) ₦35.131 billion of this facility represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to some State Governments. The facility attracts an interest rate of 2% and the Bank is under obligation to lend to participating states at a maximum rate of 9% per annum (inclusive of all charges). The principal is repayable monthly and the tenor of the facility is 20 years.

(c) ₦29.089 billion of this facility represents the outstanding balance on the loan granted by the Central Bank of Nigeria with respect to Real Sector Support Facility (RSSF) initiative to support the Federal Government's Special Fertilizer Intervention programme. The Central Bank shall lend to the Bank at 1.5% while the Bank shall on-lend to the customer at a maximum interest rate of 3.5% per annum, all charges inclusive. The 1.5% interest shall be remitted to CBN on a quarterly basis. The principal is repayable quarterly (after a one-year moratorium) and the tenor of the facility is 6 years.

37.2 This represents an intervention credit granted to the Bank by the Bank of Industry (BOI) for the purpose of refinancing/restructuring existing loans to Small and Medium Scale Enterprises (SMEs), manufacturing companies and companies in the power and aviation industries. The maximum tenor of term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum, deductible at source in the first year and quarterly in arrears thereafter, is paid by the Bank under the intervention programme and the Bank is under obligation to on-lend to customers at an all-interest rate of 7% per annum. The Bank is the primary obligor to CBN/BOI and assumes the risk of default.

37.3 This represents the amount granted under a $100 million trade loan facility granted by Sumitomo Mitsui Banking Corporation in May 2019. The facility is for a tenor of one (1) year and Interest rate is three (3) months USD LIBOR plus 260 basis points. The interest repayments were on a quarterly basis while the principal repayment was due upon maturity in May 2020.

37.4 This represents the outstanding balance on $16.296 million and $62.634million (€60million) term loan facilities granted by European Investment Bank in October 2013 and January 2017 respectively. The purpose of the $16.296 million term loan facility is to support lending to small and medium sized enterprises in Nigeria and through its regional subsidiaries. The facility is for a tenor of 7 years. Of the initial amount granted, $8.079 million was liquidated in June 2014. Interest rate on the facility is six (6) months USD LIBOR plus 351 basis points. Interest on the loan is payable semi-annually while principal repayment commenced in April 2017. The facility will expire in October 2020.

The $62.634million (€60million) term loan facility was granted under the Nigeria Private Enterprise Finance Facility extended by the European Investment Bank to a group of financial institutions located in Nigeria. The purpose of the facility is to finance capital expenditure for development of intermediation capacities and support small and medium sized enterprises in Nigeria. The facility is for a tenor of 9 years. The interest rate on the facility is six months USD LIBOR plus 337 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 36 months. Facility matures December 2025.

37.5 This represents facilities provided by Africa Trade Finance Limited (ATF):

(a) This represents the outstanding balance on the $50million term loan facility arranged by Africa Trade Finance Limited, United Kingdom in December 2019. The facility is a trade-related term loan with a tenor of six (6) months and interest rate of six months USD LIBOR plus 220 basis points. Interest on the loan is payable semi-annually with principal repayment at maturity in June 2020.

(b) ATF also granted $40million line of credit to UBA Kenya in October 2019. The facility is for a six month period and matures in April 2020. Interest rate on the facility is 90 days USD LIBOR plus 250 basis points and is payable quarterly.

37.6 This represents the amount granted under a $150million line of credit by African Development Bank, Cote d'Ivoire in November 2017. The first tranche of $120million was disbursed to the Bank in December 2016 while the second tranche of $30 million was disbursed to the Bank in November 2017. The facility is for a tenor of 8 years and is to be used for medium term financing and on-lending to infrastructure projects, small and medium sized enterprises and women-owned enterprises in the Federal Republic of Nigeria. The interest rate on the facility is six months USD LIBOR plus 440 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 2 years. The facility matures December 2024.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

37 Borrowings - Continued

37.7 This represents the amount granted under a $300million term loan facility by Credit Suisse International, United Kingdom and disbursed in three tranches of $100million each. Tranche 1 of this facility was disbursed in August 2018, while Tranche 2 and 3 were disbursed in September 2018. Under a renewed agreement with Credit Suisse, the $300million was extended in August and September 2019; all the facilities have a tenor of one (1) year with interest rate of 3 months USD LIBOR plus 250 basis points. Interest payments are on a quarterly basis while the principal repayments are due at maturity in August 2020 and September 2020 respectively.

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

37.9 This represents the outstanding balance on $100million and $100million trade finance loan facilities granted by JP Morgan in August and December 2019. The facilities are for a tenor of one year and interest rate is three (3) months USD LIBOR plus 222 basis points and 240 basis points respectively. The interest payments are on a quarterly basis while principal repayments are due upon maturity in August and December 2020 respectively.

37.10 This represents the amounts granted under a $100 million and $75 million trade finance loan facilities granted by Societe Generale Bank in September 2019 and December 2019. The facilities are for one year and Interest rate is three (3) months USD LIBOR plus 210 basis points and 12 month USD LIBOR plus 210 basis points respectively. The interest and principal repayments are due upon maturity in October 2020 and December 2020.

37.11 This represents the amount granted under a $50 million trade finance loan facility granted by Mashreqbank psc in December 2019. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 275 basis points. The interest and principal repayments are due upon maturity in June 2020.

37.12 This represents the amount granted under a $75 million and $75 million trade finance loan facilities granted by Rand Merchant Bank in August and December 2019. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 285 basis points and 275 basis points respectively. The interest and principal repayments are due upon maturity in February and June 2020.

37.13 This represents the amount granted under a $75 million trade finance loan facility granted by ABSA Bank Ltd in December 2019. The facility is for a tenor of six (6) months and Interest rate is six (6) months USD LIBOR plus 285 basis points. The interest and principal repayments are due upon maturity in June 2020.

37.14 This represents facilities provided by International Finance Corporation (IFC):

(a) This represents the amount granted to UBA Ghana under a $25 million term loan facility granted by International Finance Corporation (IFC) in February 2018. The facility is for a tenor of five (5) years and Interest rate is six (6) months USD LIBOR plus 525 basis points paid quarterly. The principal repayment will be on a semi-annual basis after a two-year moratorium period. UBA Ghana pre-paid this facility in May 2019.

(b) This represents the amount granted to UBA Liberia under a $2 million term loan facility granted by International FInance Corporation (IFC). The facility is for a tenor of two (2) years and Interest rate is 8.25% paid semi-annually while the principal repayment is due upon maturity. UBA Liberia pre-paid this facility from in June 2019

38 Subordinated liabilities

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Medium term notes - series 3	30,048	29,859	30,048	29,859
	30,048	**29,859**	**30,048**	**29,859**
Current	5,017	5,017	5,017	5,017
Non-current	25,031	24,842	25,031	24,842
	30,048	**29,859**	**30,048**	**29,859**

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

Movement in subordinated liabilities:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Opening balance	29,859	65,741	29,859	65,741
Interest accrued	5,206	9,032	5,206	9,032
Interest paid	(5,017)	(9,897)	(5,017)	(9,897)
Repayments	-	(35,017)	-	(35,017)
	30,048	**29,859**	**30,048**	**29,859**

39 Capital and reserves

(a) Share capital

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Share capital comprises:				
(i) Authorised -				
45,000,000,000 Ordinary shares of 50k each	22,500	22,500	22,500	22,500
(ii) Issued and fully paid -				
34,199,421,366 Ordinary shares of 50k each	**17,100**	**17,100**	**17,100**	**17,100**
The movement in the share capital account during the period is as follows:				
Number of shares in issue at start of the period	34,200	34,200	34,200	34,200
Number of shares in issue at end of the period	**34,200**	**34,200**	**34,200**	**34,200**

39 Capital and reserves - Continued

(b) Share premium

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

(c) Retained earnings

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

(d) Other Reserves

Other reserves include the following:

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Translation reserve (note (i))	7,823	18,178	-	-
Statutory reserve (note (ii))	102,248	90,783	86,068	74,603
Fair value reserve (note (iii))	117,408	69,099	117,995	69,751
Regulatory (Credit) risk reserve (note (iv))	50,594	21,521	36,554	15,212
	278,073	**199,581**	**240,617**	**159,566**

(i) Translation reserve

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

(ii) Statutory reserve

Statutory reserve includes:

- Statutory reserve: this represents the cumulative appropriation from earnings in accordance with existing legislation that require the Bank to make an annual appropriation, In the current period, the Bank transferred ₦9.188 billion representing 15% (2018: 15%) of its profit after taxation to statutory reserves.

- Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserves of ₦2.635 billion as at 31 December 2019 (December 2018: ₦2.635 billion). The Bank has since suspended further appropriation to SMEEIS reserve in line with the directives of the Central Bank of Nigeria.

- Agriculture/Small and Medium Enterprises Equity Investment Scheme (AGSMEEIS) reserves of ₦6.551 billion as at 31 December 2019 (December 2018: ₦4.499). The reserve was set aside in compliance with Central Bank of Nigeria's directive of April 2017.

(iii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of investments at fair value through other comprehensive income. The net cumulative fair value change on equity instruments is transferred to retained earnings when the investment is derecognised while the net cummulative fair value change on debt instruments is recycled to the income statement.

(iv) Regulatory (Credit) risk reserve

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

Where the loan loss impairment determined using the prudential guidelines is greater than the loan loss impairment determined using the expected credit loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the parent. When the prudential provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory reserve to retained earnings to the extent of the non-distributable reserve previously recognised.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

40 Dividends

The Board of Directors has proposed a final dividend of N0.80 per share which in addition to the N0.20 per share paid as interim dividend, amounts to a total dividend of N1.00 per share (2018: N0.85 per share) from the retained earnings account as at 31 December 2019.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2019 and 31 December 2018 respectively.

Payment of dividend to shareholders is subject to withholding tax at a rate of 10%.

41 Contingencies

(i) Litigation and claims

The Group, in the ordinary course of business is currently involved in 644 legal cases (2018: 714). The total amount claimed in the cases against the Group is estimated at N472.04 billion (2018: N745.45 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.

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Performance bonds and guarantees	48,692	428,043	47,019	307,680
Allowance for credit losses	(118)	(604)	(118)	(604)
Net carrying amount	**48,574**	**427,439**	**46,901**	**307,076**
Letters of credits	595,896	217,764	299,756	71,796
Allowance for credit losses	(944)	(2,075)	(944)	(2,075)
Net carrying amount	594,952	215,689	298,812	69,721
Gross amount	644,588	645,807	346,775	379,476
Total allowance for credit losses	(1,062)	(2,679)	(1,062)	(2,679)
Total carrying amount for performance bonds and guarantees	**643,526**	**643,128**	**345,713**	**376,797**

(iii) Loan commitments

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions. The Group's loan commitments are usually conditioned on the maintenance of a satisfactory financial standing by the customer and absence of defaults on other covenants. At the balance sheet date, the Group had loan commitments amounting to N87 billion (December 2018: N159 billion) in respect of various loan contracts.

(iii) Capital commitments

Capital commitments are irrevocable contractual commitments for the acquisition of items of property and equipment or intangible assets. At the balance sheet date, the Group had capital commitments amounting to N4.204 billion (December 2018: N8.130 billion) in respect of authorised and contracted capital projects.

	Group	
In millions of Nigerian naira	**Dec. 2019**	**Dec. 2018**
Property and equipment	1,664	6,118
Intangible assets	2,540	2,012
	4,204	**8,130**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

42 Related parties and insider related credits

United Bank for Africa Plc (UBA Plc) is the ultimate parent/controlling party of the Group. The shares of UBA Plc are listed on the Nigerian Stock Exchange and held by widely varied investors.

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

(a) Subsidiaries

Transactions between United Bank for Africa Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank. The Bank's transactions and balances with its subsidiaries during the period and at period end are as follows:

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

Name of Subsidiary	Nature of Balance	Dec. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Senegal	Money market placement	-	206
UBA Tanzania	Money market placement	376	436
UBA Kenya	Money market placement	3,663	1,977
UBA Cameroun	Money market placement	-	-
UBA Ghana	Money market placement	26,631	9,712
UBA UK Limited	Money market placement	39,969	32,595
		70,639	**44,926**

(ii) Loan and advances

Name of Subsidiary	Type of Loan	Dec. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Tanzania	Term Loans	547	1,652
UBA Cameroun	Overdraft	18,055	255
UBA Senegal	Overdraft	1	54
UBA Chad	Overdraft	3,383	-
UBA Gabon	Overdraft	1,719	251
UBA Cote D'lvoire	Overdraft	120	120
UBA Congo Brazzaville	Overdraft	1,512	1,512
UBA Benin	Overdraft	1,968	1,968
UBA Burkina Faso	Overdraft	3,324	3,324
		30,629	**9,136**

Term loans to subsidiaries are unsecured.

42 Related parties and insider related credits - Continued

(a) Subsidiaries - continued

(iii) Deposits

Name of Subsidiary	Type of Deposit	Dec. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Benin	Current	46	-
UBA Burkina Faso	Current	18	-
UBA Chad	Current	-	2
UBA Congo DRC	Current	2	-
UBA Cote D'Ivoire	Current	16	25
UBA Congo Brazzaville	Current	9	17
UBA Ghana	Current	22	14
UBA Mozambique	Current	11	3
UBA Pension Custodian	Current	12	6
UBA Kenya	Current	135	1,117
UBA Guinea	Current	5	3
UBA Senegal	Current	9	3
UBA Tanzania	Current	47	18
UBA Uganda	Current	637	167
UBA Gabon	Current	8	6
UBA Liberia	Current	18	22
UBA Sierra Leone	Current	-	47
UBA Cameroon	Current	93	9
UBA Mali	Current	17	-
UBA Burkina Faso	Domicilliary	207	-
UBA Cote D'Ivoire	Domicilliary	39	90,252
UBA Gabon	Domicilliary	2	127
UBA Cameroon	Domicilliary	336	40
UBA Benin	Domiciliary	19	7
UBA Ghana	Domicilliary	357	703
UBA Senegal	Domicilliary	75	44
UBA Guinea	Domicilliary	114	45
UBA Sierra Leone	Domicilliary	-	6
UBA Tanzania	Domicilliary	91	34
UBA Uganda	Domicilliary	84	103
UBA Kenya	Domicilliary	73	39
UBA Liberia	Domicilliary	4,671	4,261
UBA Congo DRC	Domicilliary	526	1,554
UBA Congo Brazzaville	Domicilliary	222	38
UBA Mozambique	Domicilliary	9	21
UBA Chad	Domicilliary	-	23
UBA Mali	Domicilliary	308	-
UBA UK Limited	Term deposit	-	26,428
UBA Burkina Faso	Money market deposit	1,638	-
UBA Ghana	Money market deposit	-	915
UBA Tanzania	Money market deposit	730	-
UBA Uganda	Money market deposit	-	915
UBA Burkina Faso	Money market deposit	-	1,643
UBA Sierra Leone	Money market deposit	730	-
UBA Pension Custodian	Money market deposit	3,241	451
UBA UK Limited	Money market deposit	35,383	3,598
		49,960	**132,706**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

42 Related parties and insider related credits - Continued

(a) Subsidiaries - continued

(iv) Accounts receivable from the following subsidiaries are:

Name of Subsidiary	Type of Deposit	Dec. 2019	Dec. 2018
In millions of Nigerian naira			
UBA Ghana	Accounts receivable	3,065	2,578
UBA Congo Brazzaville	Accounts receivable	650	1,078
UBA Gabon	Accounts receivable	825	340
UBA Guinea	Accounts receivable	587	380
UBA Senegal	Accounts receivable	627	1,209
UBA Chad	Accounts receivable	346	134
UBA Retail Financial Services	Accounts receivable	-	131
UBA Sierra Leone	Accounts receivable	182	55
UBA Liberia	Accounts receivable	206	119
UBA Benin	Accounts receivable	838	558
UBA Cameroon	Accounts receivable	387	281
UBA Burkina Faso	Accounts receivable	1,652	957
UBA Pension Custodian	Accounts receivable	172	-
UBA Uganda	Accounts receivable	348	217
UBA Tanzania	Accounts receivable	154	102
UBA Mali	Accounts receivable	67	-
UBA Mozambique	Accounts receivable	23	11
UBA Cote D'Ivoire	Accounts receivable	1,206	710
UBA DRC Congo	Accounts receivable	160	145
UBA Kenya	Accounts receivable	148	24
		11,643	**9,029**

(v) Dividend receivable from the following subsidiaries are:

	Dec. 2019	Dec. 2018
In millions of Nigerian naira		
UBA Ghana	7,265	1,005
UBA Liberia	394	335
UBA Sierra Leone	774	762
UBA Senegal	410	642
UBA Gabon	973	-
UBA Chad	799	-
UBA Pension Custodian	3,240	3,006
	13,855	**5,750**

(vi) Interest income from the following subsidiaries are:		
UBA UK Limited	1,845	1,955
UBA Guinea	-	97
UBA Congo DRC	-	14
UBA Congo Brazzaville	2	3
UBA Kenya	288	17
UBA Tanzania	102	182
UBA Gabon	1	-
UBA Liberia	-	6
UBA Guinea	11	17
UBA Cote D'Ivoire	44	-
UBA Senegal	23	12
UBA Ghana	251	181
	2,567	**2,484**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

42 Related parties and insider related credits - Continued

(a) Subsidiaries - continued

(vii) Interest expense to the following subsidiaries are:

Name of Subsidiary	Dec. 2019	Dec. 2018
In millions of Nigerian naira		
UBA Burkina Faso	3	-
UBA Chad	11	16
UBA Congo DRC	16	26
UBA Ghana	14	-
UBA Mozambique	-	11
UBA Congo Brazzaville	-	34
UBA Gabon	-	4
UBA Ghana	-	151
UBA Tanzania	-	67
UBA Uganda	39	34
UBA Sierra Leone	-	27
UBA UK Limited	1,905	1,893
UBA Pension Custodian	63	68
UBA Kenya	19	-
UBA New York	310	1,153
	2,380	**3,484**

(viii) Dividend income from the following subsidiaries are:

UBA Cameroon	1,352	339
UBA Sierra Leone	-	762
UBA Ghana	6,236	-
UBA Chad	800	-
UBA Gabon	973	-
UBA Liberia	394	335
UBA Senegal	4,048	642
UBA Pension Custodian	3,240	3,006
	17,043	**5,084**

(ix) Internal transfer pricing charges from the following subsidiaries are:

UBA Ghana	914	372
UBA Burkina Faso	582	596
UBA Congo Brazaville	182	59
UBA Senegal	339	492
UBA Chad	295	88
UBA Benin	496	276
UBA Cameroun	844	254
UBA Cote d' Ivoire	529	387
UBA Gabon	384	210
UBA Liberia	209	154
UBA Guinea Conakry	130	127
UBA Sierra Leone	175	155
UBA Tanzania	82	56
UBA Congo DRC	157	145
UBA Kenya	144	24
UBA Mozambique	61	11
UBA Pension	152	257
UBA Uganda	152	161
UBA Mali	46	-
UBA Zambia	150	161
	6,023	**3,985**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

42 Related parties and insider related credits - Continued

(b) Investment in equity accounted investee

Transactions between United Bank for Africa Plc and UBA Zambia meet the definition of related party transactions. The following transactions and balances are held with respect to the associate.

In millions of Nigerian naira	Dec. 2019	Dec. 2018
Money market deposit	-	720
	-	**720**

(c) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of UBA Plc, directly or indirectly, including any director (whether executive or otherwise) of the Bank, and their close family members. Close family members are those family who may be expected to influence, or be influenced by that individual in their dealings with UBA Plc and its subsidiaries.

Key management personnel and their close family members engaged in the following transactions with the Bank during the period:

In millions of Nigerian naira	Dec. 2019	Dec. 2018
Loans and advances to key management personnel		
Loans and advances as at period end	297	310
Interest income earned during the period	42	44

Loans to key management personnel are granted on the same terms and conditions as loans to other employees. Related party loans are secured over real estate, equity and other assets of the respective borrowers. No impairment losses (2018: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at 31 December 2019.

In millions of Nigerian naira

Name of company/ individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Dec. 2019	Dec. 2018
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9.0%	NGN	2	15
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	14.0%	NGN	752	6,324
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	16.0%	NGN	18,930	18,637
Aneke Angela Nkiruka	Aneke Angela Nkiruka	Overdraft	Real Estate	Performing	19.0%	NGN	-	39
Abdulqadir J. Bello	Abdulqadir J. Bello	Term Loan	Real Estate	Performing	18.0%	NGN	-	15
							19,684	25,030

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

42 Related parties and insider related credits - Continued

(c) Key management personnel - continued

	Dec. 2019	Dec. 2018
Interest income earned during the period	**2,837**	**1,995**

Deposit liabilities

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

In millions of Nigerian naira	Dec. 2019	Dec. 2018
Deposits as at period end	1,340	2,535
Interest expense during the period	**27**	**93**

Compensation

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

In millions of Nigerian naira	Dec. 2019	Dec. 2018
Executive compensation	814	814
Defined contribution plan	23	23
Total benefits cost	**837**	**837**

43 Compensation to Employees and Directors

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

	Group		Bank	
(In absolute units)	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Group executive directors	9	9	9	9
Management	99	90	90	68
Non-management	13,129	12,790	9,697	9,505
	13,237	12,889	9,796	9,582

Compensation for the above personnel (including executive directors):

In millions of Nigerian Naira	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Salaries and wages	72,490	68,487	42,532	40,278
Retirement benefit costs:				
Defined contribution plans	2,609	2,671	1,242	1,259
	75,099	**71,158**	**43,774**	**41,537**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

43 Compensation to Employees and Directors - Continued

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

	Group		Bank	
(In absolute units)	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
N300,001 - N2,000,000	7,426	6,496	5,150	4,988
N2,000,001 - N2,800,000	2,168	2,310	1,821	1,910
N2,800,001 - N3,500,000	294	257	1	-
N3,500,001 - N4,000,000	730	882	667	716
N4,000,001 - N5,500,000	565	625	331	304
N5,500,001 - N6,500,000	60	190	-	-
N6,500,001 - N7,800,000	628	642	554	500
N7,800,001 - N9,000,000	410	454	380	359
N9,000,001 - above	956	1,024	883	796
	13,237	**12,880**	**9,787**	**9,573**

(iii) Directors

In millions of Nigerian naira	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	51	34	51	34
Executive compensation	814	814	814	814
Defined contribution plan	23	23	23	23
	888	**871**	**888**	**871**
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	3	3	3	3
The highest paid Director	143	139	143	139
The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:				
(In absolute units)				
N1,000,001 - N5,000,000	10	10	10	10
N5,500,001 and above	9	9	9	9
	19	**19**	**19**	**19**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

44 Non-audit services

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

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

45 Compliance with banking regulations

The Bank paid the sum of N69 million to the CBN for various contraventions and/or infractions during the period under consideration:

In millions of Nigerian Naira	**Amount**
Description	
1 Penalty on late resolution of customer complaints/citing of offside ATM	6
2 Penalty on incomplete documentation/BVN on certain accounts	23
3 Penalty on late repatriation of funds	4
4 Penalty for customer accounts that contravened CBN regulations	36
Total	**69**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

46 Condensed result of consolidated subsidiaries

For the year ended 31 December 2019

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statements of comprehensive income								
Operating income	33,637	4,166	13,364	11,397	6,226	3,447	7,238	9,970
Total operating expenses	(16,849)	(3,206)	(8,081)	(7,698)	(5,212)	(3,512)	(4,323)	(10,817)
Net impairment (loss)/gain on financial assets	(238)	(159)	(286)	(259)	(198)	(54)	(99)	1,944
Profit/(loss) before income tax	**16,550**	**801**	**4,997**	**3,440**	**816**	**(119)**	**2,816**	**1,097**
Income tax expense	(5,457)	-	-	(642)	-	-	-	-
Profit for the year	**11,093**	**801**	**4,997**	**2,798**	**816**	**(119)**	**2,816**	**1,097**
Condensed statements of financial position								
Assets								
Cash and bank balances	32,320	18,208	29,945	14,653	13,489	4,158	9,272	24,553
Loans and advances to customers	52,542	8,690	92,098	80,305	13,158	13,272	16,540	35,798
Investment securities	159,872	5,593	50,371	44,574	28,363	23,547	24,154	51,452
Other assets	1,613	3,084	4,643	(609)	1,154	(9)	2,829	1,457
Property and Equipment	2,447	644	478	1,574	281	1,259	2,496	2,478
Intangible assets	11	16	16	27	17	26	47	(462)
Deferred tax asset	121	-	-	-	1,260	-	-	-
Total assets	**248,926**	**36,235**	**177,551**	**140,524**	**57,722**	**42,253**	**55,338**	**115,276**
Financed by:								
Deposits from banks	68,590	333	1,309	3,501	9,251	-	397	15,230
Deposits from customers	129,541	28,991	150,387	110,359	24,511	36,570	37,477	84,023
Other liabilities	10,532	1,624	9,769	6,172	776	2,038	7,214	3,734
Borrowings	-	-	-	-	14,588	-	-	-
Deferred tax liability	84	-	-	-	-	-	-	-
Total Equity	40,179	5,287	16,086	20,492	8,596	3,645	10,250	12,289
Total liabilities and equity	**248,926**	**36,235**	**177,551**	**140,524**	**57,722**	**42,253**	**55,338**	**115,276**
Condensed cash flows								
Net cash from operating activities	71,862	837	40,486	(4,442)	17,658	4,245	7,387	(9,810)
Net cash from financing activities	(11,170)	(818)	1,123	(323)	15,504	(943)	(1,629)	2,343
Net cash from investing activities	(67,873)	(1,827)	(21,800)	(7,697)	(21,986)	(8,389)	(9,951)	23,293
Increase/(decrease) in cash and cash equivalents	**(7,181)**	**(1,808)**	**19,809**	**(12,462)**	**11,176**	**(5,087)**	**(4,193)**	**15,826**
Effects of exchange rate	1	(748)	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	39,500	20,764	10,136	27,115	2,313	9,245	13,465	8,727
Cash and cash equivalents at end of the year	**32,320**	**18,208**	**29,945**	**14,653**	**13,489**	**4,158**	**9,272**	**24,553**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

46 Condensed result of consolidated subsidiaries - Continued

For the year ended 31 December 2019

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian	UBA Mali
Condensed statements of comprehensive income									
Operating income	5,466	12,594	6,089	4,299	16,306	2,271	22,482	6,916	1,362
Total operating expenses	(2,448)	(10,391)	(3,718)	(3,560)	(10,165)	(2,148)	(12,204)	(1,382)	(2,277)
Net impairment gain/(loss) on financial assets	(3)	(326)	(142)	-	(655)	(12)	(1,591)	-	3
Profit before income tax	**3,015**	**1,877**	**2,229**	**739**	**5,486**	**111**	**8,687**	**5,534**	**(912)**
Income tax expense	(762)	(81)	-	(85)	-	(345)	(3,495)	(1,407)	-
Profit for the year	**2,253**	**1,796**	**2,229**	**654**	**5,486**	**(234)**	**5,192**	**4,127**	**(912)**
Condensed statements of financial position									
Assets									
Cash and bank balances	9,156	11,708	12,290	18,290	17,328	10,129	22,367	3,262	3,422
Financial assets at FVTPL	-	-	-	-	-	-	-	-	-
Loans and advances to customers	3,163	97,292	16,682	3,395	29,540	279	62,040	-	5,918
Investment securities	15,934	76,683	20,202	9,754	40,429	7,523	112,864	6,493	6,099
Other assets	382	1,544	1,459	2,038	3,604	713	21,766	1,164	1,657
Property and Equipment	524	2,880	620	504	483	159	1,114	148	756
Intangible assets	-	90	9	30	27	59	18	120	-
Deferred tax asset	2	-	-	-	-	-	-	55	-
Total assets	**29,161**	**190,197**	**51,262**	**34,011**	**91,411**	**18,862**	**227,342**	**11,242**	**17,852**
Financed by:									
Deposits from banks	1,489	25,649	1	3,305	-	2,942	36,105	-	4
Deposits from customers	18,139	145,677	40,378	26,166	58,330	7,764	152,460	(2)	11,596
Other liabilities	2,735	2,220	1,371	-	3,369	202	10,302	4,371	1,102
Current tax liability	9	-	-	-	-	-	3,527	1,407	-
Deferred tax liability	-	-	-	-	-	-	-	1	-
Total Equity	6,789	16,651	9,512	4,540	29,712	7,954	24,948	5,465	5,150
Total liabilities and equity	**29,161**	**190,197**	**51,262**	**34,011**	**91,411**	**18,862**	**227,342**	**11,242**	**17,852**
Condensed cash flows									
Net cash from operating activities	4,861	(72,938)	14,126	13,028	24,610	630	20,740	4,541	(1,953)
Net cash from financing activities	1,956	(1,603)	(2,509)	(404)	7,749	224	3,217	(3,171)	(519)
Net cash from investing activities	(3,777)	61,567	(12,853)	(4,371)	(25,813)	5,326	(41,497)	1,800	(754)
(Decrease)/Increase in cash and cash equivalents	**3,040**	**(12,974)**	**(1,236)**	**8,253**	**6,546**	**6,180**	**(17,540)**	**3,170**	**(3,226)**
Effects of exchange rate	(4)	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	6,120	24,682	13,526	10,037	10,782	3,949	39,907	92	6,648
Cash and cash equivalents at end of the year	**9,156**	**11,708**	**12,290**	**18,290**	**17,328**	**10,129**	**22,367**	**3,262**	**3,422**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

46 Condensed result of consolidated subsidiaries - Continued

For the year ended 31 December 2019

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA UK Limited	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	2,739	3,214	-	5,773	-	-	233,488	(65,738)	346,706
Total operating expenses	(2,413)	(3,204)	-	(5,558)	-	-	(147,056)	49,055	(217,167)
Net impairment gain/(loss) on financial assets	(60)	(174)	-	-	-	-	(16,369)	426	(18,252)
(Loss)/Profit before income tax	266	(164)	-	215	-	-	70,063	(16,257)	111,287
Income tax expense	-	-	-	-	-	-	(7,313)	(23,202)	(22,198)
(Loss)/Profit for the year	**266**	**(164)**	**-**	**215**	**-**	**-**	**62,750**	**(39,459)**	**89,089**
Condensed statements of financial position									
Assets									
Cash and bank balances	11,040	11,934	-	8,450	-	455	1,182,554	(72,755)	1,396,228
Financial assets at FVTPL	-	-	-	-	-	-	102,388	-	102,388
Derivative assets	-	-	-	-	-	-	48,131	(7,173)	48,131
Loans and Advances to Banks	-	-	-	36,727	-	-	99,849	(35,538)	108,211
Loans and advances to customers	5,345	16,731	-	4,340	-	2	1,503,380	(1,119,834)	2,061,147
Investment securities	12,033	2,879	-	29,071	-	-	846,214	(2,554)	1,571,550
Other assets	411	6,094	-	122	-	114	111,607	(26,952)	139,885
Investments in equity-accounted investee	-	-	-	-	-	-	2,715	1,428	4,143
Investments in Subsidiaries	-	-	-	-	-	-	103,275	(103,275)	-
Property and Equipment	202	649	-	1,151	-	203	107,448	1	128,499
Intangible assets	4	42	-	947	-	-	7,070	9,557	17,671
Deferred tax asset	-	-	-	-	-	-	21,862	2,899	26,199
Total assets	**29,035**	**38,329**	**-**	**80,808**	**-**	**774**	**4,136,493**	**(1,354,196)**	**5,604,052**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	852	-	852
Deposits from banks	9,595	-	-	57,008	-	-	92,717	(60,356)	267,070
Deposits from customers	16,652	22,945	-	3,812	-	70	2,764,388	(37,350)	3,832,884
Other liabilities	119	5,526	-	3,630	-	36	57,150	(26,737)	107,255
Current tax liability	-	2	-	-	-	-	722	3,497	9,164
Subordinated liabilities	-	-	-	-	-	-	30,048	-	30,048
Borrowings	-	-	-	-	-	-	744,094	-	758,682
Deferred tax liability	-	45	-	-	-	-	-	(11)	119
Total Equity	2,669	9,811	-	16,358	-	668	446,522	(105,595)	597,978
Total liabilities and equity	**29,035**	**38,329**	**-**	**80,808**	**-**	**774**	**4,136,493**	**(226,552)**	**5,604,052**
Condensed cash flows									
Net cash from operating activities	12,165	(4,642)	-	14,868	-	-	(317,453)	(37,399)	(196,593)
Net cash from financing activities	(1,131)	6,279	-	490	-	-	3,507	(26,815)	(8,643)
Net cash from investing activities	(6,955)	194	-	(18,900)	-	-	215,429	55,201	108,367
Increase/(decrease) in cash and cash equivalents	**4,079**	**1,831**	**-**	**(3,542)**	**-**	**-**	**(98,517)**	**(9,013)**	**(96,869)**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	10,381	(15,535)	(5,905)
Cash and cash equivalents at beginning of the year	6,961	10,103	-	11,992	-	455	450,063	(64,334)	662,245
Cash and cash equivalents at end of the year	**11,040**	**11,934**	**-**	**8,450**	**-**	**455**	**361,927**	**(88,882)**	**559,471**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

46 Condensed result of consolidated subsidiaries - Continued

For the year ended 31 December 2018

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statements of comprehensive income								
Operating income	40,287	2,773	10,684	11,378	5,031	2,516	6,740	9,981
Total operating expenses	(19,682)	(2,292)	(7,970)	(6,563)	(4,795)	(3,107)	(3,726)	(9,940)
Net impairment (loss)/gain on financial assets	(5,112)	(83)	(155)	(432)	(84)	(71)	220	2,122
Profit/(loss) before income tax	**15,493**	**398**	**2,559**	**4,383**	**152**	**(662)**	**3,234**	**2,163**
Income tax expense	(4,141)	66	(17)	(1,117)	19	968	(974)	227
Profit for the year	**11,352**	**464**	**2,542**	**3,266**	**171**	**306**	**2,260**	**2,390**
Condensed statements of financial position								
Assets								
Cash and bank balances	34,862	20,764	88,024	64,492	12,071	9,991	13,465	14,446
Financial assets at FVTPL	-	-	-	-	-	-	-	-
Loans and advances to customers	41,368	9,695	79,059	72,293	12,040	14,796	22,974	35,268
Investment securities	144,787	3,680	30,174	47,937	28,031	17,972	14,395	69,755
Other assets	5,604	1,189	48	1,863	600	2,220	206	802
Property and Equipment	1,808	720	547	1,104	331	547	2,345	2,305
Intangible assets	82	26	10	15	35	-	6	19
Deferred tax asset	27	162	-	-	1,106	968	-	295
	228,538	**36,236**	**197,862**	**187,704**	**54,214**	**46,494**	**53,391**	**122,890**
Financed by:								
Deposits from banks	37,082	377	1,559	35,329	6,719	9,532	-	29,528
Deposits from customers	134,845	28,668	179,655	129,452	21,182	29,293	38,352	78,731
Other liabilities	6,676	1,043	4,876	5,228	774	2,756	5,002	2,539
Current tax liability	-	96	17	232	-	-	974	67
Borrowings	7,710	748	-	-	17,940	-	-	-
Total Equity	42,225	5,304	11,755	17,463	7,599	4,913	9,063	12,025
	228,538	**36,236**	**197,862**	**187,704**	**54,214**	**46,494**	**53,391**	**122,890**
Condensed cash flows								
Net cash from operating activities	49,254	7,041	80,307	51,775	12,976	1,954	12,822	24
Net cash from financing activities	(1,673)	(554)	(753)	(3,820)	18,504	868	(2,338)	1,013
Net cash from investing activities	(52,220)	(839)	(1,666)	(10,578)	(21,722)	(2,076)	(8,071)	4,682
Increase/(decrease) in cash and cash equivalents	**(4,639)**	**5,648**	**77,888**	**37,377**	**9,758**	**746**	**2,413**	**5,719**
Effects of exchange rate	1	748	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	39,500	14,368	10,136	27,115	2,313	9,245	11,052	8,727
Cash and cash equivalents at end of the year	**34,862**	**20,764**	**88,024**	**64,492**	**12,071**	**9,991**	**13,465**	**14,446**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

For the year ended December 31, 2019

46 Condensed result of consolidated subsidiaries - Continued

For the year ended 31 December 2018

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian	UBA Mali
Condensed statements of comprehensive income									
Operating income	3,828	13,826	5,349	3,762	13,563	3,466	21,398	6,691	523
Total operating expenses	(2,018)	(11,136)	(3,448)	(3,275)	(7,745)	(3,119)	(10,949)	(1,350)	(761)
Net impairment gain/(loss) on financial assets	-	92	609	87	(6)	(19)	(369)	(32)	-
Profit before income tax	**1,810**	**2,782**	**2,510**	**574**	**5,812**	**328**	**10,080**	**5,309**	**(238)**
Income tax expense	(581)	(76)	(447)	-	(1,771)	(242)	(4,259)	(1,382)	(5)
Profit for the year	**1,229**	**2,706**	**2,063**	**574**	**4,041**	**86**	**5,821**	**3,927**	**(243)**
Condensed statements of financial position									
Assets									
Cash and bank balances	6,546	23,857	6,280	10,639	15,898	4,335	26,470	469	3,861
Financial assets at FVTPL	-	-	-	-	-	-	-	-	-
Loans and advances to customers	2,645	74,573	22,861	2,607	39,918	269	64,101	-	-
Investment securities	11,957	103,535	10,595	9,898	11,500	14,190	72,331	8,818	2,688
Other assets	286	2,652	943	747	856	731	3,613	1,332	97
Property and Equipment	560	3,112	761	387	662	171	1,066	204	550
Intangible assets	-	57	11	29	56	62	10	41	32
Deferred tax asset	(6)	22	427	-	-	-	-	78	-
	21,988	**207,808**	**41,878**	**24,307**	**68,890**	**19,758**	**177,791**	**10,942**	**7,228**
Financed by:									
Deposits from banks	790	42,331	4,160	625	4,104	1,605	13,272	-	-
Deposits from customers	15,627	146,345	27,217	19,682	40,554	9,432	134,111	-	17
Other liabilities	601	1,375	610	-	4,649	236	6,765	4,471	1,513
Current tax liability	53	-	635	-	1,771	24	4,142	1,357	-
Deferred tax liability	7	-	-	-	-	-	-	21	-
Total Equity	4,910	17,757	9,256	4,000	17,812	8,461	19,501	5,093	5,698
	21,988	**207,808**	**41,878**	**24,307**	**68,890**	**19,758**	**177,791**	**10,942**	**7,228**
Condensed cash flows									
Net cash from operating activities	189	(33,934)	(1,258)	5,863	4,914	1,331	(9,669)	4,222	(1,567)
Net cash from financing activities	77	(1,407)	(2,599)	(864)	(2,706)	411	(2,859)	(3,343)	(640)
Net cash from investing activities	164	34,516	(3,389)	(4,397)	2,908	(1,356)	(909)	(502)	(580)
(Decrease)/Increase in cash and cash equivalents	**430**	**(825)**	**(7,246)**	**602**	**5,116**	**386**	**(13,437)**	**377**	**(2,787)**
Effects of exchange rate	(4)	-	-	-	-	-	-	-	
Cash and cash equivalents at beginning of the year	6,120	24,682	13,526	10,037	10,782	3,949	39,907	92	6,648
Cash and cash equivalents at end of the year	**6,546**	**23,857**	**6,280**	**10,639**	**15,898**	**4,335**	**26,470**	**469**	**3,861**

46 Condensed result of consolidated subsidiaries - Continued

For the year ended 31 December 2018

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA UK Limited	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	1,688	2,869	-	3,620	-	-	191,144	(52,480)	308,637
Total operating expenses	(2,143)	(2,670)	-	(4,321)	-	-	(131,537)	45,205	(197,342)
Net impairment gain/(loss) on financial assets	173	184	-	-	-	-	(4,257)	2,604	(4,529)
(Loss)/Profit before income tax	**(282)**	**383**	**-**	**(701)**	**-**	**-**	**55,350**	**(4,258)**	**106,766**
Income tax expense	(7)	(120)	-	-	-	-	(14,303)	(20,201)	(28,159)
(Loss)/Profit for the year	**(289)**	**263**	**-**	**(701)**	**-**	**-**	**41,047**	**(24,459)**	**78,607**
Condensed statements of financial position									
Assets									
Cash and bank balances	6,423	8,728	672	9,077	-	455	1,015,199	(176,428)	1,220,596
Financial assets at FVTPL	-	-	-	-	-	-	19,439	-	19,439
Derivative assets	-	-	-	-	-	-	34,784	(10,199)	34,784
Loans and Advances to Banks	-	-	-	26,708	-	-	15,516	(36,626)	15,797
Loans and advances to customers	4,597	9,614	-	10	-	2	1,213,801	(1,127,677)	1,715,285
Investment securities	5,243	3,500	99	22,254	-	-	1,010,157	(6,364)	1,637,132
Other assets	384	5,720	-	677	-	114	49,642	(17,312)	63,012
Investments in equity-accounted investee	-	-	-	-	-	-	2,715	1,895	4,610
Investments in Subsidiaries	-	-	-	-	-	-	103,777	(103,777)	-
Property and Equipment	153	659	2	274	-	203	97,502	(1)	115,973
Intangible assets	7	20	-	1,007	-	-	6,911	9,732	18,168
Deferred tax asset	-	-	-	-	-	-	21,862	1	24,942
Total assets	**16,807**	**28,241**	**773**	**60,007**	**-**	**774**	**3,591,305**	**(1,466,756)**	**4,869,738**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	99	-	99
Deposits from banks	7,162	-	-	38,315	-	-	30,502	(88,156)	174,836
Deposits from customers	6,928	12,821	-	3,375	-	70	2,424,108	(131,345)	3,349,120
Other liabilities	275	4,985	677	1,820	-	36	84,299	(20,443)	120,764
Current tax liability	7	130	-	-	-	-	706	(1,319)	8,892
Subordinated liabilities	-	-	-	-	-	-	29,859	-	29,859
Borrowings	-	-	-	-	-	-	657,134	-	683,532
Deferred tax liability	-	-	-	-	-	-	-	-	28
Total Equity	2,435	10,305	96	16,497	-	668	364,598	(94,826)	502,608
Total liabilities and equity	**16,807**	**28,241**	**773**	**60,007**	**-**	**774**	**3,591,305**	**(336,089)**	**4,869,738**
Condensed cash flows									
Net cash from operating activities	391	(7,306)	-	6,806	-	-	488,626	(68,914)	605,847
Net cash from financing activities	(810)	6,346	-	1,545	-	-	8,185	(4,725)	7,858
Net cash from investing activities	(119)	(415)	-	(11,266)	-	-	(366,035)	7,004	(436,866)
Increase/(decrease) in cash and cash equivalents	**(538)**	**(1,375)**	**-**	**(2,915)**	**-**	**-**	**130,776**	**(66,635)**	**176,839**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	46,162	10,071	56,978
Cash and cash equivalents at beginning of the year	6,961	10,103	672	11,992	-	455	273,125	(113,079)	428,428
Cash and cash equivalents at end of the year	**6,423**	**8,728**	**672**	**9,077**	**-**	**455**	**450,063**	**(169,643)**	**662,245**

ADDITIONAL DISCLOSURES

Statement of Value Added

For the year ended December 31, 2019

Statement of Value Added

For the year ended 31 December

Group	2019 N'million	%	2018 N'million	%
Gross revenue	559,805		494,045	
Interest paid	(182,955)		(157,276)	
	376,850		336,769	
Administrative overheads:				
- local	(153,641)		(139,824)	
- foreign	(3,081)		(2,691)	
Value added	**220,128**	**100**	**194,254**	**100**
Distribution				
Employees				
- Salaries and benefits	75,099	34	71,158	37
Government				
- Taxation	22,198	10	28,159	14
The future				
- Asset replacement (depreciation and amortization)	15,490	7	11,801	6
- Asset replacement (provision for losses)	18,252	8	4,529	2
- Expansion (transfer to reserves and non-controlling interest)	89,089	40	78,607	40
	220,128	**100**	**194,254**	**100**

Bank	2019 N'million	%	2018 N'million	%
Gross revenue	412,624		341,504	
Interest paid	(156,580)		(129,396)	
	256,044		212,108	
Administrative overheads:				
- local	(113,902)		(102,119)	
- foreign	(164)		(175)	
Value added	**141,978**	**100**	**109,814**	**100**
Distribution				
Employees				
- Salaries and benefits	43,774	31	41,537	38
Government				
- Taxation	7,313	5	14,303	13
The future				
- Asset replacement (depreciation and amortization)	11,772	8	8,670	8
- Asset replacement (provision for losses)	16,369	12	4,257	4
- Expansion (transfer to reserves and non-controlling interest)	62,750	44	41,047	37
	141,978	**100**	**109,814**	**100**

ADDITIONAL DISCLOSURES (Continued)

Group Five-Year Financial Summary

For the year ended December 31, 2019

Statement of financial position

In millions of Nigerian Naira	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
ASSETS					
Cash and bank balances	1,396,228	1,220,596	898,083	760,930	655,371
Financial assets at fair value through profit or loss	102,388	19,439	31,898	52,295	11,249
Derivative assets	48,131	34,784	8,227	10,642	1,809
Loans and advances to banks	108,211	15,797	20,640	22,765	14,600
Loans and advances to customers	2,061,147	1,715,285	1,650,891	1,505,319	1,036,637
Investment securities					
- At fair value through other comprehensive income	901,048	1,036,653	-	-	-
- Available-for-sale	-	-	593,299	276,758	275,496
- At amortised cost	670,502	600,479	-	-	-
- Held to maturity	-	-	622,754	693,634	581,374
Other assets	139,885	63,012	86,729	37,849	40,488
Investments in equity-accounted investee	4,143	4,610	2,860	2,925	2,236
Property and equipment	128,499	115,973	107,636	93,932	88,825
Intangible assets	17,671	18,168	16,891	14,361	11,369
Deferred tax assets	26,199	24,942	29,566	33,060	33,168
TOTAL ASSETS	**5,604,052**	**4,869,738**	**4,069,474**	**3,504,470**	**2,752,622**
LIABILITIES					
Derivative liabilities	852	99	123	14	327
Deposits from banks	267,070	174,836	134,289	109,080	61,066
Deposits from customers	3,832,884	3,349,120	2,733,348	2,485,610	2,081,704
Other liabilities	107,255	120,764	98,277	110,596	54,885
Current tax liabilities	9,164	8,892	7,668	5,134	6,488
Borrowings	758,682	683,532	502,209	259,927	129,896
Subordinated liabilities	30,048	29,859	65,741	85,978	85,620
Deferred tax liabilities	119	28	40	62	15
TOTAL LIABILITIES	**5,006,074**	**4,367,130**	**3,541,695**	**3,056,401**	**2,420,001**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	135,514	135,514
Reserves	462,758	367,654	393,733	299,337	190,313
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	578,573	483,469	509,548	434,851	325,827
Non-controlling interest	19,405	19,139	18,231	13,218	6,794
TOTAL EQUITY	**597,978**	**502,608**	**527,779**	**448,069**	**332,621**
TOTAL LIABILITIES AND EQUITY	**5,604,052**	**4,869,738**	**4,069,474**	**3,504,470**	**2,752,622**

Summarized Statement of Comprehensive Income

	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Net operating income	346,293	308,218	326,565	270,889	210,257
Operating expenses	(217,167)	(197,342)	(189,652)	(152,501)	(136,640)
Net impairment loss on loans and receivables	(18,252)	(4,529)	(32,895)	(27,683)	(5,053)
Share of profit/(loss) of equity-accounted investee	413	419	204	(63)	(110)
Profit before taxation	**111,287**	**106,766**	**104,222**	**90,642**	**68,454**
Taxation	(22,198)	(28,159)	(26,674)	(18,378)	(8,800)
Profit after taxation	89,089	78,607	77,548	72,264	59,654
Profit for the period	**89,089**	**78,607**	**77,548**	**72,264**	**59,654**
- Non-controlling interest	2,869	3,248	2,544	2,860	1,050
- Equity holders of the parent	86,220	75,359	75,004	69,404	58,604
Other comprehensive income for the period	35,350	(33,273)	27,769	65,886	6,168
Total comprehensive income for the period	**124,439**	**45,334**	**105,317**	**138,150**	**65,822**

ADDITIONAL DISCLOSURES (Continued)

Bank Five - Year Financial Summary

For the year ended December 31, 2019

Statement of financial position

In millions of Nigerian Naira	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
ASSETS					
Cash and bank balances	1,182,554	1,015,199	727,546	610,910	590,774
Financial assets at fair value through profit or loss	102,388	19,439	31,898	52,295	11,249
Derivative assets	48,131	34,784	7,911	10,642	1,809
Loans and advances to banks	99,849	15,516	19,974	23,850	14,591
Loans and advances to customers	1,503,380	1,213,801	1,173,214	1,090,355	822,694
Investment securities					
- At fair value through other comprehensive income	772,658	925,892	-	-	-
- Available for sale	-	-	423,293	244,424	270,409
- At amortised cost	73,556	84,265	-	-	-
- Held to maturity	-	-	242,185	288,592	297,794
Other assets	111,607	49,642	77,949	31,192	22,528
Investments in subsidiaries	103,275	103,777	103,777	70,702	65,767
Investments in equity-accounted investee	2,715	2,715	1,770	1,770	1,770
Property and equipment	107,448	97,502	89,285	80,252	80,145
Intangible assets	7,070	6,911	5,846	4,905	4,954
Deferred tax assets	21,862	21,862	27,178	29,696	31,853
TOTAL ASSETS	**4,136,493**	**3,591,305**	**2,931,826**	**2,539,585**	**2,216,337**
LIABILITIES					
Derivative liabilities	852	99	123	14	327
Deposits from banks	92,717	30,502	15,290	30,484	350
Deposits from customers	2,764,388	2,424,108	1,877,736	1,698,859	1,627,060
Current tax liabilities	722	706	1,108	522	634
Subordinated liabilities	30,048	29,859	65,741	85,978	85,620
Borrowings	744,094	657,134	502,209	259,927	129,896
Other liabilities	57,150	84,299	68,759	72,901	34,219
TOTAL LIABILITIES	**3,689,971**	**3,226,707**	**2,530,966**	**2,148,685**	**1,878,106**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	135,514	135,514
Reserves	330,707	248,783	285,045	255,386	202,717
TOTAL EQUITY	**446,522**	**364,598**	**400,860**	**390,900**	**338,231**
TOTAL LIABILITIES AND EQUITY	**4,136,493**	**3,591,305**	**2,931,826**	**2,539,585**	**2,216,337**
Summarized statement of comprehensive income					
Net operating income	233,488	191,144	209,279	190,231	157,477
Operating expenses	(147,056)	(131,537)	(126,051)	(107,061)	(103,251)
Net impairment loss on loans and receivables	(16,369)	(4,257)	(30,433)	(25,521)	(3,491)
Profit before taxation	**70,063**	**55,350**	**52,795**	**57,649**	**50,735**
Taxation	(7,313)	(14,303)	(11,399)	(10,108)	(3,093)
Profit for the period	**62,750**	**41,047**	**41,396**	**47,541**	**47,642**
Other comprehensive income for the period	48,244	(12,009)	15,668	26,896	8,119
Total comprehensive income for the period	**110,994**	**29,038**	**57,064**	**74,437**	**55,761**

6
Investor Information

INVESTOR INFORMATION

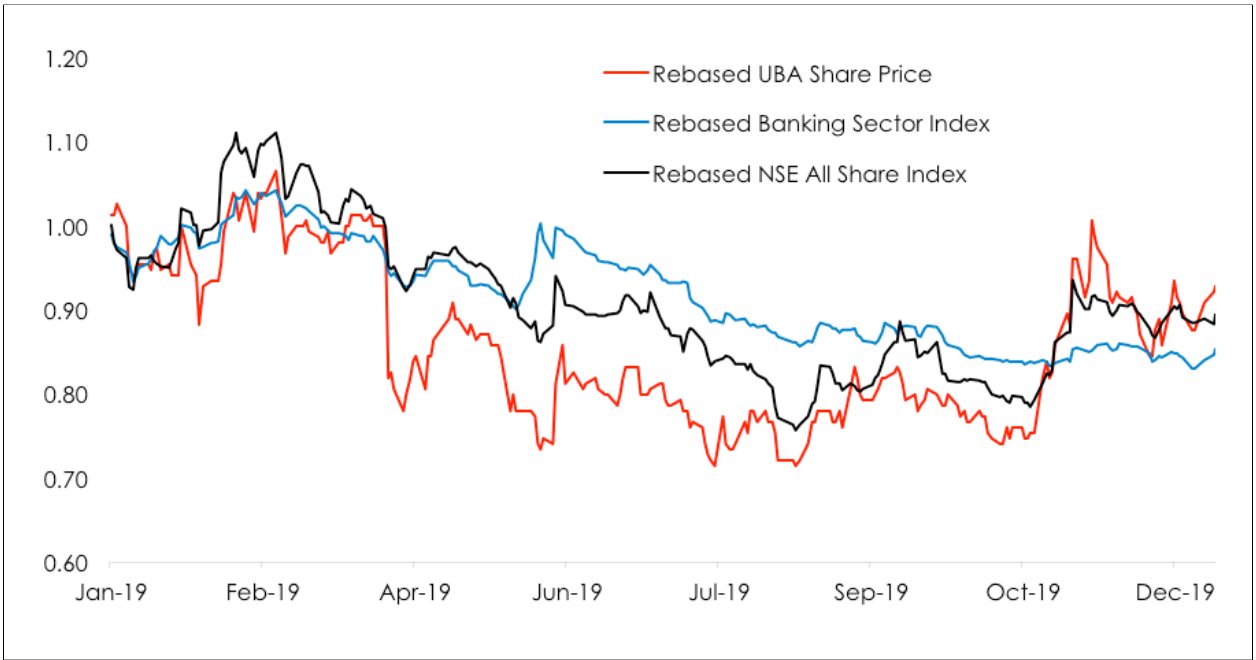
Shareholders' Information

UBA is one of the largest financial services groups in Nigeria with presence in 23 countries. Its shares have been listed on the Nigerian Stock Exchange (NSE) since 1970. The Bank's current number of shares outstanding is 34,199,421,366 units with an average daily trading volume of 20 million shares. A summary of its key share data is shown below.

Share data as of last trading day in 2019

Year	2019	2018
NSE ticker	UBA	UBA
Bloomberg ticker	UBA NL	UBA NL
Share price(N)	7.15	7.70
Shares outstanding (billion)	34.20	34.20
Market capitalisation (₦'billion)	244.53	263.34
Market capitalisation (US$' million)	672.69	733.95
12-month daily average trading volume (million)	19.98	23.42
52-week high share price (₦)	8.20	13.00
52-week low share price (₦)	5.50	7.05

Trend of Rebased Share Price and Banking Sector Index



INVESTOR INFORMATION

Share Capital

The authorized share capital as of 31 December 2019 amounted to ₦22,500,000,000 consisting 45,000,000,000 shares of 50 kobo each. Of this amount, 34,199,421,366 shares have been issued and fully paid for, and are listed on the Nigerian Stock Exchange for trading.

Shareholders

As at end of 2019, UBA's shares were held by a total of 272,452 shareholders as analyzed in the table below:

Headline	Shareholders			Holdings		
Range	Count	Commulative Count	Count (%}	Aggregate Holdings	Commulate Holdings	Aggregate Holdings (%)
1 – 1,000	29,561	29,561	10.85	13,163,726	13,163,726	0.04
1,001 – 5,000	121,349	150,910	44.54	301,559,322	314,723,048	0.88
5,001 – 10,000	44,904	195,814	16.48	307,217,081	621,940,129	0.90
10,001 – 50,000	54,413	250,227	19.97	1,133,682,128	1,755,622,257	3.31
50,001 – 100,000	10,732	260,959	3.94	724,931,386	2,480,553,643	2.12
100,001 – 500,000	8,772	269,731	3.22	1,780,445,799	4,260,999,442	5.21
500,001 – 1,000,000	1,294	271,025	0.47	901,661,227	5,162,660,669	2.64
1,000,001 – 5,000,000	1,083	272,108	0.40	2,103,246,333	7,265,907,002	6.15
5,000,001 – 10,000,000	134	272,242	0.05	949,556,535	8,215,463,537	2.78
10,000,001 – 50,000,000	135	272,377	0.05	2,752,757,744	10,968,221,281	8.05
50,000,001 – 100,000,000	22	272,399	0.01	1,493,524,984	12,461,746,265	4.37
100,000,001 – 500,000,000	40	272,439	0.02	10,849,743,742	23,311,490,007	31.72
500,000,001 – 1,000,000,000	10	272,449	0.00	6,546,812,818	29,858,302,825	19.14
1,000,000,001 and Above	3	272,452	0.00	4,341,118,541	34,199,421,366	12.69
	272,452		**100**	**34,199,421,366**		**100**

Top ten shareholders as at 31 December 2019

Shareholder	Unit Holding	% Holding
Stanbic IBTC Nominees Nigeria Ltd	3,312,596,231	9.7%
Heirs Holdings Limited	1,742,180,600	5.1%
Consolidated Trust Funds Limited	1,415,213,607	4.1%
STH Limited	1,183,724,334	3.5%
Poshville Investments Limited	815,229,103	2.4%
SNNL/Asset Management Corporation of Nigeria	711,946,684	2.1%
Africa Horizon Capital Limited	700,144,391	2.1%
FPCNL/NPF Pensions Limited	648,553,013	1.9%
Atene Limited	609,061,600	1.8%
African Development Bank	517,563,476	1.5%

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

INVESTOR INFORMATION

Ten-year History of Capitalisation

Date	Authorised (₦)	Issued and Full Paid Capital (₦)	Considerations
01 August 2005	6,000,000,000	3,236,000,000	Bonus (1:5)
22 February 2007	6,000,000,000	4,236,000,000	Bonus (1:5)
04 May 2007	6,000,000,000	4,290,214,286	Foreign Loan Stock Conversion
25 September 2007	6,000,000,000	5,645,139,990	Cash (right and public offering)
18 January 2008	7,500,000,000	5,645,139,990	
18 June 2008	12,500,000,000	8,622,584,985	Bonus (1:2) (interim)
05 January 2009	12,500,000,000	10,778,231,231	Bonus (1:4) (Final)
02 October 2009	17,500,000,000	10,778,231,231	
13 May 2010	17,500,000,000	12,933,877,477	Bonus (1:5) (Final)
13 May 2011	17,500,000,000	16,167,346,850	Bonus (1:4) (Final)
18 May 2012	22,500,000,000	16,490,693,782	Bonus (1:50) (Final)
01 July 2015	22,500,000,000	18,139,763,161	Rights Issue
12 October 2017	22,500,000,000	17,099,710,683	Cancellation of SSIT Shares

There has been no change since October 2017.

Dividend Payment History

Dividend Number	Year/Period Ended	Date Declared	Total Amount	Dividend per Share (₦)
57	31 December 2009	13 May 2010	2,155,646,246	0.10
58	31 December 2011	13 May 2012	1,293,387,748	0.05
59	31 December 2012	10 June 2013	16,490,693,783	0.50
60	31 December 2013	28 April 2014	16,490,693,783	0.50
61	31 December 2014	27 April 2015	3,298,138,757	0.10
62	30 June 2015 Interim	16 September 2015	7,255,905,264	0.20
63	31 December 2015	14 March 2016	14,511,810,528	0.40
64	30 June 2016 Interim	25 August 2016	7,255,905,264	0.20
65	31 December 2016	24 March 2017	19,953,739,477	0.55
66	30 June 2017 Interim	24 August 2017	6,839,884,273	0.20
67	31 December 2017	23 March 2018	22,229,623,888	0.65
68	30 June 2018 Interim	29 August 2018	6,839,884,273	0.20
69	31 December 2018	15 March 2019	22,229,623,888	0.65
70	30 June 2019 Interim	30 August 2019	6,839,884,273	0.20

INVESTOR INFORMATION

Record of Unclaimed Dividend as at December 31, 2019

S/No	Dividend Year	Number of Years	Amount Declared	Total Amount Paid to Date	Unclaimed Dividend
1	2006	13	6,986,560,000	6,986,144,676	415,324
2	2007	12	13,796,000,000	13,795,982,188	17,812
3	2008	11	2,874,194,995	2,873,083,882	1,111,113
4	2008	10	12,933,877,478	12,933,850,366	27,112
5	2009	9	2,155,646,246	2,037,227,381	118,418,865
6	2010	8	1,293,387,748	1,187,857,249	105,530,499
7	2012	7	16,490,693,783	14,860,808,616	1,629,885,167
8	2013	6	16,490,693,783	15,253,631,903	1,237,061,880
9	2014	5	3,298,138,756	3,048,884,470	249,254,286
10	2015	4	21,767,715,793	19,879,412,170	1,888,303,623
11	2016	3	27,209,644,741	25,053,975,116	2,155,669,625
12	2017	2	29,069,508,161	26,376,583,855	2,692,924,306
13	2018	1	29,069,508,161	26,337,898,846.67	2,731,609,314

Credit Rating Summary

Rating Agency	Rating
Fitch	B+
S&P	B
GCR	AA-(NG)
Agusto	Aa-(NG)

United Bank for Africa

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 58th Annual General Meeting (AGM) of United Bank for Africa Plc (the Company) earlier postponed due to the COVID-19 pandemic will now hold at the Amphitheatre, UBA House, 57 Marina, Lagos State on Wednesday, April 29, 2020 at 9:00AM to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended December 31, 2019, together with the Reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a final dividend.
3. To elect/re-elect Directors.
4. To appoint Auditors to replace the retiring Auditors, PricewaterhouseCoopers. Notice is hereby given that the proposed Auditors to be appointed is Ernst and Young.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

NOTES

1. Compliance with COVID-19 Related Directives and Guidelines

The Federal Government of Nigeria, State Governments, Health Authorities and Regulatory Agencies have issued a number of guidelines and directives aimed at curbing the spread of COVID-19 in Nigeria. Particularly, the Lagos State Government prohibited the gathering of more than 20 people, while the Corporate Affairs Commission (CAC) issued Guidelines on Holding AGM of Public Companies by Proxy. The convening and conduct of the AGM shall be done in compliance with these directives and guidelines.

2. Proxy

A member entitled to attend and vote at the Annual General Meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be completed and duly stamped by the Commissioner of Stamp Duties and returned to the Registrar, Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos Nigeria, not less than 48 hours before the fixed time of the meeting.

3. Attendance by Proxy

In line with CAC Guidelines, attendance of the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1. Mr. Tony O. Elumelu, CON
2. Mr. Kennedy Uzoka
3. Mr. Bili A. Odum

4. Stamping of Proxy

The Company has made arrangements, at its cost, for the stamping of the duly completed and signed proxy forms submitted to the Company's Registrars within the stipulated time.

5. Live Streaming of the AGM

The AGM will be streamed live online. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the AGM live streaming will be made available on the Company's website at www.ubagroup.com.

6. Dividend Payment

If the dividend recommended by the Directors is approved, dividend will be posted electronically on Wednesday, April 29, 2020. Given the previous notice to shareholders and the investing public by the Company on the closing period for the purpose of dividend payment, dividend approved at the AGM will be paid to all shareholders whose names were registered in the Company's Register of Members as at the close of business on Friday, March 13, 2020 and who have completed the e-dividend registration and have mandated the Registrars to pay dividend directly into their bank accounts.

7. Closure of Register of Members

As previously notified to shareholders and the investing public, the Register of Members was closed from Monday, March 16, 2020 to Friday, March 20, 2020 for the purpose of paying dividend.

8. Biographical details of Directors for Election/Re-election

Biographical details of Directors seeking election/re-election are provided in the Annual Report.

9. Questions from Shareholders

Shareholders and other holders of the Company's securities reserve the right to ask questions not only at the meeting, but also in writing prior to and after the meeting on any item contained in the Annual Report and Accounts. Please send all questions to investorrelations@ubagroup.com.

10. Audit Committee

The Audit Committee consist of three Shareholders and three Directors. Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one days before the Annual General Meeting. The Code of Corporate Governance issued by the Securities and Exchange Commission stipulates that members of the Audit Committee should have basic financial literacy and should be able to read financial statements. Consequently, a detailed curriculum vitae confirming the nominee's qualification should be submitted with each nomination.

Dated this 4th day of April, 2020

By Order of the Board.

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

Africa Prudential

E-SERVICE/DATA UPDATE FORM

KINDLY FILL AND RETURN FORM TO ANY OF OUR OFFICE ADDRESSES STATED BELOW | * = COMPULSORY FIELDS

UNITED BANK FOR AFRICA ☐

1. *SURNAME/COMPANY NAME

2. *FIRST NAME

3. OTHER NAME

4. *GENDER M ☐ F ☐

5. E-MAIL

6. ALTERNATE E-MAIL

7. *DATE OF BIRTH D D M M Y Y Y Y

8. *MOBILE (1) (2)

9. *ADDRESS

10. OLD ADDRESS *(if any)*

11. *NATIONALITY

12. *OCCUPATION

13. *NEXT OF KIN NAME MOBILE

14. *MOTHER'S MAIDEN NAME

15. BANK NAME

16. A/C NO.

17. A/C NAME

18. A/C OPENING DATE D D M M Y Y Y Y

19. BANK VERIFICATION NO. (BVN)

20. NAME OF STOCKBROKING FIRM

21. CSCS CLEARING HOUSE NO. (CHN) C

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

UNITED BANK FOR AFRICA ☐ *** = Compulsory fields**

1. *SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. *E-MAIL:

5. ALTERNATE E-MAIL:

6. *MOBILE NO.: **1.** **2.**

7. SEX: MALE ☐ FEMALE ☐

8. *DATE OF BIRTH D D M M Y Y Y Y

9. *POSTAL ADDRESS:

10. CSCS CLEARING HOUSE NO.: C

11. NAME OF STOCKBROKER:

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:

Joint/Company's Signatories

Company Seal *(if applicable)*

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential
RC 649007

Affix Recent Passport Photograph
USE GUM ONLY
NO STAPLE PINS
(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐ Date Of Birth D D M M Y Y Y Y

Surname/Company's Name First Name Other Name

Address

City State Country

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature:

Signature:
Joint/Company's Signatories

Company Seal *(if applicable)*

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. ADAMAWA STATE GOVERNMENT BOND ☐
3. AFRILAND PROPERTIES PLC ☐
4. AFRICA PRUDENTIAL PLC ☐
5. A & G INSURANCE PLC ☐
6. ALUMACO PLC ☐
7. A.R.M LIFE PLC ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPPA AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWG PLC ☐
17. CORDROS MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
26. MED-VIEW AIRLINE PLC ☐
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)* ☐
28. NEXANS KABLEMETAL NIG. PLC ☐
29. OMOLUABI MORTGAGE BANK PLC ☐
30. PERSONAL TRUST & SAVINGS LTD ☐
31. P.S MANDRIDES PLC ☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
33. PREMIER BREWERIES PLC ☐
34. RESORT SAVINGS & LOANS PLC ☐
35. ROADS NIGERIA PLC ☐
36. SCOA NIGERIA PLC ☐
37. TRANSCORP HOTELS PLC ☐
38. TRANSCORP PLC ☐
39. TOWER BOND ☐
40. THE LA CASERA CORPORATE BOND ☐
41. UACN PLC ☐
42. UNITED BANK FOR AFRICA PLC ☐
43. UNITED CAPITAL PLC ☐
44. UNITED CAPITAL BALANCED FUND ☐
45. UNITED CAPITAL BOND FUND ☐
46. UNITED CAPITAL EQUITY FUND ☐
47. UNITED CAPITAL MONEY MARKET FUND ☐
48. UNITED CAPITAL NIGERIAN EUROBOND FUND ☐
49. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
50. UNIC DIVERSIFIED HOLDINGS PLC ☐
51. UNIC INSURANCE PLC ☐
52. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
53. UTC NIGERIA PLC ☐
54. VFD GROUP PLC ☐
55. WEST AFRICAN GLASS IND PLC ☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ____ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: ____
Surname *First Name* *Middle Name*

ADDRESS: ____

GSM NUMBER: ____ **E-MAIL:** ____

GENDER: Male ☐ Female ☐ **DATE OF BIRTH:** D D M M Y Y Y Y **CSCS INVESTOR'S A/C NO.:** ____

CLEARING HOUSE NUMBER(CHN): C ____ **REGISTRAR'S ID NO (RIN):** ____

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: ____ **BANK:** ____

BANK A/C NUMBER: ____ *Must be NUBAN* **BVN:** ____ *Must be confirmed by bank* **AGE OF A/C:** *DD MM YYYY* ____ *Must be confirmed by bank*

Authorized Signature (1) *(and stamp of Stockbroker)*

Authorized Signature (2) *(and stamp of Stockbroker)*

Shareholder's Signature & Date

Shareholder's Signature & Date (2) *(if applicable)*

Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.		
2.		
3.		

S/N	CERTIFICATE NO. (IF ANY)	UNITS
4.		
5.		
6.		

Dated this ____ day of ____, 20 ____

Name: ____

Signature: ____

Joint (2) (if applicable): ____

Joint (3) (if applicable): ____

Company Seal

In the Presence of:

Name: ____ **GSM NO:** ____

Address: ____ **Signature:** ____

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of ____ Plc/Ltd, we hereby agree jointly and severally keep the company and/or the Registrar or other persons acting on their behalf fully indemnified aganist all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Authorised Signatory (1): ____ **Authorised Signatory (2):** ____

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

PROXY FORM

I/We,

Shareholder's Name: ________________________________
Address: ____

No. of Shares held: __________________________________
being the registered holder(s) of the ordinary shares of United Bank for Africa Plc hereby appoint*

____

____

(block letters please)

or failing him, the Chairman of the Meeting as My/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Amphitheatre, UBA House, 57 Marina, Lagos State on Wednesday, April 29, 2020 at 9:00AM or at any adjournment thereof.

Dated this ________ day of ________2020

Shareholder's Signature: ______________________________

NOTE:

1. A member (shareholder) who is unable to attend an Annual General Meeting is allowed to vote by proxy. This proxy form has been prepared to enable you exercise your vote if you cannot personally attend. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarial certified copy thereof must reach the Registrar, Africa Prudential Plc, 220B, Ikorodu Road, Palmgrove, Lagos, not later than 48hours before the time of holding the meeting.
2. If executed by a corporation, the proxy form should be sealed with the common seal or under the hand of some officers or an attorney duly authorized.
3. In the case of joint holders, the signature of any one of them will suffice, but the names of all joint holders should be shown.
4. Provision have been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked*) the name of any person, whether a member of the Company or not, who will attend the Meeting and vote on your behalf instead of the Chairman of the Meeting.
5. This proxy will be used only in the event of poll being directed, or demanded.
6. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently =N=500.00) from the Stamp Duties Office, and not adhesive postage stamps.

   Please indicate by marking "X" in the appropriate space, how you wish your votes to be cast on the resolutions set out here, unless otherwise instructed, the proxy will vote or abstain from voting at his or her discretion.
7. The proxy must produce the Admission form sent with the Report and Accounts to obtain entrance at the Meeting.

This proxy form is solicited on behalf of the Board of Directors and is to be used at the Annual General Meeting to be held on Wednesday, April 29, 2020.

RESOLUTIONS		**For**	**Against**	**Abstain**
ORDINARY BUSINESS				
1	To receive the audited Accounts for the year ended December 31, 2019 together with the reports of the Directors, Auditors and the Audit Committee thereon.			
2	To declare a dividend			
3	To elect/re-elect Directors*			
4	To appoint Auditors to replace the retiring Auditors, PricewaterhouseCoopers. Notice is hereby given that the proposed Auditors to be appointed is Ernst and Young.			
5	To authorize the Directors to fix the remuneration of the Auditors			
6	To elect members of the Audit Committee			

*Refer to profile of Directors seeking election/re-election on page 235 of the Annual Report.
This proxy form should NOT be completed and/or sent to the registered office of the Registrars if the member will attend the meeting in person.

ADMISSION CARD

Before posting the above form, please tear off this part and retain for admission at the meeting.

UNITED BANK FOR AFRICA PLC (RC2457)
ANNUAL GENERAL MEETING

Please admit the shareholder named on this admission form or his/her duly appointed proxy to the Annual General Meeting of the Company to be held at the Amphitheatre, UBA House, 57 Marina, Lagos State on Wednesday, April 29, 2020 at 9:00AM.

Bili A. Odum
Group Company Secretary
57 Marina, Lagos

Name and address of shareholder: ______________________________
Account Number: ______________________________________
Number of shares held: __________________________________
Shareholder's signature: __________________________________

This card is to be signed at the venue in the presence of the Registrar.

Please select (by marking "X") as appropriate before Admission to the meeting

Proxy ☐
Shareholder ☐

PROFILES OF DIRECTORS SEEKING ELECTION/RE-ELECTION

AMB. Joe Keshi, OON
Vice Chairman of the Board

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

Before joining the Bank, Ambassador Keshi had a distinguished career in the diplomatic service of the Federal Republic of Nigeria ending up as the top career diplomat of the country, when he served as the head of the ministry in the capacity of the Permanent Secretary. He had also served as the Permanent Secretary, Cabinet Secretariat responsible for the meetings of the Federal Executive Council, presided over by the President.

During the course of his 35 years' diplomatic career, Ambassador Keshi served in about eight countries and various capacities, including, Charge D 'Affairs, Embassy of Nigeria, The Netherlands, Consul General, Nigerian Consulate, Atlanta, USA, and held a number of management positions in the Ministry of Foreign Affairs of the Federal Republic of Nigeria. He was a member of various Nigerian delegation and participated in a number of bilateral, political and multinational economic negotiations including, being a member of an international team that negotiated the Peace Agreement that ended the ten years' civil war in Sierra Leone.

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

He is also a fellow of the Kennedy School of Public Administration and fellow of the Harvard Business School.

Samuel Oni, FCA
Non-Executive Director

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

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

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

Erelu Angela Adebayo
Non-Executive Director

Erelu Angela Adebayo who graduated with an M.Phil in Land Economy from Cambridge University, is the former First Lady of Ekiti State in Nigeria. Mrs Adebayo previously served on the boards of several organisations, including the Dangote Foundation, DN Meyer Plc, Wemabod Estates. Mrs. Adebayo is a council member of the Nigerian Stock Exchange and has worked extensively on real estate development. She is the Chairman of the Erelu Adebayo Foundation for the under-privileged.

Aisha Hassan Dada
Non-Executive Director

Aisha Hassan Daba, a leading member of Nigeria's Legal profession, with decades of experience in public and private practice. An alumnus of the University of Nigeria, Nsukka, and the University of London, Mrs. Hassan-Baba chaired the Committee that drafted the Nigerian Local Content in the Non-oil Sector Policy between 2012 and 2016. Mrs. Hassan-Baba was also the Executive Secretary/CEO of the Nigerian Investment Promotion Commission (NIPC) from 2015 to 2016. She is a former state Attorney-General and Commissioner of Justice in Nigeria.

7 Corporate Information

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

FOGAN SOSSAH
Chairman

UBA BENIN
Boulevard Inter-Etrat
Carrefour des Irois Banques
Avenue Pape Jean-Paul II Cotonou

GBENGA MAKINDE
Managing Director/CEO

UBA BENIN
Boulevard Inter-Etrat
Carrefour des Irois Banques
Avenue Pape Jean-Paul II Cotonou
Office: +229 21 31 24 24

DAMO BARO
Chairman

UBA BURKINA FASO
1340 Avenue Dimdolobsom
01 bp 362, Ouagadougou
Office: +226 76 20 50 86

NOELLIE TIENDREBEOGO
Managing Director/CEO

UBA BURKINA FASO
1340 Avenue Dimdolobsom
01 bp 362, Ouagadougou
Office: +226 25 49 33 01

EKOKO MUKETE
Chairman

UBA CAMEROON
Boulevard de la liberte
Akwa Douala, Cameroon
2088 Douala, Cameroon
Office: +237 67 7551101

MAHEND DOMINIQUE
Managing Director/CEO

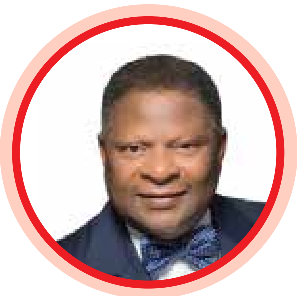
UBA CAMEROON
Boulevard de la liberte
Akwa Douala, Cameroon
2088 Douala, Cameroon
Office: +237 233 50 67

TIDJANI BADAOUI
Chairman

UBA CHAD
Avenue Charles de Gaulle
PO Box 1148, N'djamena, Chad
Office: +235 25 21 953

NATOLBAN NOUBASRA
Managing Director/CEO

UBA CHAD
Avenue Charles de Gaulle
PO Box 1148, N'djamena, Chad
Office: +235 66 29 88 53



ALEXIS VINCENT
Chairman

UBA CONGO BRAZZAVILLE
37, Avenue William Guynet
Face Rond Point City Centre, Congo

VINCENT NGIMBOCK
Managing Director/CEO

UBA CONGO BRAZZAVILLE
37, Avenue William Guynet
Face Rond Point City Centre, Congo
Office: +242 069236098

BERNARD ZOYA MAVAMBU
Chairman

UBA CONGO DRC
1853 Avenue de la liberation
Kinshasa, Gomb, Congo (DRC)

PATRICK KABISI
Managing Director/CEO

UBA CONGO DRC
1853 Avenue de la liberation
Kinshasa, Gomb, Congo (DRC)
Office: +243 811 668 668

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

KOUASSI KOUAME
Chairman

UBA COTE D'IVOIRE
Boulevard Botreau-Roussel
Immeuble Kharrat
2eme Etage, 17 BP 808, Abidjan 17

SARATA KONE
Managing Director/CEO

UBA COTE D'IVOIRE
Boulevard Botreau-Roussel
Immeuble Kharrat
2eme Etage, 17 BP 808, Abidjan 17
Office: +225 20 312221 2

JEAN CLAUDE ALEVINA
Chairman

UBA GABON
282 Avenue Marquis de Compiegne
BP 12035, Libreville, Gabon

CHIOMA MANG
Managing Director/CEO

UBA GABON
282 Avenue Marquis de Compiegne
BP 12035, Libreville, Gabon
Office: +241 0572 9898

KWAMENA BARTEL
Non-Executive Director

UBA GHANA
Heritage Tower
Ambassadorial Enclave
Off Liberia Road, West Ridge,
Accra, Ghana
Office: +234 80 371 40299

OLALEKAN BALOGUN
Managing Director/CEO (Designate)

UBA GHANA
Heritage Tower
Ambassadorial Enclave
Off Liberia Road, West Ridge, Accra,
Ghana
Office: +233 032 683526-30

AMIE SOW
Non-Executive Director

UBA GUINEA
BP 1198 Conakry
Rue chateau d'eau
Marche Niger – kaloum
Office: +224-68356868

TONY ODEIGAH
Managing Director/CEO (Designate)

UBA GUINEA
BP 1198 Conakry
Rue chateau d'eau
Marche Niger – kaloum
Office: +224-68356868

JAMES OLUBAYI
Chairman

UBA KENYA
1st Floor, Apollo Center
Ring Road, Vale Close, Westlands
Nairobi, Kenya
Office: +254-20-3612000-2

ADEYEMI ADELEKE
Managing Director/CEO (Designate)

UBA KENYA
1st Floor, Apollo Center
Ring Road, Vale Close, Westlands
Nairobi, Kenya
Office: +254-711 027 004

EUGENE SHANNON
Chairman

UBA LIBERIA
Broad and Nelson Street
Monrovia

NKECHI ARIZOR
Managing Director/CEO

UBA LIBERIA
Broad and Nelson Street
Monrovia
Office: +231 77113330-4

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

IDRISSA TRAORE
Chairman

UBA MALI
Hamdallaye ACI 2000, Rue 360,
Lot 2511
Face Bibliiotheque Nationale
Bamako-Mali
Office: +223-44904512/4513

ALHASSANE SISSOKO
Managing Director/CEO

UBA MALI
Hamdallaye ACI 2000, Rue 360,
Lot 2511
Face Bibliiotheque Nationale
Bamako-Mali
Office: +223-44904512/4513

EMEKE IWERIEBOR
Non-Executive Director

UBA MOZAMBIQUE
Praca 16 de Junho, 312 Edificio
INCM - 2 Andar Malanga,
Maputo, Mozambique
Office: +258850299148

ROTIMI MOROHUNFOLA
Managing Director/CEO

UBA MOZAMBIQUE
Praca 16 de Junho, 312 Edificio
INCM - 2 Andar Malanga, Maputo,
Mozambique
Office: +258850299148

FOGAN SOSSAH
Chairman

UBA SENEGAL
Zone 12, Lot D, Route des Almadies
Dakar, Senegal
Office: +221 33 869 20 00

ERIC SAAH
Managing Director/CEO

UBA SENEGAL
Zone 12, Lot D, Route des Almadies
Dakar, Senegal
Office: +221 33 869 20 00

ABDULSHEKU KARGBO
Chairman

UBA SIERRA LEONE
15 Charlotte Street, Freetown

OBETA CHINEDU
Managing Director/CEO

UBA SIERRA LEONE
15 Charlotte Street, Freetown
Office: +232-22-228099

MANONGI TUVAKO
Chairman

UBA TANZANIA
30C/30D Nyerere Road
Dar es Salaam, Tanzania

USMAN ISIAKA
Managing Director/CEO

UBA TANZANIA
30C/30D Nyerere Road
Dar es Salaam, Tanzania
Office: +255 222 86 3452-3

MRS MARIA KIWANUKA
Chairman

UBA UGANDA
Plot 2, Jinja Road, Kampala
P.O Box 7396, Kampala, Uganda
Office: +256 417 715102;
+256 417 715100

JOHNSON AGOREYO
Managing Director/CEO

UBA UGANDA
Plot 2, Jinja Road, Kampala
P.O Box 7396, Kampala, Uganda
Office: +256 417 715102;
+256 417 715100

LEADERSHIP AND ADDRESS OF SUBSIDIARIES/FOREIGN OPERATIONS

ABEL NG'ANDU
Chairman

UBA ZAMBIA
Stand 22768, Thabo Mbeki Road
Lusaka, Zambia

EMEKA DIMANOCHIE
Managing Director/CEO

UBA ZAMBIA
Stand 22768, Thabo Mbeki Road
Lusaka, Zambia
Office: +260 211 255 951-3

VICTOR OSADOLOR
Chairman

UBA PENSIONS CUSTODIAN
22B Idowu Taylor Street,
Victoria Island, Lagos, Nigeria
Office: +234-1-271-8000-4
Fax: +234-1-271-8009

BAYO YUSUF
Managing Director/CEO

UBA PENSIONS CUSTODIAN
22B Idowu Taylor Street,
Victoria Island, Lagos, Nigeria
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Fax: +234-1-271-8009

SOLA YOMI-AJAYI
Country CEO

UBA NEW YORK
One Rockefeller Plaza, 8th Floor
New York, NY 10020
Office: 212-308-7222

RENE-LAURENT ALCIATOR
Head France Representative Office

UBA FRANCE
UBA Representative Office
Tour Egée, 9-11, allée de l'Arche
92400 Courbevoie, France

SAMUEL ONI, FCA
Chairman

UBA UK LIMITED
36 Queen Street, London ECR4 1BN
United Kingdom
Phone: +44-20-7766-4606
Fax: +44-20-7766-4601

PATRICK GUTMANN
Managing Director/CEO

UBA UK LIMITED
36 Queen Street, London ECR4 1BN
United Kingdom
Phone: +44-20-7766-4606
Fax: +44-20-7766-4601

CORPORATE INFORMATION

Registered Office
UBA House
57 Marina,
Lagos, Nigeria

Company Registration
RC: 2457

Tax Identification Number
01126011-0001

Company Secretary
Bili Odum

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

Registrars
Africa Prudential Plc
220B Ikorodu Road
Palmgrove Bus Stop Palmgrove
Lagos, Nigeria
Phone +234-1-8752604
www.africaprudentialregistrars.com

SHAREHOLDER INFORMATION

The Bank maintains an investor relations section on its website (www.ubagroup.com/investor-relations), which provides access to share price data, management biographies, copies of annual reports, presentations on interim reports, credit rating reports and other useful investor information.

Contact us:
For all enquiries on shareholding, financial and business update, please contact our investor relations desk as follows:

Chigozie Muogbo
Investor Relations
UBA House (14th Floor)
57 Marina, Lagos
Tel: +234 1 2807 329
Email: chigozie.muogbo@ubagroup.com

Bili A. Odum
Group Company Secretary
UBA House (3rd Floor)
57 Marina, Lagos
Tel: +234 1 2807 012
Email: bili.odum@ubagroup.com

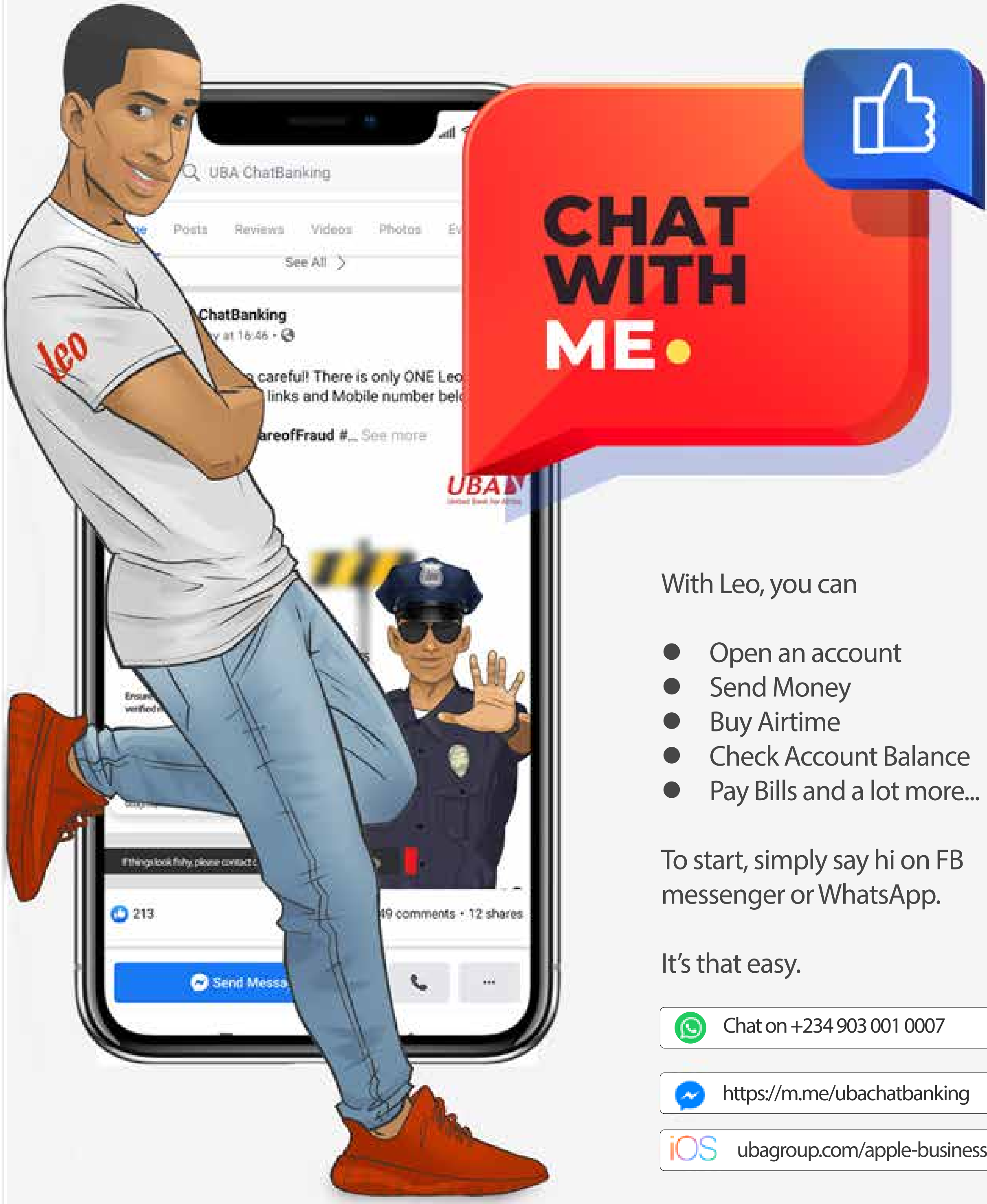
Investor Complaint Channels:
UBA Plc has a Complaint Framework for Investors and the Investing Public. This policy is published on the Bank's website: www.ubagroup.com/investor-relations, together with the Complaints Channels, which are stated below.

Complaint Channels:
Kindly contact us through any of the following channels:

Email:	investorrelations@ubagroup.com
Telephone line:	+234 1 2807 329
Mailing address:	Head, Investor Relations Department, UBA House, 57 Marina, Lagos

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

UBA
United Bank for Africa



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Talk to us:
For enquiries, please call us on:
(+234)01-2808822 (2808UBA)
(+234)01-6319822
(+234) 07002255-822
(0700-CALL-UBA)
or email cfc@ubagroup.com
www.ubagroup.com