

UNITED BANK FOR AFRICA PLC

**Consolidated and Separate Financial Statements
for the year ended 31 December 2015**



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

Report on the financial statements

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

Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

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



Report on other legal requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the bank's statements of financial position and comprehensive income are in agreement with the books of account;
- iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 39 to the financial statements; and
- v) there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria except as disclosed in Note 41 to the financial statements.

A handwritten signature in blue ink, appearing to read 'Daniel Asapokhai'.

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



14 March 2016

Consolidated and Separate Statements of Comprehensive Income
For the year ended 31 December

	Notes	Group		Bank	
In millions of Nigerian Naira		2015	2014	2015	2014
Gross earnings		314,830	286,624	247,364	228,220
Interest income	7	233,969	196,680	190,259	160,158
Interest expense	8	(96,030)	(90,547)	(83,161)	(78,033)
Net interest income		137,939	106,133	107,098	82,125
Net impairment loss on loans and receivables	9	(5,053)	(3,183)	(3,491)	(2,536)
Net interest income after impairment on loans and receivables		132,886	102,950	103,607	79,589
Fees and commission income	10	61,892	54,974	42,103	36,631
Fees and commission expense	11	(8,557)	(7,008)	(6,740)	(6,047)
Net trading and foreign exchange income	12	16,026	32,411	8,275	24,250
Other operating income	13	2,943	2,550	6,727	7,181
Employee benefit expenses	14	(57,446)	(55,461)	(42,033)	(42,082)
Depreciation and amortisation	15	(7,968)	(5,736)	(6,281)	(4,051)
Other operating expenses	16	(71,212)	(68,489)	(54,923)	(53,093)
Share of (loss)/profit of equity-accounted investee	25(c)	(110)	9	-	-
Profit before income tax		68,454	56,200	50,735	42,378
Taxation charge	17	(8,800)	(8,293)	(3,093)	(2,295)
Profit for the year		59,654	47,907	47,642	40,083
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign currency translation differences		(1,937)	(1,352)	-	-
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		7,310	(1,239)	7,324	(1,226)
Net amount transferred to profit or loss		795	29	795	29
Other comprehensive income ¹		6,168	(2,562)	8,119	(1,197)
Total comprehensive income for the year		65,822	45,345	55,761	38,886
Profit attributable to:					
Owners of Parent		58,604	47,021	47,642	40,083
Non-controlling interest		1,050	886	-	-
Profit for the year		59,654	47,907	47,642	40,083
Total comprehensive income attributable to:					
Owners of Parent		65,108	44,911	55,761	38,886
Non-controlling interest		714	434	-	-
Total comprehensive income for the year		65,822	45,345	55,761	38,886
Earnings per share attributable to owners of the parent during the year					
Basic and diluted earnings per share (Naira)	18	1.79	1.53	1.36	1.22

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

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

Consolidated and Separate Statements of Financial Position

As at	Notes	Group		Bank	
		Dec 2015	Dec 2014	Dec 2015	Dec 2014
In millions of Nigerian Naira					
ASSETS					
Cash and bank balances	19	655,371	812,359	590,774	749,716
Financial assets held for trading	20	11,249	1,099	11,249	1,099
Derivative assets	30(a)	1,809	6,534	1,809	6,534
Loans and advances to banks	21	14,600	48,093	14,591	48,991
Loans and advances to customers	22	1,036,637	1,071,859	822,694	884,587
Investment securities	23	856,870	657,523	568,203	442,909
Other assets	24	40,488	30,057	22,528	21,136
Investment in equity-accounted investee	25	2,236	2,986	1,770	1,770
Investment in subsidiaries	26	-	-	65,767	65,767
Property and equipment	27	88,825	89,517	80,145	81,050
Intangible assets	28	11,369	9,430	4,954	3,446
Deferred tax assets	29	33,168	33,116	31,853	31,853
TOTAL ASSETS		2,752,622	2,762,573	2,216,337	2,338,858
LIABILITIES					
Derivative liabilities	30(b)	327	943	327	943
Deposits from banks	31	61,066	59,228	350	1,526
Deposits from customers	32	2,081,704	2,169,663	1,627,060	1,812,277
Other liabilities	33	54,885	63,566	34,219	41,209
Current tax liabilities	17	6,488	4,615	634	1,858
Borrowings	34	129,896	113,797	129,896	113,797
Subordinated liabilities	35	85,620	85,315	85,620	85,315
Deferred tax liabilities	29	15	40	-	-
TOTAL LIABILITIES		2,420,001	2,497,167	1,878,106	2,056,925
EQUITY					
Share capital	36	18,140	16,491	18,140	16,491
Share premium	36	117,374	107,932	117,374	107,932
Retained earnings	36	113,063	87,047	100,900	84,230
Other reserves	36	77,250	48,460	101,817	73,280
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		325,827	259,930	338,231	281,933
Non-controlling interests		6,794	5,476	-	-
TOTAL EQUITY		332,621	265,406	338,231	281,933
TOTAL LIABILITIES AND EQUITY		2,752,622	2,762,573	2,216,337	2,338,858

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

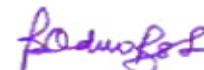
The consolidated and separate financial statements were approved by the directors on March 1, 2016



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



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



Phillips Oduzoa
Group Managing Director/CEO
FRC/2013/CIBN/00000001955

Consolidated and Separate Statements of Changes in Equity

For the year ended

(a) 31 December 2015

(i) Group

In millions of Nigerian naira

Attributable to equity holders of the parent									Non-Controlling interest	Total equity
Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total		
16,491	107,932	(4,053)	5,280	23,243	(32,301)	56,291	87,047	259,930	5,476	265,406
-	-	-	-	-	-	-	58,604	58,604	1,050	59,654
-	-	-	-	-	-	9,159	(9,159)	-	-	-
-	-	-	12,887	-	-	-	(12,887)	-	-	-
-	-	(1,601)	-	-	-	-	-	(1,601)	(336)	(1,937)
-	-	-	-	7,310	-	-	-	7,310	-	7,310
-	-	-	-	795	-	-	-	795	-	795
-	-	(1,601)	-	8,105	-	-	-	6,504	(336)	6,168
-	-	(1,601)	12,887	8,105	-	9,159	36,558	65,108	714	65,822
1,649	9,442	-	-	-	-	-	-	11,091	-	11,091
-	-	-	-	-	240	-	-	240	-	240
-	-	-	-	-	-	-	(776)	(776)	776	-
-	-	-	-	-	-	-	(9,766)	(9,766)	(172)	(9,938)
1,649	9,442	-	-	-	240	-	(10,542)	789	604	1,393
18,140	117,374	(5,654)	18,167	31,348	(32,061)	65,450	113,063	325,827	6,794	332,621

(ii) Bank

In millions of Nigerian naira

	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
Balance at 1 January 2015	16,491	107,932	-	5,206	23,866	44,208	84,230	281,933
Profit for the year	-	-	-	-	-	-	47,642	47,642
Transfer to statutory reserve	-	-	-	-	-	8,364	(8,364)	-
Transfer to regulatory risk reserve	-	-	-	12,054	-	-	(12,054)	-
Other comprehensive income								
Fair value change in (available-for-sale) financial assets	-	-	-	-	7,324	-	-	7,324
Net amount transferred to profit or loss	-	-	-	-	795	-	-	795
Other comprehensive income for the year	-	-	-	-	8,119	-	-	8,119
Total comprehensive income for the year	-	-	-	12,054	8,119	8,364	27,224	55,761
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Proceeds from rights issue	1,649	9,442	-	-	-	-	-	11,091
Dividends to equity holders	-	-	-	-	-	-	(10,554)	(10,554)
Total contribution and distributions to owners	1,649	9,442	-	-	-	-	(10,554)	537
Balance at 31 December 2015	18,140	117,374	-	17,260	31,985	52,572	100,900	338,231

(b) 31 December 2014

(i) Group

In millions of Nigerian naira

	Attributable to equity holders of the parent								Non-Controlling interest	Total equity
	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings		
Balance at 1 January 2014	16,491	107,932	(3,153)	4,413	24,453	(32,996)	40,029	70,480	7,387	235,036
Profit for the year	-	-	-	-	-	-	-	47,021	886	47,907
Transfer to statutory reserves	-	-	-	-	-	-	16,262	(16,262)	-	-
Transfer to regulatory risk reserve	-	-	-	867	-	-	-	(867)	-	-
Other comprehensive income										
Foreign currency translation difference	-	-	(900)	-	-	-	-	-	(452)	(1,352)
Fair value change in (available-for-sale) financial assets	-	-	-	-	(1,239)	-	-	-	-	(1,239)
Net loss transferred from equity on disposal of available-for-sale instruments	-	-	-	-	29	-	-	-	-	29
Other comprehensive income for the year	-	-	(900)	-	(1,210)	-	-	-	(452)	(2,562)
Total comprehensive income for the year	-	-	(900)	867	(1,210)	-	16,262	29,892	434	45,345
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Decrease in treasury shares	-	-	-	-	-	695	-	-	-	695
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	2,138	(2,138)	-
Dividends to equity/non-controlling holders	-	-	-	-	-	-	-	(15,463)	(207)	(15,670)
Total contribution and distributions to owners	-	-	-	-	-	695	-	(13,325)	(2,345)	(14,975)
Balance at 31 December 2014	16,491	107,932	(4,053)	5,280	23,243	(32,301)	56,291	87,047	5,476	265,406

(ii) Bank

In millions of Nigerian naira

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

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December	Notes	Group		Bank		
		2015	2014	2015	2014	
In millions of Nigerian Naira						
Cash flows from operating activities						
Profit before income tax		68,454	56,200	50,735	42,378	
Adjustments for:						
Depreciation of property and equipment	15	6,896	5,001	5,310	3,395	
Amortisation of intangible assets	15	1,072	735	971	656	
Specific impairment charge on loans to customers	9	2,285	1,889	1,941	2,045	
Portfolio impairment charge on loans to customers	9	1,213	3,095	589	173	
Portfolio impairment reversal on loans to banks	9	(96)	49	(112)	74	
Write-off of loans and advances	9	3,524	726	1,250	538	
Impairment charge on other assets	9	611	819	442	243	
Net fair value changes on derivative financial instruments	30	4,109	(2,357)	4,109	(2,357)	
Foreign currency revaluation gain	12	(3,164)	(5,459)	(3,133)	(5,459)	
Dividend income	13	(2,404)	(1,289)	(6,274)	(5,967)	
Loss/(gain) on disposal of property and equipment	13	14	(204)	14	(204)	
Write-off of property and equipment		143	-	143	-	
Gain on disposal of investment securities	13	-	(154)	-	(154)	
Net interest income		(137,939)	(106,133)	(107,098)	(82,125)	
Share of loss/(gain) of equity-accounted investee	25	110	(9)	-	-	
		(55,172)	(47,091)	(51,113)	(46,764)	
Changes in operating assets and liabilities						
Change in financial assets held for trading		(8,269)	(267)	(8,269)	(274)	
Change in cash reserve balance		34,042	(64,448)	33,882	(63,405)	
Change in loans and advances to banks		33,589	(21,842)	34,512	(22,740)	
Change in loans and advances to customers		28,200	(139,998)	58,113	(90,475)	
Change in other assets		(9,974)	(440)	1,166	(2,310)	
Change in deposits from banks		1,838	(1,354)	(1,176)	1,526	
Change in deposits from customers		(87,959)	8,481	(185,217)	14,901	
Change in placement with banks		48,350	71,696	76,565	47,729	
Change in other liabilities and provisions		(8,853)	(14,505)	(6,990)	(13,142)	
Interest received		233,969	196,680	190,259	160,158	
Interest paid		(91,876)	(91,707)	(79,007)	(79,193)	
Income tax paid	17(c)	(7,004)	(9,440)	(4,317)	(5,249)	
Net cash provided from/(used in) operating activities		110,881	(114,235)	58,408	(99,238)	
Cash flows from investing activities						
Proceeds from sale/redemption of investment securities		426,992	432,262	392,264	391,762	
Purchase/acquisition of investment securities		(617,564)	(274,068)	(510,229)	(244,702)	
Purchase of property and equipment	27	(6,480)	(21,095)	(5,345)	(19,031)	
Purchase of intangible assets	28	(2,287)	(1,550)	(1,749)	(1,442)	
Proceeds from disposal of property and equipment		63	2,611	63	2,465	
Dividend received		2,404	1,289	6,274	5,967	
Net cash (used in)/provided from investing activities		(196,872)	139,449	(118,722)	135,019	
Cash flows from financing activities						
Proceeds from rights issue		11,091	-	11,091	-	
Proceeds from borrowings		35,228	93,696	35,228	93,696	
Repayment of borrowings		(22,978)	(29,537)	(22,978)	(29,537)	
Proceeds from issue of debt securities		-	29,400	-	29,400	
Proceeds from sale of treasury shares		240	695	-	-	
Dividend paid to owners of the parent		(9,766)	(15,463)	(10,554)	(16,491)	
Dividend paid to non-controlling interests		-	(207)	-	-	
Net cash from financing activities		13,815	78,584	12,787	77,068	
Net (decrease)/increase in cash and cash equivalents		(72,176)	103,798	(47,527)	112,849	
Effects of exchange rate changes on cash and cash equivalents		(539)	(946)	913	813	
Cash and cash equivalents at beginning of year	19	420,571	317,719	337,200	223,538	
Cash and cash equivalents at end of year		19	347,856	420,571	290,586	337,200

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

UNITED BANK FOR AFRICA PLC
SIGNIFICANT ACCOUNTING POLICIES

1 Reporting entity

United Bank for Africa Plc (the "Bank") is a Nigerian registered company with address at 57 Marina, Lagos, Nigeria. The consolidated financial statements of the Bank for the year ended 31 December 2015 comprise the Bank (Parent) and its subsidiaries (together referred to as the "Group" and individually referred to as Group entities"). The Bank and its subsidiaries are primarily involved in corporate, commercial and retail banking, trade services, cash management, treasury and custodial services.

2 Basis of preparation

(a) Basis of preparation

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

(b) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Nigerian Naira (N) which is the Bank's functional currency and the Group's presentation currency.

(c) Use of estimates and judgements

The preparation of financial statements requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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. Information about significant areas of estimation, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

3 Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries (including structured entities) are entities controlled by the Group. Control exists when the Group is exposed, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date control ceases.

The accounting policies of subsidiaries have been changed, where necessary, to align with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

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

(ii) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

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

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

When this total is negative, a bargain purchase gain is recognised immediately 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.

3 Significant accounting policies

(a) Basis of consolidation - continued

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

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

(iii) Disposal of subsidiaries

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

(iv) Transactions eliminated on consolidation

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

(v) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(vi) Associates

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

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

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

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

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

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

(b) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as 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 a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

(ii) Foreign operations

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

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

(c) Interest income and interest expense

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

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

(d) Fees and commissions income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(e) Net trading and foreign exchange income

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

(f) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income.

(g) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

(h) Financial instruments

Initial recognition and measurement

Regular purchases and sales of financial assets and liabilities are recognised on the settlement date. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

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

(i) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale or as loans and receivables. Where the Group sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income.

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Interest on held-to-maturity investments is included in the consolidated income statement and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'Net impairment loss on loans and receivables'.

(ii) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held-for-trading if acquired or incurred principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short term profit making. Financial assets held for trading are initially recognised at fair value with transaction costs recognised in profit or loss. Derivatives are also categorised as held-for-trading unless they are designated as hedges and effective as hedging instruments. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Financial assets may be designated at fair value through profit or loss when:

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis;
- A group of financial assets is managed and its performance evaluated on a fair value basis;
- The financial assets consist of debt host and an embedded derivatives that must be separated.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in the income statement in 'net trading and foreign exchange income'.

(iii) Available-for-sale

Financial assets classified by the Group as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in the income statement.

Interest income, calculated using the effective interest method, foreign currency gains and losses on monetary assets classified as available-for-sale is recognised in the income statement. Dividends received on available-for-sale instruments are recognised in the income statement when the Group's right to receive payment has been established.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available-for-sale or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income using the effective interest rate method. All of the Group's advances are included in the loans and receivables category. The Group's loans and receivables include loans and advances to banks and customers, trade receivables and cash and bank balances.

(v) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. The financial liabilities at fair value through profit or loss are in two sub categories: financial liabilities classified as held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Borrowings and subordinated liabilities are included as part of financial liabilities measured at amortized cost.

Fair value measurement

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

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

Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The following factors are considered in assessing objective evidence of impairment:

- whether a loan or other financial assets or any obligation is more than 90 days past due;
- the Group consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments; or
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets reflect changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in impairment loss on loans and receivables whilst impairment charges relating to investment securities (held-to-maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

If there is objective evidence that an impairment loss on a loan and receivable or a held-to-maturity asset has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less costs for obtaining and selling the collateral, whether or not foreclosure is probable. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process which considers asset type, industry, geographic location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based, and to remove the effects of conditions in the historical period that do not exist currently.

To the extent that a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

Write-off policy

The Group writes off a financial asset (and any related allowances for impairment losses) when Group Credit determines that the assets are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition are included as part not reclassified to "assets pledged as collateral" in the statement of financial position because they cannot be re-pledged or resold by counterparties. They are included as part of available-for-sale and held to maturity investment securities. Initial recognition is at fair value while subsequent measurement is at amortised cost.

Offsetting financial instruments

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

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

Sale and repurchase agreements and lending of securities

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

Securities purchased under agreements to resell are recorded as loans granted under resale agreements and included under loans and advances to other banks or customers as appropriate. The difference between the sale and repurchase price is treated as interest and amortised over the life of the repurchase agreement using the effective interest method.

De-recognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

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

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

Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group. This transfer is done on the date in which the market information becomes available.

(i) Cash and bank balances

Cash and bank balances include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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

(j) Trading assets

Trading assets are those assets that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are measured at fair value with changes in fair value recognised as part of net trading and foreign exchange income in profit or loss.

(k) Derivative financial instruments

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

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

(l) Property and equipment

(i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	50 years
Computer hardware	5 years
Furniture and fittings	5 years
Equipment	5 years
Motor vehicles	5 years
Other transportation equipment*	Between 10 and 20 years
Capital work in progress	Not depreciated
Land	Not depreciated

**Other transportation equipment include major components with different useful lives. They are accounted for as separate major components and are depreciated over the respective useful lives.*

Computer hardware, equipments, furniture and fittings are disclosed as furniture and office equipment while leasehold improvement and buildings have been aggregated in the notes.

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

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(iv) De-recognition

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

(m) Intangible assets

(i) Goodwill

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

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cashflows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

(ii) Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation method and useful life of software are reassessed at each financial year end and adjusted if appropriate.

(n) Repossessed collateral

Reposessed 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 reposessed 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 reposessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by reposessing the pledged shares.

(o) Deposits and debt securities issued

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

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

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

(p) Provisions

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

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

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

(q) Financial guarantee contracts

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

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

(r) Employee benefits

Post-employment benefits

Defined contribution plans

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

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

Termination benefits

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

(s) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on ordinary shares

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

(f) Earnings per share

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

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

(u) Fiduciary activities

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

(v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer of the Group, being the chief operating decision maker, to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such cost.

(w) New standards, interpretations and amendments

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

i) Amendments to IAS 19, Defined Benefit Plans : Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

ii) Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group measures Property, Plant and Equipment and Intangible assets using the cost model and as such did not record any revaluation adjustments during the current year.

iii) IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

(x) New standards and interpretations not yet adopted

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

i) IFRS 9 Financial Instruments

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

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

ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

iii) Equity Method in Separate Financial Statements (Amendments to IAS 27)

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

iv) Disclosure Initiatives (Amendments to IAS 1)

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

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

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

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

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

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

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

i) IFRS 14 Regulatory Deferral Accounts

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

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

The amendments state that:

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

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

Financial Risk Management

Introduction and Overview

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

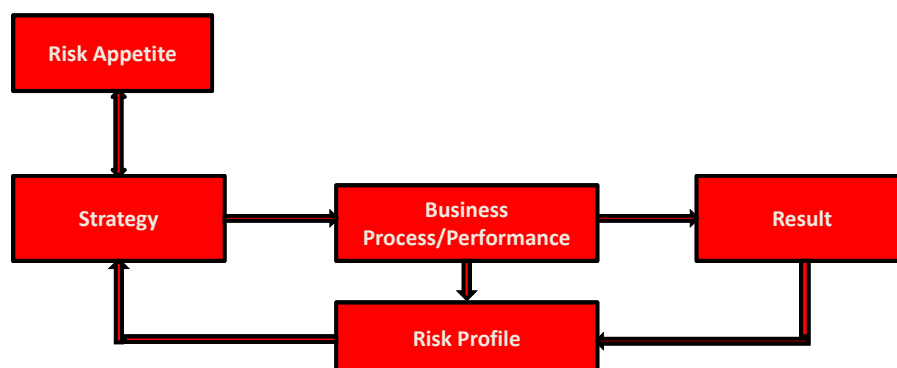
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords and COSO (Commission of Sponsoring Organisations) in the implementation of an Enterprise Risk Management (ERM) Framework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

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

RISK MANAGEMENT STRATEGY

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

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



RISK MANAGEMENT CULTURE

There is a commitment to ensuring that risk management is enshrined as a culture in the Group, from the Board or 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 accross the enterprise
- Central oversight of corporate governance across the enterprise
- Ownership of risk management is at all levels
- Clearly defined risk appetite

RISK GOVERNANCE STRUCTURES

The Board of Directors has overall responsibility for risk management of the institution. They have delegated specific functional roles to key sub-committees of the Board including the Board Risk Management Committee (BRMC), the Board Credit Committee (BCC) and the Board Audit Committee (BAC).

These Board committees are supported by various management committees in identifying and providing appropriate responses to risks arising from the Group's ongoing business activities. We have the Group Managing Director/Chief Executive Officer (GMD/CEO) and the executive committees which include the Group Assets and Liabilities Committee (GALCO), Executive Management Committee (EMC) and Executive Credit Committee (ECC).

This is illustrated below.

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

4.2 Risk management report

(a) Enterprise risk overview

Role and responsibilities

The key players in the risk management framework are as indicated in the above governance structure and their responsibilities are as follows:

Board of Directors

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

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

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

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

Management Committees

Key Management Committees include:

Executive Management Committee (EMC)

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

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

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

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

Executive Credit Committee (ECC)

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

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

Group Asset and Liability Committee

The Group Asset and Liability Committee (GALCO), is a sub-committee of the EMC that has responsibility for managing UBA Group's balance sheet. This committee manages traded and non-traded market risks as well as steering the implementation of Basel II requirements for market risk.

4.2 Risk management report - continued**(a) Enterprise risk overview - continued**

In playing this role, GALCO does the following:-

- Recommend balance sheet management policies, frameworks and procedures to the Board Risk Management Committee through EMC for approval
- Recommend Treasury policies, frameworks and procedures to the 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

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 credits on watch-list as well as delinquent accounts
- Monitor implementation of strategies developed for recoveries and reduction of loan delinquencies
- Ratifies proposed classification of accounts and provisioning levels
- Recommends write-offs for approval through the EMC to the Board

Group Chief Risk Officer

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

Central Risk Management Functions

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

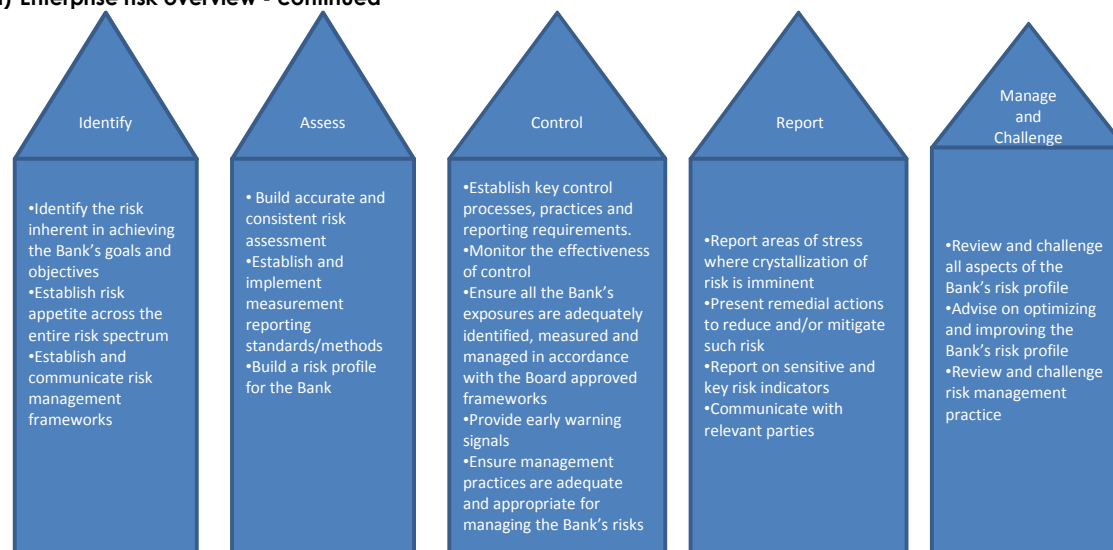
- Develop and maintain policies, frameworks and risk management methodologies
- Provide guidance on the management of risks and ensure implementation of risk policies and strategies
- Provide recommendations for improvement of risk management
- Provide consolidated risk reports to the various Board and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

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

- To identify, assess, control, report and manage the Group's material risks and 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

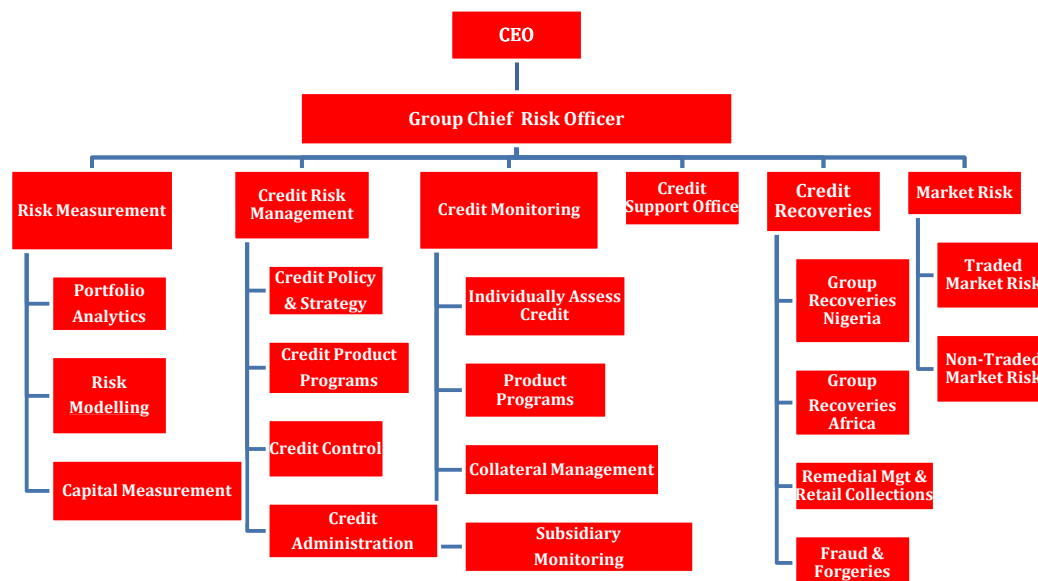
The committees, responsibilities, processes and controls are replicated at the subsidiary levels to ensure standardization group-wide.

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

4.2 Risk management report - continued**(a) Enterprise risk overview - continued****RISK MANAGEMENT STRUCTURE**

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

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



The key functional areas and their responsibilities are highlighted below:

Credit Support Office

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

Credit Risk Management (CRM)

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

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

4.2 Risk management report - continued**(a) Enterprise risk overview - continued****Credit Monitoring**

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

Market Risk

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

- trading portfolios comprise positions arising from market-making and warehousing of customer derived positions.
- non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities, financial investments designated as available for sale and held to maturity

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

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

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

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

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

RISK MANAGEMENT POLICIES

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

Risk Appetite

A key responsibility of the Board is the determination of the 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 operational 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.

Approval Authority

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

Limit Concentration

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

4.2 Risk management report - continued**(a) Enterprise risk overview - continued**

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

The Group ensures that:

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

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

Credit risk

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

Market risk

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

The objective of market risk management in UBA is to ensure that all significant market risks are identified, measured, and managed in a consistent and effective manner across the Group in order to 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 governance

The Board through Board Risk Management Committee (BRMC) is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to both the Group Risk Management Committee (GRMC) and Group Asset & Liability Management Committee (GALCO). GALCO has Group oversight and is charged with ensuring that market risks are managed homogeneously in all areas of operation. Further to the above, oversight of market risk is vested in BRMC, GALCO and the Finance & General Purpose Committee (F& GPC) while the day to day management rests with the Group Chief Risk Officer (GCRO). The Group Market Risk Division is not only responsible for the development of detailed risk management policies but is also involved in the day to day review of their implementation. The market risk management policies are usually validated / approved by BRMC, GALCO or the full Board in accordance with the approval guidelines. Trading limits are approved by GALCO while exposures against these limits are monitored by market risk management team.

Market risk measurement

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

Liquidity risk

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

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

It is the Group's policy to maintain adequate liquidity at all times, in all geographic locations and for all currencies, and hence to be in a position to meet obligations as they fall due. Liquidity risks are managed both on a short-term and structural basis. The Group Asset and Liability Committee (GALCO) is the responsible governing management body that monitors liquidity management metrics. Liquidity in each country is managed by the country ALCO within pre-defined liquidity limits and in compliance with Group liquidity policies and practices, as well as local regulatory requirements. Group Market Risk and Group Treasury propose and oversee the implementation of policies and other controls relating to the above risks.

The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress.

Contingency funding plans are reviewed and approved annually. They 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.

The Group's liquidity risk measurement is approached from two angles; the development of cash flow projections and ratio analysis. The Balance Sheet Management team uses a combination of both techniques to measure the bank's exposure to liquidity risk.

The cash flow technique is applied through the use of maturity ladder by assessing all the bank's cash inflows against outflows to identify the potential for net shortfalls or net funding requirements (i.e. a cumulative net excess or deficit of funds) at selected maturity dates. The maturity ladder is monitored on a day-to-day basis and stress testing is undertaken on a quarterly basis by applying different scenarios to the maturity ladder and assessing the bank's funding requirements under each scenario.

All UBA businesses and subsidiaries also construct their maturity ladder and compile reports based on agreed assumptions which 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.

The Balance Sheet Management team uses liquidity ratios to quantify liquidity. Ratios are usually expressed as either a percentage or an equivalent amount. Liquidity ratios are not interpreted on their own but in conjunction with the outcome of the maturity ladder scenarios.

Country ALCO and Group ALCO control the Group's exposure to liquidity risk by ensuring that limits are set and that Contingency Funding Plans are in place across the Group and are based on realistic assumptions.

(b) Credit Risk

Credit Risk Measurement

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

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

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

i) Probability of Default

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

ii) Loss Given Default

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

iii) Exposure at default

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

4.2 Risk management report - continued**(b) Credit Risk - continued****Impairment assessment under IFRS**

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

i) Portfolio assessment

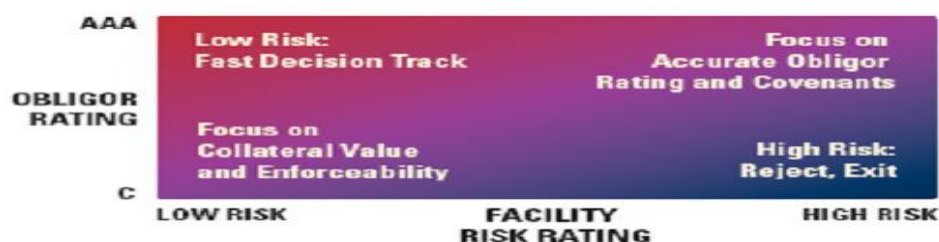
Loans and advances that are not specifically impaired are assessed under collective impairment. For the purpose of collective impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to contractual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

ii) Individual assessment

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

General Risk Rating Process

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



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

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

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

The risk ratings are a primary tool in the review and decision making in the credit process and this is done annually for each obligor, except where a shorter period is required. The integrity of the bank's portfolio management process is dependent on accurate and timely risk ratings. Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed when there is a default and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the outstanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as

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

Credit Rating of Counterparty/Obligor

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

4.2 Risk management report - continued

(b) Credit Risk - continued

UBA Risk Buckets and Definition

Description	Rating Bucket	Range Of Scores	Risk Range	Risk Range (Description)
Extremely Low Risk	AAA	1.00 – 1.99	90% – 100%	Low Risk Range
Very Low Risk	AA	2.00 – 2.99	80% – 89%	
Low Risk	A	3.00 – 3.99	70% – 79%	
Acceptable Risk	BBB	4.00 – 4.99	60% – 69%	Acceptable Risk Range
Moderately High Risk	BB	5.00 – 5.99	50% – 59%	High Risk Range
High Risk	B	6.00 – 6.99	40% – 49%	
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%	

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

Remedial Management Process

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

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

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

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

Maximizing Recoveries

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

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

4.2 Risk management report (continued)

(b) Credit Risk - continued

Exposure to credit risk

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

Credit risk exposure relating to On-Balance Sheet

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

In millions of Nigerian Naira	Maximum exposure Group		Maximum exposure Bank	
	2015	2014	2015	2014
Cash and bank balances	619,257	766,270	562,650	719,683
Loans and advances to banks:				
Term Loan	14,600	48,093	14,591	48,991
Loans to individuals				
Overdraft	46,391	49,349	41,982	46,866
Term loan	67,987	66,420	32,144	38,460
Loans to corporate entities and others				
Overdraft	198,587	178,161	139,789	135,133
Term Loan	703,525	772,299	588,632	658,498
Others	20,147	5,630	20,147	5,630
Trading assets				
Treasury bills	11,121	1,099	11,121	1,099
Bonds	128	-	128	-
Available-for-sale investment securities:				
Treasury bills	193,816	199,008	189,644	192,479
Bonds	32,757	24,776	32,253	24,776
Held to maturity investment securities:				
Treasury bills	150,774	145,465	-	-
Promissory notes	255	-	255	-
Bonds	430,345	243,306	297,539	181,168
Account receivable	28,312	21,389	16,320	15,781
Total	2,517,619	2,521,265	1,947,195	2,068,564
Loans exposure to total exposure	42%	44%	43%	45%
Debt securities exposure to total exposure	32%	24%	27%	19%
Other exposures to total exposure	26%	31%	30%	36%

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

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

Credit risk exposures relating to loan commitment are as follows:

In millions of Nigerian naira	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Loan commitment to corporate entities and others				
Overdraft	-	1,091	-	1,091
Term Loan	123,458	66,577	123,458	66,577
	123,458	67,668	123,458	67,668

There are no loan commitments to individuals.

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

4.2 Risk management report (continued)**(b) Credit Risk - continued****Exposure to credit risk****Credit Collateral**

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

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

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

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

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

1. Cash

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

2. Treasury bills/certificates

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

3. Stock and shares

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

4. Legal Mortgage

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

5. Debenture

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

6. Life Insurance Policies

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

7. Guarantees

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

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

8. Negative Pledge

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

4.2 Risk management report (continued)**(b) Credit risk (continued)****Credit Collateral - continued**

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

Reposessed collateral

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

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

	Loans and advances to customers			
	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Property	249	48	158	3
Equities	-	4	-	4
	249	52	158	7

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Collateral usually is not held against investment securities. Repossessed items are sold as soon as practicable, with the proceeds used to reduce outstanding receivables.

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

Loans to individuals

In millions of Nigerian Naira

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Against individually impaired				
Property	224	3,116	224	487
Others	3,909	2,873	1,616	1,115
	4,133	5,989	1,840	1,602

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Against past due but not impaired				
Property	986	2,953	986	2,953
Others	5,210	3,005	2,811	1,278
	6,196	5,958	3,797	4,231

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Against neither past due nor impaired				
Property	9,146	39,318	9,146	38,828
Others	104,085	68,273	66,356	41,559
	113,231	107,591	75,502	80,387
Total for loans to individuals	123,560	119,538	81,139	86,220

Loans to corporate entities and others*In millions of Nigerian Naira*

Against individually impaired

Property

Others

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
	1,416	4,502	4	1,391
	9,141	732	1,367	172
	10,557	5,234	1,371	1,563

Against past due but not impaired

Property

Others

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
	35,002	44,067	30,364	39,536
	80,439	29,976	66,842	16,433
	115,441	74,043	97,206	55,969

Against neither past due nor impaired

Property

Others

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
	277,849	343,134	264,651	271,320
	464,699	583,801	335,619	517,273
	742,548	926,935	600,270	788,593

Total for loans to corporate entities and others

	868,546	1,006,212	698,847	846,125
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Total for loans and advances to customers

	992,106	1,125,750	779,986	932,345
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Details of collateral held against loans and advances and their carrying amounts are shown below. The Group manages collaterals for loans and advances based on the nature of those collaterals.

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

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

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

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

4.2 Risk management report (continued)

(b) Credit risk (continued)

i Credit concentration

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

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

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

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount (net)	807,947	612,555	519,691	398,423	11,249	1,099	11,249	1,099
Concentration by location (net)								
Nigeria	504,453	384,224	504,453	384,224	11,249	1,099	11,249	1,099
Rest of Africa	297,533	222,750	9,277	8,618	-	-	-	-
Rest of the World	5,961	5,581	5,961	5,581	-	-	-	-
	807,947	612,555	519,691	398,423	11,249	1,099	11,249	1,099

Concentration by nature (net)

Available-for-sale investment securities

Treasury bills	193,816	199,008	189,644	192,479
Bonds	32,757	24,776	32,253	24,776

Held-to-maturity investment securities

Treasury bills	150,774	145,465	-	-
Bonds	430,345	243,306	297,539	181,168
	807,692	612,555	519,436	398,423

	Investment securities			
	Group		Bank	
	2015	2014	2015	2014
Available-for-sale investment securities				
Concentration by location (net)				
Nigeria	221,897	217,255	221,897	217,255
Rest of Africa	4,676	6,529	-	-
Rest of the World	-	-	-	-
	226,573	223,784	221,897	217,255

Held-to-maturity investment securities

Concentration by location (net)

Nigeria	282,301	166,969	282,301	166,969
Rest of Africa	292,857	216,221	9,277	8,618
Rest of the World	5,961	5,581	5,961	5,581
	581,119	388,771	297,539	181,168

	Financial assets held for trading			
	Group		Bank	
	2015	2014	2015	2014
Concentration by nature (net)				
Treasury bills	11,121	1,099	11,121	1,099
Government Bonds	128	-	128	-
	11,249	1,099	11,249	1,099

Concentration by location (net)

Nigeria	11,249	1,099	11,249	1,099
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	Cash and bank balances				Account receivable			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount (net)	619,257	766,270	562,650	719,683	28,312	21,389	16,320	15,781
Concentration by location (net)								
Nigeria	413,715	505,077	413,715	505,077	16,320	15,781	16,320	15,781
Rest of Africa	29,598	48,733	8,658	49,419	8,499	5,608	-	-
Rest of the World	175,944	212,460	140,277	165,187	3,493	-	-	-
	619,257	766,270	562,650	719,683	28,312	21,389	16,320	15,781

(ii)

Off Balance sheet

Concentration by location (net)

	Group		Bank	
	2015	2014	2015	2014
Nigeria	172,396	557,594	172,396	520,517
Rest of Africa	44,896	29,075	-	-
Rest of the World	9,226	-	6,185	-
	226,518	586,669	178,581	520,517

Credit concentration - Industry

The following table analyses the Group's credit exposure at carrying amounts (without taking into account any collateral held or other credit support), as categorised by the industry sectors of the Group's counterparties. Investment securities and financial assets held for trading analysed below excludes investments in equity instruments.

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

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

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

ii Credit Quality

Loans to corporate entities	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Neither past due nor impaired	962,868	1,001,822	768,543	841,907	14,632	48,199	14,632	49,122
Past due but not impaired	81,249	75,836	60,615	47,995	-	-	-	-
Individually impaired	18,302	17,711	6,579	5,207	-	-	-	-
Gross	1,062,419	1,095,369	835,737	895,109	14,632	48,199	14,632	49,122
Less: allowance for impairment	(25,782)	(23,510)	(13,043)	(10,522)	(32)	(106)	(41)	(131)
Net	1,036,637	1,071,859	822,694	884,587	14,600	48,093	14,591	48,991

Allowance for impairment is broken down as follows:

Specific allowance	6,781	5,723	6,031	4,099	-	-	-	-
Portfolio allowance	19,001	17,787	7,012	6,423	32	106	41	131
Total	25,782	23,510	13,043	10,522	32	106	41	131

Loans and advances to customers - neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

- Loans and advances to individuals

Grades:	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Extremely Low Risk	-	-	-	-	-	-	-	-
Very Low Risk	-	3	-	3	-	-	-	-
Low Risk	-	7,123	-	7,123	14,632	48,199	14,632	49,122
Acceptable Risk	108,667	94,087	70,938	61,993	-	-	-	-
Moderately High Risk	-	9,658	-	9,658	-	-	-	-
Total	108,667	110,871	70,938	78,777	14,632	48,199	14,632	49,122
Portfolio allowance	(2,410)	(4,432)	(309)	(422)	(32)	(106)	(41)	(131)
	106,257	106,439	70,629	78,355	14,600	48,093	14,591	48,991

- Loans to corporate entities and others

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

Loans and advances to customer - past due but not impaired

- Loans and advances to individuals

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

- Loans to corporate entities and others

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

Loans and advances individually impaired

- Loans and advances to individuals

Gross amount	5,913	3,519	3,619	2,580
Specific impairment	(3,554)	(1,557)	(3,619)	(1,061)
Net amount	2,359	1,962	-	1,519

- Loans to corporate entities and others

Gross amount	12,389	14,192	2,960	2,627
Specific impairment	(3,227)	(4,166)	(2,412)	(3,038)
Net amount	9,162	10,026	548	(411)

In millions of Nigerian Naira	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount	807,947	612,555	519,691	398,423	11,249	1,099	11,249	1,099
Held- to- maturity								
Neither past due nor impaired								
Low risk	581,119	388,771	297,539	181,168	-	-	-	-
Carrying amount - amortised cost	581,119	388,771	297,539	181,168	-	-	-	-

Available for sale*Neither past due nor impaired*

Low risk	226,573	223,784	221,897	217,255	11,249	1,099	11,249	1,099
Carrying amount - fair value	226,573	223,784	221,897	217,255	11,249	1,099	11,249	1,099

Total carrying amount	807,692	612,555	519,436	398,423	11,249	1,099	11,249	1,099
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<i>In millions of Nigerian Naira</i>	Account receivables				Cash and bank balances			
	Group		Bank		Group		Bank	
	2015	2014	2015	2014	2015	2014	2015	2014
Carrying amount	28,312	21,389	16,320	15,781	619,257	766,270	562,650	719,683
Low risk	28,312	21,389	16,320	15,781	619,257	766,270	562,650	719,683
Carrying amount	28,312	21,389	16,320	15,781	619,257	766,270	562,650	719,683

Loans with renegotiated terms

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Group renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. As at 31 December 2015, the carrying amount of loans with renegotiated terms was N22.54 billion (December 2014 : N1.268 billion). There are no other financial assets with renegotiated terms as at 31 December 2015 (December 2014: nil).

Statement of Prudential Adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines and the Central Bank's of the foreign subsidiaries' regulations. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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

However, Banks would be required to comply with the following:

(a) Provisions for loans 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 2015, the difference between the Prudential provision and IFRS impairment was N18.167 billion for the Group (December 2014: N5.280 billion) and N17.260 billion for the Bank (December 2014: N5.206 billion) requiring a transfer of N12.887 billion for the Group (December 2014: N867 million) and N12.054 billion for the Bank (December 2014: N793 million) from retained earnings to the regulatory risk reserve as disclosed in the statement of changes in equity. This amount represents the difference between the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the Central Bank's of foreign subsidiaries', and the impairment reserve as determined in line with IAS 39 as at year end.

<i>In millions of Nigerian Naira</i>	Group 2015	Group 2014	Bank 2015	Bank 2014
Total impairment based on IFRS	27,085	26,722	14,104	10,653
Total impairment based on Prudential Guidelines	45,252	32,002	31,364	15,859
Regulatory credit risk reserve	(18,167)	(5,280)	(17,260)	(5,206)

4.2 Risk management report (continued)

(b) Credit risk (continued)

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s). These are loans and securities specifically impaired and graded 6 in the Group's internal credit risk grading system (Note 4.2 (b)).

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Group.

Work out and recovery

The Remedial Management & 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

Risk management report (continued)

(c) Liquidity Risk

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

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

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

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

Liquidity risk management process

The Group manages its liquidity prudently in all geographical locations and for all currencies. The principal uncertainties for liquidity risk are that customers withdraw their deposits at a substantially faster rate than expected, or that asset repayments are not received on the expected maturity date. To mitigate these uncertainties, our funding base is diverse and largely customer-driven, while customer assets are of short tenor. In addition we have contingency funding plans including a portfolio of liquid assets that can be realised if a liquidity stress occurs, as well as ready access to wholesale funds under normal market conditions. We have significant levels of marketable securities, including government securities that can be monetised or pledged as collateral in the event of a liquidity stress.

Exposure to liquidity risk

There are 2 measures used across the Group for managing liquidity risk namely: funding gap analysis of assets and liabilities and liquidity ratio mechanism which is a statutory requirement from most Central Banks in order to protect third party deposits.

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

Details for the Group ratio of net liquid assets to deposits and customers at the reporting date and during the reporting period were as follows:

	Dec 2015	Dec 2014
At year end	52.6%	45.3%
Average for the year	42.6%	41.7%
Maximum for the year	52.6%	53.9%
Minimum for the year	35.7%	30.5%

4.2 Risk management report (continued)**(c) Liquidity risk****Maturity analysis for financial liabilities**

As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents, government securities and other securities which are readily acceptable in repurchase agreements in the market and can be readily sold to meet liquidity requirements. Furthermore, in managing liquidity risk using funding gap analysis, the Group considers the expected maturities of financial assets which cannot be readily realised to meet liquidity requirements. In presenting its funding gap analysis, the Group includes loans and advances to banks and customers as well as held to maturity investment securities and other accounts receivable, at their expected maturity dates based on the premise that those assets will be realised at those dates and can be used to meet liquidity requirements. In addition, the Group maintains agreed lines of credit and holds unencumbered assets eligible to be used as collateral.

Our funding mix targets are structured in such a way as to ensure that there is adequate diversification of funding sources at all times by currency, geography, provider, product, term etc.

The tables below show the undiscounted cash flow on the Group's financial liabilities and on the basis of the earliest possible contractual maturity. The Gross nominal inflow/outflow disclosed in the table is the contractual, undiscounted cash flows on the financial liabilities or commitments, except for derivatives assets and liabilities which are included in the "less than one month" bucket and not by contractual maturity. Liquidity risk on derivatives are not managed on the basis of contractual maturity since they are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value.

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

December 31, 2015 Group	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
<i>In millions of Nigerian Naira</i>							
Non-derivative financial liabilities							
Deposits from banks	61,066	61,168	61,168	-	-	-	-
Deposits from customers							
<i>Retail Customers:</i>							
Term deposits	160,967	164,099	68,001	92,822	3,276	-	-
Current deposits	126,931	126,931	126,931	-	-	-	-
Savings deposits	407,036	408,054	408,054	-	-	-	-
Domiciliary deposits	34,507	34,507	34,507	-	-	-	-
<i>Corporate Customers:</i>							
Term deposits	384,015	387,488	224,028	112,664	50,796	-	-
Current deposits	673,358	673,358	673,358	-	-	-	-
Domiciliary deposits	294,890	294,890	294,890	-	-	-	-
Other liabilities	43,563	43,563	36,556	3,526	2,138	1,343	-
Borrowings	129,896	133,011	-	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	-	-	12,786	12,786	123,581
	2,401,849	2,476,222	1,927,493	215,605	115,916	60,570	156,638
<i>Derivative liabilities:</i>							
Cross Currency Swap	327	327	327	-	-	-	-
<i>Contingents and loan commitments</i>							
Performance bonds and guarantees	77,030	77,030	9,244	3,081	33,123	10,784	20,798
Letters of credit	149,488	149,488	40,362	71,754	34,382	2,990	-
Loan commitments	123,458	123,458	15,506	21,263	-	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	655,371	620,183	319,098	12,108	7,693	4,616	276,668
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	-	-	-	-
Bonds	128	100	100	-	-	-	-
Loans and advances to banks	14,600	14,646	10,840	3,806	-	-	-
Loans and advances to customers							
<i>Individual</i>							
Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
Overdrafts	46,391	46,391	46,391	-	-	-	-
<i>Corporates</i>							
Term loans	703,525	811,995	180,132	120,266	70,362	79,529	361,706
Overdrafts	198,587	198,587	198,587	-	-	-	-
Others	20,147	20,231	20,231	-	-	-	-
Investment securities							
<i>Available for sale</i>							
Treasury bills	193,816	198,805	17,403	88,607	19,980	72,815	-
Bonds	32,757	39,200	-	1,943	49	1,992	35,216
<i>Held to maturity</i>							
Treasury bills	150,774	339,633	29,730	151,374	34,133	124,396	-
Bonds	430,345	969,395	12,102	3,170	8,104	23,097	922,922
Account receivable	28,312	28,312	28,312	-	-	-	-
Derivative assets	1,809	1,809	1,809	-	-	-	-
	2,555,670	3,381,849	884,170	387,143	151,560	314,102	1,644,874
Gap	(196,482)	555,324	(1,108,761)	75,440	(31,861)	235,588	1,384,919

4.2 Risk management report (cont)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities
December 31, 2015

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

4.2 Risk management report (continued)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
December 31, 2014							
<i>In millions of Nigerian Naira</i>							
Group							
Non-derivative liabilities							
Deposits from banks	59,228	67,002	67,002	-	-	-	-
Deposit from customers							
Retail Customers:							
Term deposits	165,813	168,121	63,534	96,089	8,498	-	-
Current deposits	153,747	153,747	153,747	-	-	-	-
Savings deposits	357,169	360,145	360,145	-	-	-	-
Domiciliary deposits	38,542	38,542	38,542	-	-	-	-
Corporate Customers:		-					
Term deposits	391,044	399,582	193,208	95,415	52,107	28,742	30,110
Current deposits	680,369	680,369	680,369	-	-	-	-
Domiciliary deposits	382,979	382,979	382,979	-	-	-	-
Other liabilities	59,224	59,224	59,224	-	-	-	-
Borrowings	113,797	117,702	-	-	-	6,755	110,947
Subordinated liabilities	85,315	145,120	-	-	6,009	6,009	133,102
	2,487,227	2,572,533	1,998,750	191,504	66,614	41,506	274,159
Derivative liabilities							
(ii) Cross Currency Swap	943	943	943	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Letters of credit	393,805	293,806	91,862	120,421	72,330	8,619	574
Loan commitments	67,667	67,667	-	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	812,359	830,790	146,667	491,864	86,106	106,153	-
Financial assets held for trading	1,099	1,099	1,099	-	-	-	-
Loans and advances to banks	48,093	48,349	25,071	14,983	485	7,810	-
Loans and advances to customers							
Individual:	115,769	123,876	60,426	9,574	9,274	11,790	32,812
Corporates	956,090	1,060,059	306,143	175,651	89,093	135,655	353,517
Investment securities							
Available for sale							
Treasury bills	199,008	207,025	30,850	53,302	65,356	57,517	-
Bonds	24,776	39,634	-	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	145,465	231,979	34,568	59,727	73,234	64,450	-
Account receivable	19,764	21,389	21,389	-	-	-	-
Derivative asset	6,534	6,534	6,534	-	-	-	-
	2,328,957	2,570,734	632,747	815,991	325,588	385,700	410,708
Gap	(813,549)	(557,080)	(1,475,071)	479,720	131,662	262,445	44,164

4.2 Risk management report (continued)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities

December 31, 2014

Bank

Non-derivative liabilities

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Deposits from banks	1,526	1,526	1,526	-	-	-	-
Deposit from customers							
Retail Customers:							
Term deposits	147,707	150,649	56,596	86,298	7,755	-	-
Current deposits	88,919	88,919	88,919	-	-	-	-
Savings deposits	308,824	309,596	309,596	-	-	-	-
Domiciliary deposits	35,735	35,735	35,735	-	-	-	-
Corporate Customers:							
Term deposits	353,108	361,642	174,465	86,865	48,199	27,189	24,924
Current deposits	514,928	514,928	514,928	-	-	-	-
Domiciliary deposits	363,056	363,056	363,056	-	-	-	-
Other liabilities	39,421	39,421	39,421	-	-	-	-
Subordinated liabilities	85,315	145,120	-	-	6,009	6,009	133,102
Borrowings	113,797	117,702	-	-	-	6,755	110,947
	2,052,336	2,128,294	1,584,242	173,163	61,963	39,953	268,973

Derivative liabilities

Cross Currency Swap	943	943	943	-	-	-	-
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Contingents and loan commitments

Performance bonds and guarantees	159,765	159,765	11,544	19,617	50,122	51,814	26,668
Letters of credit	360,752	360,752	188,458	95,421	68,305	8,564	4
Loan commitments	67,667	67,667	-	1,223	12,533	1,861	52,030

Assets used to manage liquidity

Cash and bank balances	749,716	766,726	135,357	453,936	79,466	97,967	-
Financial assets held for trading	1,099	1,099	1,099	-	-	-	-
Loans and advances to banks	48,991	49,255	25,539	15,263	497	7,956	-
Loans and advances to customers							
Individual	85,326	90,977	53,280	5,544	5,650	7,503	19,000
Corporates	799,261	868,523	238,374	147,117	74,478	113,426	295,128
Investment securities							
Available for sale							
Treasury bills	192,479	200,578	29,889	51,642	63,321	55,726	-
Bonds	24,776	39,634	-	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	181,168	288,916	198	40,660	27,315	7,554	213,189
Account receivable	14,407	14,407	14,407	-	-	-	-
Derivative asset	6,534	6,534	6,534	-	-	-	-
	2,103,757	2,326,649	504,677	725,052	252,767	292,457	551,696
Gap	(537,706)	(390,772)	(1,280,510)	435,628	59,844	190,265	204,021

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to set-off the 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 has not entered into any master netting agreements or other similar arrangements that meet the criteria for offsetting in the statement of financial position.

4.2 Risk management report (continued)

(c) Liquidity risk

Maturity analysis for financial liabilities (on a behavioural basis)

Liquidity behaviouralisation is applied to reflect the Group's assessment of the expected period for which we are confident that we will have access to our liabilities, even under a severe liquidity stress scenario, and the expected period for which we must assume that we will need to fund our assets. Behaviouralisation is applied when the contractual terms do not reflect the expected behaviour. All core deposits are assumed to have a liquidity behaviouralised life beyond one year and to represent a homogeneous source of core funding.

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

December 31, 2015	Carrying	Gross	Less				
Group	amount	nominal	than	1 - 3	3 - 6	6 - 12	More
<i>In millions of Nigerian Naira</i>		amount	1 month	Months	Months	Months	than
							1 year
Non-derivative financial liabilities							
Deposits from banks	61,066	61,168	61,168	-	-	-	-
Deposits from customers							
<i>Retail Customers:</i>							
Term deposits	160,967	164,099	68,001	92,822	3,276	-	-
Current deposits	126,931	126,931	102,210	9,234	5,232	4,872	5,383
Savings deposits	407,036	411,137	114,255	110,449	61,513	57,840	67,080
Domiciliary deposits	34,507	34,507	9,522	9,332	5,288	4,924	5,441
<i>Corporate Customers:</i>							
Term deposits	384,015	387,488	224,028	112,664	50,796	-	-
Current deposits	673,358	673,358	641,885	11,756	6,661	6,203	6,853
Domiciliary deposits	294,890	294,890	95,274	74,558	42,248	39,343	43,467
Other liabilities	43,563	43,563	36,556	3,526	2,138	1,343	-
Borrowings	129,896	133,011	-	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	-	-	12,786	12,786	123,581
	2,401,849	2,479,305	1,352,899	430,934	236,858	173,752	284,861
<i>Derivative liabilities:</i>							
Cross Currency Swap	327	327	327	-	-	-	-
<i>Contingents and loan commitments</i>							
Performance bonds and guarantees	77,030	77,030	9,244	3,081	33,123	10,784	20,798
Letters of credit	149,488	149,488	40,362	71,754	34,382	2,990	-
Loan commitments	123,458	123,458	15,506	21,263	-	4,170	82,519
Assets used to manage liquidity							
Cash and bank balances	655,371	620,183	319,098	12,108	7,693	4,616	276,668
Financial assets held for trading							
Treasury bills	11,121	11,516	11,516	-	-	-	-
Bonds	128	100	100	-	-	-	-
Loans and advances to banks	14,600	14,646	10,840	3,806	-	-	-
Loans and advances to customers							
<i>Individual</i>							
Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
Overdrafts	46,391	46,391	46,391	-	-	-	-
<i>Corporates</i>							
Term loans	703,525	811,995	180,132	120,266	70,362	79,529	361,706
Overdrafts	198,587	198,587	198,587	-	-	-	-
Others	20,147	20,231	20,231	-	-	-	-
Investment securities							
<i>Available for sale</i>							
Treasury bills	193,816	198,805	17,403	88,607	19,980	72,815	-
Bonds	32,757	39,200	-	1,943	49	1,992	35,217
<i>Held to maturity</i>							
Treasury bills	150,774	339,633	29,730	151,374	34,133	124,396	-
Bonds	430,345	969,395	12,102	3,170	8,104	23,097	922,922
Account receivable	28,312	28,312	28,312	-	-	-	-
Derivative assets	1,809	1,809	1,809	-	-	-	-
	2,555,670	3,381,849	884,170	387,143	151,560	314,102	1,644,875
Gap	(196,482)	552,241	(534,167)	(139,889)	(152,803)	122,406	1,256,697

4.2 Risk management report (cont)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities (on a behavioural basis)

December 31, 2015

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

4.2 Risk management report (continued)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities (on a behavioural basis)

	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
December 31, 2014							
<i>In millions of Nigerian Naira</i>							
Group							
Non-derivative liabilities							
Deposits from banks	59,228	67,002	67,002	-	-	-	-
Deposit from customers							
Retail Customers:							
Term deposits	165,813	168,121	63,534	96,089	8,498	-	-
Current deposits	153,747	300,973	153,747	123,803	11,184	6,338	5,902
Savings deposits	357,169	358,100	101,778	95,758	54,260	50,478	55,826
Domiciliary deposits	38,542	38,542	10,636	10,424	5,906	5,500	6,076
Corporate Customers:		-					
Term deposits	391,044	399,582	193,208	95,415	52,107	28,742	30,110
Current deposits	680,369	680,369	648,567	11,878	6,731	6,268	6,925
Domiciliary deposits	382,979	382,979	123,734	96,830	54,868	51,096	56,451
Other liabilities	59,224	59,224	59,224	-	-	-	-
Borrowings	113,797	117,702	-	-	-	6,755	110,947
Subordinated liabilities	85,315	145,120	-	-	6,009	6,009	133,102
	2,487,227	2,717,713	1,421,430	530,197	199,563	161,186	405,339
Derivative liabilities							
(ii) Cross Currency Swap	943	943	943	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	192,864	192,865	16,263	23,123	42,429	71,269	39,781
Letters of credit	393,805	293,806	91,862	120,421	72,330	8,619	574
Loan commitments	67,667	67,667	-	1,223	12,553	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	812,359	830,790	146,667	491,864	86,106	106,153	-
Financial assets held for trading	1,099	1,099	1,099	-	-	-	-
Loans and advances to banks	48,093	48,349	25,071	14,983	485	7,810	-
Loans and advances to customers							
Individual:	115,769	123,876	60,426	9,574	9,274	11,790	32,812
Corporates	956,090	1,060,059	306,143	175,651	89,093	135,655	353,517
Investment securities							
Available for sale							
Treasury bills	199,008	207,025	30,850	53,302	65,356	57,517	-
Bonds	24,776	39,634	-	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	145,465	231,979	34,568	59,727	73,234	64,450	-
Account receivable	19,764	21,389	21,389	-	-	-	-
Derivative asset	6,534	6,534	6,534	-	-	-	-
	2,328,957	2,570,734	632,747	815,991	325,588	385,700	410,708
Gap	(813,549)	(702,260)	(897,751)	141,027	(1,287)	142,765	(87,016)

4.2 Risk management report (continued)

(c) Liquidity risk - continued

Maturity analysis for financial liabilities (on a behavioural basis)

December 31, 2014	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
Bank							
Non-derivative liabilities							
Deposits from banks	1,526	1,526	1,526	-	-	-	-
Deposit from customers							
Retail Customers:							
Term deposits	147,707	150,649	56,596	86,298	7,755	-	-
Current deposits	88,919	88,919	71,601	6,468	3,665	3,413	3,771
Savings deposits	308,824	309,629	88,002	82,796	46,916	43,646	48,269
Domiciliary deposits	35,735	35,735	9,861	9,665	5,476	5,100	5,634
Corporate Customers:							
Term deposits	353,108	361,642	174,465	86,865	48,199	27,189	24,924
Current deposits	514,928	514,928	490,859	8,990	5,094	4,744	5,241
Domiciliary deposits	363,056	363,056	117,297	91,793	52,014	48,438	53,515
Other liabilities	39,421	39,421	39,421	-	-	-	-
Subordinated liabilities	85,315	145,120	-	-	6,009	6,009	133,102
Borrowings	113,797	117,702	-	-	-	6,755	110,947
	2,052,336	2,128,327	1,049,628	372,875	175,128	145,293	385,403
Derivative liabilities							
Cross Currency Swap	943	943	943	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	159,765	159,765	11,544	19,617	50,122	51,814	26,668
Letters of credit	360,752	360,752	188,458	95,421	68,305	8,564	4
Loan commitments	67,667	67,667	-	1,223	12,533	1,861	52,030
Assets used to manage liquidity							
Cash and bank balances	749,716	766,726	135,357	453,936	79,466	97,967	-
Financial assets held for trading	1,099	1,099	1,099	-	-	-	-
Loans and advances to banks	48,991	49,255	25,539	15,263	497	7,956	-
Loans and advances to customers							
Individual	85,326	90,977	53,280	5,544	5,650	7,503	19,000
Corporates	799,261	868,523	238,374	147,117	74,478	113,426	295,128
Investment securities							
Available for sale							
Treasury bills	192,479	200,578	29,889	51,642	63,321	55,726	-
Bonds	24,776	39,634	-	10,890	2,040	2,325	24,379
Held to maturity							
Treasury bills	-	-	-	-	-	-	-
Bonds	181,168	288,916	198	40,660	27,315	7,554	213,189
Account receivable	14,407	14,407	14,407	-	-	-	-
Derivative asset	6,534	6,534	6,534	-	-	-	-
	2,103,757	2,326,649	504,677	725,052	252,767	292,457	551,696
Gap	(537,706)	(390,805)	(745,896)	235,916	(53,321)	84,925	87,591

4.2 Risk management report (continued)**(d) Market risks****Market risk limits**

UBA takes proprietary trading positions in foreign exchange, money market and bonds, primarily in the Nigerian financial market. Market risk limits are based on recommendations by GALCO and approved by the Board, as may be required. Transaction size and portfolio volume limits are in place for each trading portfolio. UBA Group sets various limits for total market risk and specific foreign exchange, interest rate, equity and other price risks. All limits are reviewed at least annually, and more frequently if required, to ensure that they remain relevant given market conditions and business strategy. Compliance with limits is monitored independently on a daily basis by Group Market Risk and Internal Control. Limit excesses are escalated and approved under a delegated authority structure and reported to the GALCO. Excesses are also reported monthly to Group Risk Management Committee (GRMC) and quarterly to Board Risk Management Committee (BRMC).

Market risk measurement

The Group uses limits, earnings-at-risk, gap analyses and scenario analyses to measure and control the market risk exposures within its trading and banking books. The Group augments other risk measures with regular stress testing to evaluate the potential impact of possible extreme movements in financial variables. Consistent stress-testing methodology is applied to trading and non trading books. The stress testing scenarios include market and credit scenarios, portfolio specific scenarios and macro economic scenarios. The bank determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the bank's liquidity.

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

This is the risk that changes in interest rates could have a negative impact on the Bank's margins, earnings and capital. The objective of the Bank's interest rate risk management is to ensure that earnings are stable and predictable over time. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. There will always be a mis-match between maturing assets and maturing liabilities, and changes in interest rates means that the Net Interest Margin (NIM) is affected on a daily basis by maturing and re-pricing activities. This change is measured through calculation of Earnings at Risk or EaR on a portfolio over the life of its assets and liabilities. EaR is usually calculated at various levels of change to simulate the likely change in the course of normal business or the expected risk where there is an unusual market event.

GALCO has oversight for compliance with these limits and execution of gapping strategy is carried out by Group Treasury in its day-to-day activities, depending on their outlook for which direction rates will move.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

See the table below for a summary of the group's interest rate gap position as at December 31, 2015 and December 31, 2014. Overall non-trading interest rate risk positions are managed by Group Treasury, which uses investment securities, advances to other financial institutions (banks and discount houses) to manage the overall position arising from the Group's non-trading activities.

(a) Group

31 December 2015

In millions of Nigerian Naira	Carrying amount	Re-pricing period					Non-interest bearing
		< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	
Cash and bank balances	655,371	235,499	22,428	14,018	8,411	-	375,015
Financial assets held for trading			-	-	-	-	-
Treasury bills	11,121	11,121					
Bonds	128	128	-	-	-	-	-
Loans and advances to banks	14,600	10,813	3,787	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	67,987	7,732	5,598	10,479	6,688	37,490	-
Overdrafts	46,391	5,276	3,820	7,150	4,563	25,582	-
Corporates							
Term loans	703,525	175,881	114,721	65,605	69,458	277,860	-
Overdrafts	198,587	49,647	32,383	18,519	19,606	78,432	-
Others	20,147	5,037	3,285	1,879	1,989	7,957	-
Investment securities:							
Treasury bills	344,590	30,165	153,583	34,631	126,211	-	-
Bonds and promissory notes	463,102	-	22,953	576	23,529	416,044	-
Equity	48,923	-	-	-	-	-	48,923
Derivative assets	1,809	26	1,783	-	-	-	-
Account receivable	28,312	-	-	-	-	-	28,312
	2,604,593	531,325	364,341	152,857	260,455	843,365	452,250
Derivative liability	327	7	320	-	-	-	-
Deposits from banks	61,066	61,066	-	-	-	-	-
Deposits from customers	2,081,704	1,040,852	895,133	145,719	-	-	-
Other liabilities	54,700	-	-	-	-	-	54,700
Subordinated liabilities	85,620	-	-	-	-	85,620	-
Borrowings	129,896	-	-	49,947	23,595	56,354	-
	2,413,313	1,101,925	895,453	195,666	23,595	141,974	54,700
Gaps	191,280	(570,600)	(531,112)	(42,809)	236,860	701,391	397,550

31 December 2014

(b) Cash and bank balances	812,359	66,365	220,740	37,416	46,127	-	441,711
Financial assets held for trading							
Treasury bills	1,099	1,099	-	-	-	-	-
Loans and advances to banks:	48,093	25,008	14,909	481	7,695	-	-
Loans and advances to customers							
Individual	115,769	18,959	16,098	15,323	18,512	46,877	-
Corporates	956,090	146,203	202,561	102,103	148,136	357,087	-
Investment securities							
Treasury bills	344,473	51,622	88,602	108,640	95,609	-	-
Bonds	268,082	-	73,659	13,798	15,726	164,899	-
Equity	44,968	-	-	-	-	-	44,968
Derivative assets	6,534	6,534	-	-	-	-	-
Account receivable	21,389	-	-	-	-	-	21,389
	2,618,855	315,790	616,569	277,761	331,805	568,863	508,068
Derivative liability	943	943	-	-	-	-	-
Deposits from banks	59,228	59,228	-	-	-	-	-
Deposits from customers	2,169,663	943,803	878,714	195,270	75,938	75,938	-
Other liabilities	63,413	-	-	-	-	-	63,413
Subordinated liabilities	85,315	-	-	-	-	85,315	-
Borrowings	113,797	-	-	-	-	113,797	-
	2,492,359	1,003,974	878,714	195,270	75,938	275,050	63,413
Gaps	126,496	(688,184)	(262,145)	82,491	255,867	293,813	444,655

Interest rate risk - continued

(b) Bank	Carrying amount	Re-pricing period					Non-interest bearing
		< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	
31 December 2015							
<i>In millions of Nigerian Naira</i>							
Cash and bank balances	590,774	224,128	21,346	13,341	8,005	-	323,954
Financial assets held for trading	-						
Treasury bills	11,121	11,121	-	-	-	-	-
Bonds	128	128	-	-	-	-	-
Loans and advances to banks	14,591	10,806	3,785	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	32,144	3,656	2,647	4,954	3,162	17,725	-
Overdrafts	41,982	4,774	3,457	6,471	4,130	23,150	-
Corporates							
Term loans	588,632	147,158	95,986	54,891	58,115	232,482	-
Overdrafts	139,789	34,947	22,795	13,036	13,801	55,210	-
Others	20,147	5,037	3,285	1,879	1,989	7,957	-
Investment securities:							
Treasury bills	189,644	16,601	84,524	19,059	69,460	-	-
Bonds and promissory notes	330,047	-	-	21,473	24,323	284,251	-
Equity	48,512	-	-	-	-	-	48,512
Derivative assets	1,809	26	1,783	-	-	-	-
Account receivable	16,320	-	-	-	-	-	16,320
	2,025,640	458,382	239,608	135,104	182,985	620,775	388,786
Derivative liability	327	327	-	-	-	-	-
Deposits from banks	350	350	-	-	-	-	-
Deposits from customers	1,627,060	813,530	699,636	113,894	-	-	-
Other liabilities	34,072	-	-	-	-	-	34,072
Subordinated liabilities	85,620	-	-	-	-	85,620	-
Borrowings	129,896	-	-	49,947	23,595	56,354	-
	1,877,325	814,207	699,636	163,841	23,595	141,974	34,072
Gaps	148,315	(355,825)	(460,028)	(28,737)	159,390	478,801	354,714
31 December 2014							
Cash and bank balances	749,716	65,451	217,700	36,901	45,492	-	384,172
Financial assets held for trading	1,099	1,099	-	-	-	-	-
Loans and advances to banks	48,991	25,475	15,187	490	7,839	-	-
Loans and advances to customers:							
Individual	85,326	13,973	11,865	11,293	13,644	34,551	-
Corporates	799,261	122,221	169,335	85,355	123,838	298,512	-
Investment securities:							
Treasury bills	192,479	28,682	49,557	60,764	53,476	-	-
Bonds	205,944	-	56,586	10,600	12,081	126,677	-
Equity	44,486	-	-	-	-	-	44,486
Derivative assets	6,534	6,534	-	-	-	-	-
Account receivable	15,781	-	-	-	-	-	15,781
	2,149,617	263,435	520,230	205,403	256,370	459,740	444,439
Derivative liability	943	943	-	-	-	-	-
Deposits from banks	1,526	1,526	-	-	-	-	-
Deposits from customers	1,812,277	788,340	733,972	163,105	63,430	63,430	-
Other liabilities	41,056	-	-	-	-	-	41,056
Subordinated liabilities	85,315	-	-	-	-	85,315	-
Borrowings	113,797	-	-	-	-	113,797	-
	2,054,914	790,809	733,972	163,105	63,430	262,542	41,056
Gaps	94,703	(527,374)	(213,742)	42,298	192,940	197,198	403,383

4.2 Risk management report (continued)

(d) Market risks - continued

(ii) Fixed income instruments re-pricing gap

Interest rate sensitivity analysis of fixed rate financial instruments

The table below shows the impact of interest rate changes (increase / decrease) on our various fixed Income portfolios and the effect on profit & loss and OCI. For the purpose of sensitivity analysis we have made a conservative assumption of 2% changes with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

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

In millions of Nigerian Naira

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Decrease	(16,352)	(14,556)	(11,112)	(10,092)
Asset	(43,052)	(42,209)	(32,737)	(34,104)
Liability	(26,700)	(27,653)	(21,625)	(24,012)
Increase	16,352	14,556	11,112	10,092
Asset	43,052	42,209	32,737	34,104
Liability	26,700	27,653	21,625	24,012

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

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
<i>In million of Nigerian Naira</i>				
Cash and bank balances	280,356	370,648	266,820	365,544
Impact on income statement:				
Favourable change @ 2% increase in indicative value	5,607	7,413	5,336	7,311
Unfavourable change @ 2% reduction in indicative value	(5,607)	(7,413)	(5,336)	(7,311)
Financial assets held for trading				
Treasury bills	11,121	1,099	11,121	1,099
Government bonds	128	-	128	-
	11,249	1,099	11,249	1,099
Impact on income statement:				
Favourable change @ 2% increase in indicative value	225	22	225	22
Unfavourable change @ 2% reduction in indicative value	(225)	(22)	(225)	(22)
Loans and advances to banks				
Term loans	14,600	48,093	14,591	48,991
	14,600	48,093	14,591	48,991
Impact on income statement:				
Favourable change @ 2% increase in indicative value	292	962	292	980
Unfavourable change @ 2% reduction in indicative value	(292)	(962)	(292)	(980)
Loans and advances to customers				
Individual	114,378	115,769	74,126	85,326
Corporates	922,259	956,090	748,568	799,261
	1,036,637	1,071,859	822,694	884,587
Impact on income statement:				
Favourable change @ 2% increase in indicative value	20,733	21,437	16,454	17,692
Unfavourable change @ 2% reduction in indicative value	(20,733)	(21,437)	(16,454)	(17,692)

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

Floating rate financial instruments re-pricing gap**Interest rate sensitivity analysis of floating rate financial instruments**

The tables below shows the impact of interest rate changes (increase / decrease) on our floating-rate financial instrument portfolios and the effect on income statement. For the purpose of sensitivity analysis we have made a conservative assumption of 50 basis point change on the instrument with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

Borrowings	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
- Standard Chartered Bank (note 34.3)	39,994	37,192	39,994	37,192
- European Investment Bank (EIB) (note 34.4)	1,590	1,466	1,590	1,466
- Syndicated facility (note 34.5)	41,710	49,688	41,710	49,688
- Africa Trade Finance Limited (note 34.6)	19,906	-	19,906	-
	103,200	88,346	103,200	88,346

Impact on income statement:

Favourable change @ 0.5% increase in indicative value	(516)	(442)	(516)	(442)
Unfavourable change @ 0.5% reduction in indicative value	516	442	516	442

Price sensitivity analysis for financial instruments measured at fair value

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

In millions of Nigerian Naira

Financial assets held for trading	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Treasury bills	11,121	1,099	11,121	1,099
Government bonds	128	-	128	-
	11,249	1,099	11,249	1,099

Impact on income statement:

Favourable change @ 2% increase in indicative value	(225)	(22)	(225)	(22)
Unfavourable change @ 2% reduction in indicative value	225	22	225	22

Price sensitivity analysis for available-for-sale financial instruments

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

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

	Group		Bank	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in indicative value	4,531	4,476	4,438	4,345
Unfavourable change @ 2% reduction in indicative value	(4,531)	(4,476)	(4,438)	(4,345)

Level 1 Equity Sensitivities*In millions of Nigerian Naira**Impact on Other comprehensive income:*

Favourable change @ 15% increase in indicative value	1	1	1	1
Unfavourable change @ 15% reduction in indicative value	(1)	(1)	(1)	(1)

Level 1 Equity Positions*In million of Nigerian Naira**Impact on Other comprehensive income:*

Available-for-sale investment securities:	9	10	9	10
Total	9	10	9	10

Level 2 Equity Sensitivities*Impact on Other comprehensive income:*

Favourable change @ 2% increase in prices	74	113	74	113
Unfavourable change @ 2% reduction in prices	(74)	(225)	(74)	(225)

Level 2 Equity Positions*In million of Nigerian Naira**Available-for-sale investment securities:*

Total	3,684	2,250	3,684	2,250
	3,684	2,250	3,684	2,250

Level 3 Equity Sensitivities*Impact on Other comprehensive income:*

Favourable change @ 5% decrease in unobservable inputs	3,214	62	3,214	62
Favourable change @ 5% increase in unobservable inputs	(2,590)	8	(2,590)	8

Level 3 Equity Positions*In million of Nigerian Naira**Available-for-sale investment securities:*

Total	45,230	41,952	44,819	41,952
	45,230	41,952	44,819	41,952

Total impact on other comprehensive income:

Favourable change	7,820	4,652	7,727	4,521
Unfavourable change	(7,196)	(4,694)	(7,103)	(4,563)

(iii) Equity risk

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

4.2 Risk management report (continued)

(d) Market risks - continued

(iv) Exchange rate exposure limits

FCY sensitivity analysis on foreign exchange rate

Our foreign exchange risk is primarily controlled by tight policies around trading limits. The Board and Group ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra day positions. These limits must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory limits are monitored daily with zero tolerance to limit breaches. These limits include OPL, dealers' limit, overnight/intraday limits, maturity gap limits, management action trigger, product limits, counterparty limits and cross border limits.

The tables below shows the sensitivity of the Group's profit before tax to appreciation or depreciation of the naira in relation to other currencies. The information disclosed on the net foreign currency (FCY) exposure is representative of the average exposure in the year. The Bank believes that for each foreign currency exposure, it is reasonable to assume 2% appreciation or 15% depreciation of the Naira holding all other variables constant.

Group

In millions of Nigerian Naira

31 December 2015

	Naira	US Dollar	Euro	Pound	Others	Total
Cash and bank balances	363,832	182,772	22,700	5,749	80,318	655,371
Financial assets held for trading	11,249	-	-	-	-	11,249
Derivative assets	-	1,809	-	-	-	1,809
Loans and advances to banks	-	14,600	-	-	-	14,600
Loans and advances to customers	525,381	320,487	373	593	189,803	1,036,637
Account receivables	14,099	10,204	1,209	-	2,800	28,312
Investment securities	530,062	46,147	-	-	280,661	856,870
Total financial assets	1,444,623	576,019	24,282	6,342	553,582	2,604,848
Derivative liability	-	327	-	-	-	327
Deposits from banks	685	57,745	797	-	1,839	61,066
Deposits from customers	1,129,325	514,752	14,630	5,363	417,634	2,081,704
Other liabilities	4,017	13,583	4,211	697	21,055	43,563
Borrowings	46,602	83,294	-	-	-	129,896
Subordinated liabilities	85,620	-	-	-	-	85,620
Total financial liabilities	1,266,249	669,701	19,638	6,060	440,528	2,402,176
Net FCY Exposure		(93,682)	4,644	282	113,054	
Sensitivity at 2% Naira appreciation		1,874	(93)	(6)	(2,261)	(486)
Sensitivity at 15% Naira depreciation		(14,052)	697	42	16,958	3,645
Sensitivity at 25% Naira depreciation		(23,420)	1,161	70	28,264	6,075

31 December 2014

Cash and bank balances	509,514	286,600	8,078	6,897	1,270	812,359
Financial assets held for trading	1,099	-	-	-	-	1,099
Derivative assets	-	6,534	-	-	-	6,534
Loans and advances to banks	-	48,093	-	-	-	48,093
Loans and advances to customers	739,400	322,951	9,472	36	-	1,071,859
Account receivables	9,528	10,236	-	-	-	19,764
Investment securities	598,346	59,177	-	-	-	657,523
Total financial assets	1,857,887	733,591	17,550	6,933	1,270	2,617,231
Derivative liability	-	943	-	-	-	943
Deposits from banks	-	14,851	-	729	43,648	59,228
Deposits from customers	1,503,993	650,899	8,413	6,357	1	2,169,663
Other liabilities	24,290	19,705	12,224	1,187	1,818	59,224
Borrowings	25,451	88,346	-	-	-	113,797
Subordinated liabilities	85,315	-	-	-	-	85,315
Total financial liabilities	1,639,049	774,744	20,637	8,273	45,467	2,488,170
Net FCY Exposure		(41,153)	(3,087)	(1,340)	(44,197)	
Sensitivity at 2% Naira appreciation		823	62	27	884	1,796
Sensitivity at 4% Naira depreciation		(1,646)	(123)	(54)	(1,768)	(3,591)

4.2 Risk management report (continued)

(d) Market risks - continued

(iv) Exchange rate exposure limits - continued

Bank	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2015						
Cash and bank balances	417,416	154,420	12,910	5,277	751	590,774
Financial assets held for trading	11,249	-	-	-	-	11,249
Derivative assets	-	1,809	-	-	-	1,809
Loans and advances to banks	-	14,591	-	-	-	14,591
Loans and advances to customers	550,148	271,598	361	587	-	822,694
Account receivables	14,307	2,008	5	-	-	16,320
Investment securities	525,231	42,972	-	-	-	568,203
Total financial assets	1,518,351	487,398	13,276	5,864	751	2,025,640
Derivative liability	-	327	-	-	-	327
Deposits from banks	-	350	-	-	-	350
Deposits from customers	1,165,495	451,728	4,822	5,012	3	1,627,060
Other liabilities	21,429	7,891	1,062	589	127	31,098
Borrowings	46,602	83,294	-	-	-	129,896
Subordinated liabilities	85,620	-	-	-	-	85,620
Total financial liabilities	1,319,146	543,590	5,884	5,601	130	1,874,351
Net FCY Exposure		(56,192)	7,392	263	621	
Sensitivity at 2% Naira appreciation		1,124	(148)	(5)	(12)	959
Sensitivity at 15% Naira depreciation		(8,429)	1,109	39	93	(7,188)
Sensitivity at 25% Naira depreciation		(14,048)	1,848	66	155	(11,979)
31 December 2014						
Cash and bank balances	470,224	264,500	7,455	6,365	1,172	749,716
Financial assets held for trading	1,099	-	-	-	-	1,099
Derivative assets	-	6,534	-	-	-	6,534
Loans and advances to banks	-	48,991	-	-	-	48,991
Loans and advances to customers	610,215	266,526	7,817	29	-	884,587
Account receivables	5,958	8,449	-	-	-	14,407
Investment securities	403,047	39,862	-	-	-	442,909
Total financial assets	1,490,543	634,862	15,272	6,394	1,172	2,148,243
Derivative liability	-	943	-	-	-	943
Deposits from banks	-	1,526	-	-	-	1,526
Deposits from customers	1,256,256	543,683	7,027	5,310	1	1,812,277
Other liabilities	16,773	12,775	7,924	770	1,179	39,421
Borrowings	25,451	88,346	-	-	-	113,797
Subordinated liabilities	85,315	-	-	-	-	85,315
Total financial liabilities	1,383,795	647,273	14,951	6,080	1,180	2,053,279
Net FCY Exposure		(12,411)	321	314	(8)	
Sensitivity at 2% Naira appreciation		248	(6)	(6)	-	
Sensitivity at 4% Naira depreciation		(496)	13	13	-	

4.2 Risk management report (continued)

(e) Capital management

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

The Group has therefore put in place a process of ensuring adequate capital is maintained and this process includes:

- Capital planning
- Prudent portfolio management
- Maintaining adequate capital across all jurisdictions
- Capital adequacy stress testing
- Contingency Planning

The objective of the capital management process is to:

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

Regulatory capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

Consistent with others in the industry, the group monitors regulatory capital using the capital adequacy ratio. This ratio is calculated as total regulatory capital divided by risk weighted assets. Total regulatory capital and risk weighted assets are calculated as shown in the table below.

The Group's lead regulator, the Central Bank of Nigeria sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

The Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Group's regulatory capital is split into two tiers:

Tier 1 capital includes ordinary share capital, share premium, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

Tier 2 capital includes qualifying subordinated liabilities, collective impairment allowances and the element of the fair value reserve relating to unrealised gains on financial instruments classified as available-for-sale.

Various limits are applied to elements of the capital base. The qualifying tier 2 capital cannot exceed tier 1 capital. There are also restrictions on the amount of collective impairment allowances that may be included as part of tier 2 capital.

Banking operations are categorised mainly as trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

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

Capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. UBA Plc operates under an international banking 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 to which it is subject.

In millions of Nigeria naira

	Bank Dec. 2015	Bank Dec. 2014
Tier 1 capital		
Ordinary share capital	18,140	16,491
Share premium	117,374	107,932
Retained earnings	100,900	84,230
Other reserves	52,572	44,208
Gross Tier 1 capital	288,986	252,861
Less:		
Deferred tax	22,951	22,951
Intangible assets	4,954	3,446
Staff share investment trust	30,491	30,527
Tier 1 Capital After Regulatory Deduction	230,590	195,937
Investment in subsidiaries	(32,884)	(32,884)
Eligible Tier 1 Capital	197,706	163,053

	Bank Dec. 2015	Bank Dec. 2014
Tier 2 capital		
Fair value reserve for available-for-sale securities	31,985	23,866
Subordinated liabilities	48,500	59,500
Less: limit of tier 2 to tier 1 capital	(3,622)	(18,054)
Qualifying Tier 2 Capital Before Deductions	76,863	65,312
Less: Investment in subsidiaries	(32,884)	(32,884)
Net Tier 2 Capital	43,980	32,429

Qualifying capital		
Net Tier I regulatory capital	197,706	163,053
Net Tier II regulatory capital	43,980	32,429
Total qualifying capital	241,686	195,482

Composition of risk-weighted assets:

Risk-weighted amount for credit risk	939,031	1,033,282
Risk-weighted amount for operational risk	249,924	211,250
Risk-weighted amount for market risk	19,417	15,638
Total Basel II Risk-weighted assets	1,208,372	1,260,170

Basel II Capital ratios

Total regulatory capital expressed as a percentage of total risk-weighted assets	20%	16%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16%	13%

The Central Bank of Nigeria vide a circular with reference number BSD/DIR/GEN/BAS/08/031 dated 24 June 2015, released a new guidance on the computation of capital adequacy under Basel II, now referred to as Revised Basel II guidance. The capital adequacy computation for the respective periods ended 31 December 2015 and 31 December 2014 was based on the revised guidelines.

Capital allocation

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

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.

(f) 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.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily quoted equity and debt investments classified as trading securities or available for sale.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

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

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cashflow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rate, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

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

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

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

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

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgment in determining appropriate portfolio-level adjustments such as bid-ask spreads and relevant risk premiums. These significant assumptions to these valuations have been disclosed in note 5.

Valuation framework

The Group has an established control framework with respect to the measurement of fair values. This framework includes a Financial Analysis and Technical Unit which is independent of front office management and reports to the Group Chief Financial Officer, and which has overall responsibility for valuations. There is also the Risk Measurement unit responsible for independent independently verifying the results of third party valuation. Specific controls include:

- Verification of observable pricing;
- Re-performance of model valuations;
- A review and approval process for new models and changes to models involving both Product Control and Group Market Risk;
- periodic calibration and back-testing of models against observed market transactions;
- Analysis and investigation of significant daily valuation movements; and
- Review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of level 3 instruments compared with the previous month, by a committee of senior Product Control and Group Market Risk personnel.

When third party information, such as broker quotes or pricing services, is used to measure fair value, The risk measurement unit assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

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

4.2 Risk management report

(f) Fair value measurement - continued

Financial instruments measured at fair value

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

Group:

31 December 2015

In millions of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:	20				
Government bonds		128	-	-	128
Treasury bills		11,121	-	-	11,121
Derivative assets measured at fair value through profit and loss:	30(a)	-	1,809	-	1,809
Available-for-sale investment securities:	23				
Treasury bills		193,816	-	-	193,816
Bonds		32,757	-	-	32,757
Equity investments		9	3,684	45,230	48,923
Total assets		237,831	5,493	45,230	288,554
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	-	327	-	327

Bank:

31 December 2015

In millions of Nigerian Naira

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets held for trading:	20				
Government bonds		128	-	-	128
Treasury bills		11,121	-	-	11,121
Derivative assets measured at fair value through profit and loss:	30(a)	-	1,809	-	1,809
Available-for-sale investment securities:	23				
Treasury bills		189,644	-	-	189,644
Bonds		32,253	-	-	32,253
Equity investments		9	3,684	44,819	48,512
Total assets		233,155	5,493	44,819	283,467
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	-	327	-	327

Group:**31 December 2014***In millions of Nigerian Naira*

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		-	-	-	-
Treasury bills		1,099	-	-	1,099
Equities		-	-	-	-
Derivative assets measured at fair value through profit and loss:	30(a)	-	6,534	-	6,534
Available-for-sale investment securities:	23				
Treasury bills		199,008	-	-	199,008
Bonds		24,776	-	-	24,776
Equity investments at fair value		10	2,250	41,952	44,212
		224,893	8,784	41,952	275,629
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	-	943	-	943

Bank:**31 December 2014***In millions of Nigerian Naira*

	Note	Level 1	Level 2	Level 3	Total
Assets					
Financial assets held for trading:	20				
Government bonds		-	-	-	-
Treasury bills		1,099	-	-	1,099
Derivative assets measured at fair value through profit and loss:	30(a)	-	6,534	-	6,534
Available-for-sale investment securities:	23				
Treasury bills		192,479	-	-	192,479
Bonds		24,776	-	-	24,776
Equity investments at fair value		10	2,250	41,952	44,212
		218,364	8,784	41,952	269,100
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	-	943	-	943

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

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

- (i) The Group holds equity investment in the shares of CSCS Limited which is classified as available-for-sale, with a fair value of N1.106 billion as at 31 December 2015 (N785 million in December 2014). The fair value of the investment was previously categorised as Level 3 at December 2014. This was because the shares were not listed on an exchange and there were no recent observable arm's length transactions in the shares. During 2015, CSCS shares became available for over-the-counter (OTC) trades. The fair value measurement was therefore transferred from Level 3 to Level 2.

- (ii) Level 2 fair value measurements

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

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

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

The table below sets out information about significant unobservable inputs used as at 31 December 2015 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 December 2015	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	44,208	Income Approach (Discounted cashflow method)	Cost of equity	10.16% - 32.3%	Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Terminal growth rate	2%-3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	337	Income Approach (Dividend discount model)	Cost of equity	13.9% - 28.8%	Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
			Terminal growth rate	8.8% - 14%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values

(f) Fair value measurement - continued

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

Significant unobservable inputs are developed as follows:

Discounted cashflow

- The Group used the Capital Asset Pricing Model to determine the cost of equities for its various unquoted equities which were fair valued at year end.
- The risk free rate was determined using the yield on Federal Government of Nigeria eurobond (for unquoted securities denominated in USD) and longest tenored Federal Government of Nigeria bond (for unquoted securities denominated in Nigerian naira).
- Equity risk premium was determined using market returns computed from the Nigerian All Share Index and Standards and Poors (S&P) 500 Stock Price Index, for similar business sectors.
- Beta estimates were obtained from Damodaran Online

Dividend discount model

- The Group used the build-up approach to determine cost of equities for its various unquoted equities which were fair valued using dividend discount model at year end.
- The risk free rate was determined using the yield on the longest tenored sovereign bonds.
- The dividend growth rate was determined using the historical five years weighted average growth rate of dividends paid by the respective entities
- Equity risk premium were obtained from Damodaran Online (with specific focus on emerging markets data), adjusted for size premium.

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

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

In millions of Nigerian Naira

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

4.2 Risk management report (continued)

(g) Fair value measurement - continued

Financial instruments not measured at fair value

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

Group	Level 1	Level 2	Level 3	Total fair value	Carrying amount
<i>In millions of Nigerian Naira</i>					
31 December 2015					
Assets					
Cash and bank balances	-	655,371	-	655,371	655,371
Loans and advances to banks	-	14,616	-	14,616	14,600
Loans and advances to customers					
-Individual					
Term loans	-	69,239	-	69,239	67,987
Overdrafts	-	49,679	-	49,679	46,391
-Corporate					
Term loans	-	700,011	-	700,011	703,525
Overdrafts	-	206,106	-	206,106	198,587
Others		20,729		20,729	20,147
Held to maturity - Investment securities					
Treasury bills	150,774	-	-	150,774	150,774
Bonds	457,186	-	-	457,186	430,345
Accounts receivable	-	28,312	-	28,312	28,312
Liabilities					
Deposits from banks	-	61,066	-	61,066	61,066
Deposits from customers	-	2,165,984	-	2,165,984	2,081,704
Subordinated liabilities	-	94,984	-	94,984	85,620
Other liabilities	-	43,563	-	43,563	43,563
Borrowings	-	128,357	-	128,357	129,896
31 December 2014					
Assets					
Cash and bank balances	-	812,359	-	812,359	812,359
Loans and advances to banks	-	48,222	-	48,222	48,093
Loans and advances to customers					
-Individual					
Term loans	-	67,101	-	67,101	66,420
Overdrafts	-	49,855	-	49,855	49,349
-Corporate					
Term loans		780,213		780,213	772,299
Overdrafts		179,987		179,987	178,161
Others		5,688		5,688	5,630
Held to maturity - Investment securities					
Treasury bills	121,228			121,228	145,465
Bonds	179,581	23,186		202,767	243,306
Other assets	-	21,389	-	21,389	21,662
Liabilities					
Deposits from banks	-	59,228	-	59,228	59,228
Deposits from customers	-	2,252,769	-	2,252,769	2,169,663
Subordinated liabilities	83,534	-	-	83,534	85,315
Other liabilities	-	59,224	-	59,224	59,224
Borrowings	-	113,950	-	113,950	113,797

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
31 December 2015					
Assets					
Cash and bank balances	-	590,774	-	590,774	590,774
Loans and advances to banks	-	14,591	-	14,591	14,591
Loans and advances to customers					
-Individual					
Term loans	-	31,315	-	31,315	32,144
Overdrafts	-	45,182	-	45,182	41,982
-Corporate					
Term loans	-	592,362	-	592,362	588,632
Overdrafts	-	144,056	-	144,056	139,789
Others	-	20,729	-	20,729	20,147
Held to maturity - Investment securities					
Treasury bills	-	-	-	-	-
Bonds	316,097	-	-	316,097	297,539
Other assets	-	16,320	-	16,320	16,320
Liabilities					
Deposits from banks	-	350	-	350	350
Deposits from customers	-	1,696,708	-	1,696,708	1,627,060
Subordinated liabilities	-	94,984	-	94,984	85,620
Other liabilities	-	31,098	-	31,098	31,098
Borrowings	-	128,357	-	128,357	129,896
31 December 2014					
Assets					
Cash and bank balances	-	749,716	-	749,716	749,716
Loans and advances to banks	-	49,122	-	49,122	48,991
Loans and advances to customers					
-Individual				-	
Term loans	-	38,854	-	38,854	38,460
Overdrafts	-	47,346	-	47,346	46,866
-Corporate					
Term loans	-	665,246	-	665,246	658,498
Overdrafts	-	136,518	-	136,518	135,133
Others	-	5,688	-	5,688	5,630
Held to maturity - Investment securities					
Treasury bills	-	-	-	-	-
Bonds	127,796	23,186	-	150,982	181,168
Other assets	-	15,781	-	15,781	15,781
Liabilities					
Deposits from banks	-	1,526	-	1,526	1,526
Deposits from customers	-	1,886,648	-	1,886,648	1,812,277
Subordinated liabilities	83,534	-	-	83,534	85,315
Other liabilities	-	39,421	-	39,421	39,421
Borrowings	-	113,950	-	113,950	113,797

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

i) Cash

The carrying amount of cash and balances with banks is a reasonable approximation of fair value.

ii) Loans and advances

Loans and advances are net of charges for impairment. To improve the accuracy of the valuation estimate for loans, homogenous loans are grouped into portfolios with similar characteristics. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

iii) Investment securities

The fair value for investment securities is based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

iv) Other assets

The bulk of these financial assets have short (less than 3months) maturities and their amounts are a reasonable approximation of fair value.

v) Deposits from banks and customers

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

vi) Other liabilities

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

vii) Interest bearing loans and borrowings

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

viii) Subordinated liabilities

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

No fair value disclosures are provided for equity investment securities that are measured at cost because their value cannot be reliably measured.

5 Critical accounting estimates and judgments

Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management (see note 4).

(a) Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3(i).

The specific counterparty component of the total allowances for impairment applies to financial instruments evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance. Assumptions are made to define the way interest losses are modeled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3(h). Further disclosures on the Group's valuation methodology have been made on note 4(g). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Deferred tax assets

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

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

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

(i) Valuation of financial instruments

The Group's accounting policy on valuation of financial instruments is discussed under note 3(i).

(ii) Allowance for credit losses

In measuring credit risk of loans and advances to various counterparties, the Group considers the character and capacity of the obligor, the probability that an obligor or counterparty will default over a given period (probability of default -PD) , the portion of the loan expected to be irrecoverable at the time of loan default (loss given default - LGD) and expected amount that is outstanding at the point of default . The table below shows the sensitivities of the impairment loss provision for 1% increase or decrease in the LGD and PD.

	31 December 2015	
	Probability of Default -PD	Loss Given Default-LGD
<i>In millions of naira</i>		
Increase/decrease		
1% increase	29,653	23,906
1% decrease	(29,653)	(23,906)

	31 December 2014	
	Probability of Default - PD	Loss Given Default-LGD
	63,478	66,137
	(63,478)	(66,137)

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

The Group has carried out an impairment assessment of the goodwill for UBA Benin and UBA Capital Europe as at 31 December 2015. The recoverable amounts of the cash-generating units (CGU) have been determined based on value-in-use calculations. These calculations require the use of estimates. Goodwill is not impaired. Goodwill on UBA Benin CGU will only be impaired if the discount rate used in the value-in-use calculation for the CGUs had been more than 42% higher than management's estimates at 31 December 2015 (i.e. if the discount rate had been 60% instead of 18%). Goodwill on UBA Capital Europe CGU will only be impaired if the discount rate used in the value-in-use calculation for the CGUs had been 3% higher than management's estimates at 31 December 2015 (i.e. if the discount rate had been 8% instead of 5%). Goodwill is marginally sensitive to terminal growth rate used in the value-in-use calculation for the CGUs.

(iii) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgment. Adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. The table below shows the sensitivities of the carrying value of property and equipment and the depreciation charge for the year, to 10% increase or decrease in the useful life of property and equipment.

	Dec 2015	Dec 2014
	Depreciation/Carrying value	Depreciation/Carrying value
<i>In millions of Nigerian Naira</i>		
Increase/decrease		
10% increase in useful life	690	500
10% decrease in useful life	(690)	(500)

(iv) Valuation of derivative contracts

The fair value of the Group's derivatives is determined by using valuation techniques. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. The Group has used interest rate parity method discounted for passage of time in the valuation of its foreign exchange derivative contracts. These derivative contracts are not traded in active markets.

The carrying amount of foreign exchange derivative contracts would be an estimated 5% lower or 5.39% higher where the discount rate used in the valuation differ by 5% from management's estimates.

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

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

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

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

Notes to the financial statements

6 Operating segments

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Managing Director of the Group, who is also the Chief Operating Decision Maker (CODM), reviews the Group's performance along these business segments and resources are allocated accordingly.

Geographical segments

The Group operates in the following geographical regions:

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

Business segments

The Group operates the following main business segments:

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

Retail/ Commercial banking - This business segment has presence in all major cities in Nigeria and in 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.

(a) Geographical segments

(i) 31 December 2015

In millions of Nigerian Naira

	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	244,082	67,715	6,012	(2,979)	314,830
Derived from other geographic segments	4,032	-	-	(4,032)	-
Total revenue	248,114	67,715	6,012	(7,011)	314,830
Profit before tax	52,291	18,801	1,950	(4,588)	68,454
Interest income	187,268	43,059	5,078	(1,436)	233,969
Interest expenses	(83,021)	(13,571)	(874)	1,436	(96,030)
Share of loss in equity-accounted investee	-	(110)	-	-	(110)
Impairment loss recognised in profit or loss	(3,470)	(1,612)	45	(16)	(5,053)
Income tax expenses	(4,134)	(4,666)	-	-	(8,800)
Profit for the year	48,157	14,135	1,950	(4,588)	59,654

31 December 2015

Total segment assets ⁱ	2,223,644	656,093	63,609	(190,724)	2,752,622
Total segment liabilities	1,883,087	584,764	51,934	(99,784)	2,420,001

- ⁱ Includes:
- Investments in associate and accounted for by using the equity method
 - Expenditure for reportable segment:
 - Depreciation
 - Amortisation

(ii) 31 December 2014*In millions of Nigerian Naira*

	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	227,780	61,166	3,823	(6,145)	286,624
Derived from other geographic segments	2,630	-	-	(2,630)	-
Total revenue	230,410	61,166	3,823	(8,775)	286,624
Profit before tax	44,983	15,943	1,074	(5,800)	56,200
Interest income	158,748	37,749	3,115	(2,932)	196,680
Interest expenses	(77,923)	(15,118)	(438)	2,932	(90,547)
Share of profit/(loss) in equity-accounted investee	9	-	-	-	9
Impairment loss recognised in profit or loss	(2,535)	(672)	(2)	26	(3,183)
Income tax expenses	(3,327)	(4,952)	(14)	-	(8,293)
Profit for the year	41,656	10,991	1,060	(5,800)	47,907

31 December 2014

Total segment assets ¹	2,318,392	594,272	97,193	(247,284)	2,762,573
Total segment liabilities	2,033,973	534,105	86,989	(157,900)	2,497,167

¹ Includes:

Investments in associate and joint venture accounted for by using the equity method

-	2,986	-	-	2,986
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Expenditure for reportable segment:

Depreciation

3,386	1,596	19	-	5,001
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Amortisation

659	76	-	-	735
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6 Operating segments

(b) Business reporting

(i) 31 December 2015

In millions of Nigerian Naira

Revenue:

Derived from external customers

Derived from other business segments

Total revenue

Interest expenses

Fee and commission expense

Net impairment loss on financial assets

Operating expenses

Depreciation and amortisation

Profit before income tax

Taxation

Profit for the year

Loans and advances

Deposits from customers and banks

Total segment assets

Total segment liabilities

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

(ii) 31 December 2014

In millions of Nigerian Naira

Revenue:

Derived from external customers

Derived from other business segments

Total revenue

Interest expenses

Fee and commission expense

Net impairment loss on financial assets

Operating expenses

Depreciation and amortisation

Profit before income tax

Taxation

Profit for the year**31 December 2014**

Loans and advances

Deposits from customers and banks

Total segment assets

Total segment liabilities

	Corporate	Retail and commercial	Treasury and financial markets	Total
Derived from external customers	114,358	106,757	65,509	286,624
Derived from other business segments	(18,077)	56,747	(38,670)	-
Total revenue	96,281	163,504	26,839	286,624
Interest expenses	(37,101)	(48,678)	(4,768)	(90,547)
Fee and commission expense	(524)	(6,337)	(147)	(7,008)
Net impairment loss on financial assets	(440)	(2,518)	(225)	(3,183)
Operating expenses	(22,190)	(41,654)	(4,645)	(123,950)
Depreciation and amortisation	(1,751)	(3,968)	(17)	(5,736)
Profit before income tax	34,275	4,888	17,037	56,200
Taxation	(2,405)	(4,082)	(1,806)	(8,293)
Profit for the year	31,870	806	15,231	47,907
31 December 2014				
Loans and advances	831,054	255,860	33,038	1,119,952
Deposits from customers and banks	706,427	1,435,099	87,365	2,228,891
Total segment assets	1,136,255	1,212,099	414,219	2,762,573
Total segment liabilities	1,028,052	1,094,801	374,314	2,497,167

In millions of Nigerian Naira

7 Interest income

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

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

8 Interest expense

In millions of Nigerian Naira

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

9 Impairment loss on loans and receivables

In millions of Nigerian Naira

Impairment losses on loans and advances to customers:

- specific impairment (Note 22(d))	2,285	1,889	1,941	2,045
- portfolio impairment (Note 22(d))	1,213	3,095	589	173
Impairment (reversal)/charge on loans and advances to banks:				
- portfolio impairment ((Note 21)	(96)	49	(112)	74
Write-off on loans and advances	3,524	726	1,250	538
Recoveries on loans and other accounts written-off	(2,484)	(3,395)	(619)	(537)
Impairment loss on other assets (Note 24(a))	611	819	442	243
	5,053	3,183	3,491	2,536

10 Fees and commission income

In millions of Nigerian Naira

Credit-related fees and commissions	10,119	14,312	7,014	8,502
Commission on turnover	11,303	9,356	9,890	8,738
E-Banking related income	17,188	11,761	14,065	8,837
Funds transfer	2,176	820	899	583
Pension custody fees	3,803	3,458	-	-
Trade related income	7,852	6,454	3,570	3,341
Remittance income	3,261	4,235	1,704	2,969
Commissions on transactional services	3,251	2,953	2,808	2,346
Other fees and charges	2,939	1,625	2,153	1,315
	61,892	54,974	42,103	36,631

11 Fees and commission expense*In millions of Nigerian Naira*

E-Banking expense
Funds transfer

Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
8,316	6,861	6,510	5,928
241	147	230	119
<u>8,557</u>	<u>7,008</u>	<u>6,740</u>	<u>6,047</u>

12 Net trading and foreign exchange income*In millions of Nigerian Naira*

Fixed income securities
Foreign exchange trading income
Foreign currency revaluation gain
Fair value (loss)/gain on derivatives (see note 30 (c))

9	69	9	36
16,962	24,526	9,242	16,398
3,164	5,459	3,133	5,459
(4,109)	2,357	(4,109)	2,357
<u>16,026</u>	<u>32,411</u>	<u>8,275</u>	<u>24,250</u>

13 Other operating income*In millions of Nigerian Naira*

Dividend income
Rental income
Gain on disposal of securities
(Loss)/gain on disposal of property and equipment
Others

2,404	1,289	6,274	5,967
384	460	384	435
-	154	-	154
(14)	204	(14)	204
169	443	83	421
<u>2,943</u>	<u>2,550</u>	<u>6,727</u>	<u>7,181</u>

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

14 Employee benefit expenses*In millions of Nigerian Naira*

Wages and salaries
Defined contribution plans

Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
55,394	53,611	40,635	40,799
2,052	1,850	1,398	1,283
<u>57,446</u>	<u>55,461</u>	<u>42,033</u>	<u>42,082</u>

15 Depreciation and amortisation

Depreciation of property and equipment (note 27)
Amortisation of intangible assets (note 28)

6,896	5,001	5,310	3,395
1,072	735	971	656
<u>7,968</u>	<u>5,736</u>	<u>6,281</u>	<u>4,051</u>

(d) **Reconciliation of effective tax rate**

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

In millions of Nigerian Naira

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

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

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

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

18 Earnings per share

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

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

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

19 Cash and bank balances

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Cash	36,114	46,089	28,124	30,033
Current balances with banks	130,255	139,102	113,634	126,087
Unrestricted balances with central banks	62,233	131,001	22,241	76,701
Money market placements	150,101	185,457	153,186	209,424
	378,703	501,649	317,185	442,245
Mandatory reserve deposits with Central Banks (note 19(ii) below)	276,668	310,710	273,589	307,471
	655,371	812,359	590,774	749,716

(i) This represents cash reserve requirement with central banks of the countries in which the Bank and its subsidiaries operate and is not available for use in the Group's day-to-day operations.

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

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Cash and current balances with banks	166,369	185,191	141,758	156,120
Unrestricted balances with central banks	62,233	131,001	22,241	76,701
Money market placements (less than 90 days)	116,659	103,665	123,992	103,665
Financial assets held for trading (less than 90 days)	2,595	714	2,595	714
Cash and cash equivalents	347,856	420,571	290,586	337,200

20 Financial assets held for trading

In millions of Nigerian Naira

Government bonds	128	-	128	-
Treasury bills (less than 90 days maturity)	2,595	385	2,595	385
Treasury bills (above 90 days maturity)	8,526	714	8,526	714
	11,249	1,099	11,249	1,099
Current	11,249	1,099	11,249	1,099

21 Loans and advances to banks

In millions of Nigerian Naira

Term loans:				
Gross amount	14,632	48,199	14,632	49,122
Portfolio impairment	(32)	(106)	(41)	(131)
	14,600	48,093	14,591	48,991
Current	14,600	48,093	14,591	48,991

Impairment allowance on loans and advances to banks*In millions of Nigerian Naira**Portfolio impairment*

Balance, beginning of year

Net impairment (reversal)/ charge in the year

Exchange difference

Balance, end of year

Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
106	57	131	57
(96)	49	(112)	74
22	-	22	-
32	106	41	131

22 Loans and advances to customers*In millions of Nigerian Naira***(a) 31 December 2015****(i) Group**

	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	120,491	(3,554)	(2,559)	(6,113)	114,378
Loans to corporate entities and other organizations	941,928	(3,227)	(16,442)	(19,669)	922,259
	1,062,419	(6,781)	(19,001)	(25,782)	1,036,637
Loans to individuals					
Overdraft	49,679	(2,945)	(343)	(3,288)	46,391
Term Loans	70,812	(609)	(2,216)	(2,825)	67,987
	120,491	(3,554)	(2,559)	(6,113)	114,378
Loans to corporate entities and other organizations					
Overdraft	206,106	(2,098)	(5,421)	(7,519)	198,587
Term Loans	715,093	(1,129)	(10,439)	(11,568)	703,525
Others	20,729	-	(582)	(582)	20,147
	941,928	(3,227)	(16,442)	(19,669)	922,259

(b) Bank**(ii)** Loans to individuals
Loans to corporate entities and other organizations

Loans to individuals	78,070	(3,619)	(325)	(3,944)	74,126
Loans to corporate entities and other organizations	757,667	(2,412)	(6,687)	(9,099)	748,568
	835,737	(6,031)	(7,012)	(13,043)	822,694
Loans to individuals					
Overdraft	45,182	(3,016)	(184)	(3,200)	41,982
Term Loan	32,888	(603)	(141)	(744)	32,144
	78,070	(3,619)	(325)	(3,944)	74,126
Loans to corporate entities and other organizations					
Overdraft	144,056	(1,831)	(2,436)	(4,267)	139,789
Term Loan	592,882	(581)	(3,669)	(4,250)	588,632
Others	20,729	-	(582)	(582)	20,147
	757,667	(2,412)	(6,687)	(9,099)	748,568

(b) 31 December 2014**(i) Group**

Loans to individuals	118,289	(1,557)	(963)	(2,520)	115,769
Loans to corporate entities and other organizations	977,080	(4,166)	(16,824)	(20,990)	956,090
	1,095,369	(5,723)	(17,787)	(23,510)	1,071,859
Loans to individuals					
Overdraft	50,390	(771)	(270)	(1,041)	49,349
Term Loans	67,899	(786)	(693)	(1,479)	66,420
	118,289	(1,557)	(963)	(2,520)	115,769
Loans to corporate entities and other organizations					
Overdraft	182,648	(2,190)	(2,297)	(4,487)	178,161
Term Loan	788,778	(1,976)	(14,503)	(16,479)	772,299
Others	5,657	-	(27)	(27)	5,630
	977,083	(4,166)	(16,827)	(20,993)	956,090

	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
(ii) Bank					
Loans to individuals	86,847	(1,061)	(460)	(1,521)	85,326
Loans to corporate entities and other organizations	808,262	(3,038)	(5,963)	(9,001)	799,261
	895,109	(4,099)	(6,423)	(10,522)	884,587
Loans to individuals					
Overdraft	47,718	(603)	(249)	(852)	46,866
Term Loans	39,129	(458)	(211)	(669)	38,460
	86,847	(1,061)	(460)	(1,521)	85,326
Loans to corporate entities and other organizations					
<i>In millions of Nigerian Naira</i>					
Overdraft	137,957	(1,106)	(1,718)	(2,824)	135,133
Term Loans	664,648	(1,932)	(4,218)	(6,150)	658,498
Others	5,657	-	(27)	(27)	5,630
	808,262	(3,038)	(5,963)	(9,001)	799,261

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

23 Investment securities

Available-for-sale investment securities comprise (see note (i)):

Treasury bills	193,816	199,008	189,644	192,479
Bonds	32,757	24,776	32,253	24,776
Equity investments	48,923	44,968	48,512	44,486
	275,496	268,752	270,409	261,741

Held to maturity investment securities comprise (see note (i)):

Treasury bills	150,774	145,465	-	-
FGN Promissory notes	255	-	255	-
Bonds	430,345	243,306	297,539	181,168
	581,374	388,771	297,794	181,168

Carrying amount

	856,870	657,523	568,203	442,909
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	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Current	588,895	555,960	230,579	291,560
Non-current	267,975	101,563	337,624	151,349
	856,870	657,523	568,203	442,909

- (f) Included in available-for-sale and held-to-maturity investment securities are pledged financial assets which cannot be re-pledged or resold by counterparties, and these securities are stated as follows:

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Pledged assets:				
<i>In millions of Nigerian Naira</i>				
Treasury bills (available-for-sale)	-	19,917	-	19,917
Bonds (available-for-sale)	5,409	5,087	5,409	5,087
Bonds (held-to-maturity)	94,260	78,279	94,260	78,279
	99,669	103,283	99,669	103,283

24 Other assets

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Accounts receivable	29,579	21,662	17,340	15,628
Prepayments	8,589	8,552	4,643	5,300
Stock of consumables	3,587	1,741	1,565	1,429
	41,755	31,955	23,548	22,357
Impairment loss on accounts receivable	(1,267)	(1,898)	(1,020)	(1,221)
	40,488	30,057	22,528	21,136

(a) Movement in impairment for other assets

At start of year	1,898	1,443	1,221	1,082
Charge for the year (Note 9)	611	819	442	243
Balances written off	(1,226)	(364)	(643)	(104)
Exchange difference	(16)	-	-	-
	1,267	1,898	1,020	1,221

(b) Current

Non-current	36,932	28,531	20,546	20,063
	3,556	1,526	1,982	1,073
	40,488	30,057	22,528	21,136

25 Investment in equity-accounted investee

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

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

(a) Nature of investment in associates

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

(b) Summarised financial information for associate**(i) Summarised balance sheet***In millions of Nigerian Naira*

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

(ii) Summarised statement of comprehensive income

	Dec. 2015	Dec. 2014
Operating income	1,798	1,460
Operating expense	(1,765)	(1,389)
Net impairment loss on financial assets	(254)	(53)
Profit before tax	(221)	18

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

(c) Movement in investment in equity-accounted investee*In millions of Nigerian Naira*

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Balance, beginning of year	2,986	2,977	1,770	1,770
Share of current year's result	(110)	9	-	-
Share of foreign currency translation differences	(640)	-	-	-
Balance, end of year	<u>2,236</u>	<u>2,986</u>	<u>1,770</u>	<u>1,770</u>

(i) Reconciliation of summarised financial information

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

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

(d) Impairment testing for cash generating units containing goodwill

Notional goodwill arising from the deemed disposal of UBA Zambia was tested for impairment during the year. The goodwill is monitored at the level of the individual cash generating unit. For the purpose of impairment testing, the notional goodwill was allocated to cash generating units (CGUs). The recoverable amounts of the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial forecasts covering a period of five years. Deposits have been identified as the key business driver for the CGU and management estimates average annual deposit growth rate of 9% based on plans to deepen customer base in Zambia during the forecast period. The projected cash flows were discounted using a pre-tax discount rate of 29% and a terminal growth rate of 8.5%. The discount rate was estimated based on a risk premium over and above the comparable sovereign yield (Zambian government bonds). The terminal growth rate was based on the projected growth rate for the Zambian economy in the next five years.

The result of the impairment test is as follows:

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

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

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

26 Investment in subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira

Bank subsidiaries (see note (i) below):	Year of acquisition/ Commence ment	Holding	Non- controlling interest	Country	Industry	Bank Dec. 2015	Bank Dec. 2014
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	-	Cameroun	Banking	1,845	1,845
UBA Cote d'Ivoire	2008	100%	-	Cote d'Ivoire	Banking	5,995	5,995
UBA Liberia Limited	2008	100%	-	Liberia	Banking	2,330	2,330
UBA (SL) Limited	2008	100%	-	Sierra Leone	Banking	1,269	1,269
UBA Uganda Limited	2008	70%	30%	Uganda	Banking	2,718	2,718
UBA Burkina	2008	64%	36%	Burkina Faso	Banking	5,352	5,352
UBA Benin	2008	76%	24%	Benin Republic	Banking	6,726	6,726
UBA Kenya Bank Limited	2009	81%	19%	Kenya	Banking	1,770	1,770
UBA Chad (SA)	2009	89%	11%	Chad	Banking	2,440	2,440
UBA Senegal (SA)	2009	86%	14%	Senegal	Banking	2,400	2,400
UBA Tanzania Limited	2010	80%	20%	Tanzania	Banking	1,770	1,770
UBA Gabon	2010	100%	-	Gabon	Banking	2,760	2,760
UBA Guinea (SA)	2010	100%	-	Guinea	Banking	1,475	1,475
UBA Congo DRC (SA)	2011	100%	-	Congo DRC	Banking	2,500	2,500
UBA Congo Brazaville	2011	100%	-	Congo Brazaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	70%	30%	Mozambique	Banking	869	869
Non-Bank Subsidiaries:							
UBA Pensions Custodian Limited (see (ii) below)	2004	100%	-	Nigeria	Pension custody	2,000	2,000
UBA FX Mart Limited (see (iii) below)	2008	100%	-	Nigeria	Banking	502	502
UBA Capital Europe Limited (see (iv) below)	2012	100%	-	United Kingdom	Investment banking	9,974	9,974
UBA Capital Holding Mauritius (see (v) below)	2012	100%	-	Mauritius	Investment banking	-	-
						65,767	65,767

The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

- (i) UBA Ghana, UBA Cameroon SA, UBA Cote d'Ivoire, UBA Liberia, UBA Uganda, Banque International Du Burkina Faso, UBA Chad SA, UBA Senegal SA, UBA Benin, UBA Kenya, UBA Tanzania, UBA Gabon, UBA Guinea, UBA Sierra Leone, UBA Mozambique, UBA Congo DRC and UBA Congo Brazaville are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.
- (ii) UBA Pension Custodian Limited obtained an operating license on 20 February 2006 and commenced operations in Nigeria on 3 May 2006. It principally operates as a custodian of pension assets, to hold and deal in such assets as directed by the Pension Fund Administrators and in line with regulations of the National Pension Commission in conformity with the Pensions Reforms Act 2004 and as amended in 2014.

- (iii) UBA FX Mart was incorporated on January 30, 2008 and commenced operations on May 22, 2008. It operates as a licensed bureau de change, dealing in foreign currency and traveller's cheques. In January 2015, Management made a decision to suspend the Company's operations. As at the reporting date, the Company is yet to resume operations.
- (iv) UBA Capital Europe Limited is a London-based investment banking company which was incorporated on September 25, 1995. It is primarily engaged in brokerage, trade finance and wealth management businesses.
- (v) UBA Capital Holding Mauritius (formerly Afrinvest Holdings Mauritius) is a fully owned non-operating subsidiary of the Bank. The Company is currently in the final stages of liquidation.
- (vi) Significant restrictions:
There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

(b) Non-controlling interests

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

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

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

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

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

In millions of Nigerian Naira

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

Summarised financial information of subsidiaries with non-controlling interest (Cont'd)

In millions of Nigerian Naira

	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Summarized balance sheet						
Cash and bank balances	4,274	6,035	6,128	4,190	10,757	11,297
Other financial assets	4,834	6,096	8,114	4,669	36,850	33,640
Non-financial assets	247	285	760	750	501	338
Total assets	9,355	12,416	15,002	9,609	48,108	45,275
Financial liabilities	6,878	9,362	12,635	7,216	37,720	38,134
Other liabilities	1,298	1,692	490	1,018	3,325	1,260
Total liabilities	8,176	11,054	13,125	8,234	41,045	39,394
Net assets	1,179	1,362	1,877	1,375	7,063	5,881
Summarized statement of comprehensive income						
Revenue	1,470	1,512	1,341	766	4,387	4,052
Profit/(loss) for the year	(141)	(876)	(518)	(494)	1,705	1,439
Other comprehensive income	(2)	-	-	-	-	-
Total comprehensive income	(143)	(876)	(518)	(494)	1,705	1,439
Total comprehensive income allocated to non-controlling interest	(42)	(228)	(98)	(74)	239	194
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	(1,727)	(1,134)	880	2,420	146	(10,280)
Cash flows from financing activities	(42)	(5)	1,019	(93)	(523)	(541)
Cash flows from investing activities	8	(29)	38	(24)	(163)	(19)
Net increase/(decrease) in cash and cash equivalents	(1,761)	(1,168)	1,937	2,303	(540)	(10,840)

Summarised financial information of subsidiaries with non-controlling interest (Cont'd)

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

27 Property and equipment
(a) (i) Group
As at 31 December 2015

In millions of Nigerian Naira

Cost

	Land	Buildings and Leasehold Improvements	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Balance at 1 January 2015	31,411	35,277	12,521	10,553	58,858	9,201	157,821
Additions	14	606	4	1,042	2,511	2,303	6,480
Reclassifications	-	954	110	95	6,776	(7,935)	-
Disposals	-	(873)	-	(477)	(1,567)	-	(2,917)
Transfers*	-	-	-	-	2	(757)	(755)
Write-off	-	-	-	(3)	(91)	(105)	(199)
Exchange difference	-	944	-	140	(351)	218	951
Balance at 31 December 2015	31,425	36,908	12,635	11,350	66,138	2,925	161,381

Accumulated depreciation

Balance at 1 January 2015	-	13,425	1,615	8,627	44,637	-	68,304
Charge for the year	-	926	600	645	4,725	-	6,896
Reclassifications	-	1	-	1	(2)	-	-
Disposals	-	(602)	-	(385)	(1,405)	-	(2,392)
Transfers*	-	-	-	-	-	-	-
Write-off	-	(1)	-	(3)	(80)	-	(84)
Exchange difference	-	371	-	53	(592)	-	(168)
Balance at 31 December 2015	-	14,120	2,215	8,938	47,283	-	72,556

Carrying amounts

Balance at 31 December 2015	31,425	22,788	10,420	2,412	18,855	2,925	88,825
Balance at 31 December 2014	31,411	21,852	10,906	1,926	14,221	9,201	89,517

(ii) Bank

In millions of Nigerian Naira

Cost

	Land	Buildings and Leasehold	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Balance at 1 January 2015	31,411	25,373	12,521	8,495	48,658	9,013	135,471
Additions	14	119	4	962	2,169	2,077	5,345
Reclassifications	-	954	110	1	6,626	(7,691)	-
Disposals	-	(103)	-	(226)	(580)	-	(909)
Transfers*	-	-	-	-	2	(757)	(755)
Write-off	-	-	-	(3)	(91)	(105)	(199)
Exchange difference	-	20	-	1	18	-	39
Balance at 31 December 2015	31,425	26,363	12,635	9,230	56,802	2,537	138,992

Accumulated depreciation

Balance at 1 January 2015	-	8,713	1,615	7,088	37,005	-	54,421
Charge for the year	-	376	600	434	3,900	-	5,310
Reclassifications	-	1	-	1	(2)	-	-
Disposals	-	(103)	-	(173)	(556)	-	(832)
Transfers*	-	-	-	-	3	-	3
Write-off	-	(1)	-	(3)	(80)	-	(84)
Exchange difference	-	13	-	(1)	17	-	29
Balance at 31 December 2015	-	8,999	2,215	7,346	40,287	-	58,847

Carrying amounts

Balance at 31 December 2015	31,425	17,364	10,420	1,884	16,515	2,537	80,145
Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050

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

(b) (i)

Group**As at 31 December 2014**

	Land	Buildings and Leasehold Improvements	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
<i>In millions of Nigerian Naira</i>							
Cost							
Balance at 1 January 2014	30,552	34,789	3,953	10,057	53,179	6,944	139,474
Additions	549	724	8,568	749	3,956	6,549	21,095
Reclassification	340	-	-	35	2,248	(2,623)	-
Disposals	(30)	(808)	-	(424)	(1,154)	(1,699)	(4,115)
Exchange difference	-	572	-	136	629	30	1,367
Balance at 31 December 2014	31,411	35,277	12,521	10,553	58,858	9,201	157,821
Accumulated depreciation							
Balance at 1 January 2014	-	12,376	1,377	8,365	41,948	-	64,066
Charge for the year	-	913	238	539	3,311	-	5,001
Disposals	-	(223)	-	(384)	(1,101)	-	(1,708)
Exchange difference	-	359	-	107	479	-	945
Balance at 31 December 2014	-	13,425	1,615	8,627	44,637	-	68,304
Carrying amounts							
Balance at 31 December 2014	31,411	21,852	10,906	1,926	14,221	9,201	89,517
Balance at 31 December 2013	30,552	22,413	2,576	1,692	11,231	6,944	75,408

(ii)

Bank

	Land	Buildings and Leasehold Improvements	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
<i>In millions of Nigerian Naira</i>							
Cost							
Balance at 1 January 2014	30,552	25,747	3,953	8,324	44,173	6,563	119,312
Additions	549	74	8,568	418	3,056	6,366	19,031
Reclassifications	340	-	-	35	1,842	(2,217)	-
Disposals	(30)	(494)	-	(282)	(453)	(1,699)	(2,958)
Exchange difference	-	46	-	-	40	-	86
Balance at 31 December 2014	31,411	25,373	12,521	8,495	48,658	9,013	135,471
Accumulated depreciation							
Balance at 1 January 2014	-	8,249	1,377	6,955	35,070	-	51,651
Charge for the year	-	446	238	378	2,333	-	3,395
Disposals	-	(11)	-	(245)	(441)	-	(697)
Exchange difference	-	29	-	-	43	-	72
Balance at 31 December 2014	-	8,713	1,615	7,088	37,005	-	54,421
Carrying amounts							
Balance at 31 December 2014	31,411	16,660	10,906	1,407	11,653	9,013	81,050
Balance at 31 December 2013	30,552	17,498	2,576	1,369	9,103	6,563	67,661

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

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

(b) (i)

*In millions of Nigerian Naira***Group****Cost**

Balance at 1 January 2014

Additions

Disposal

Exchange difference

Balance at 31 December 2014

Amortization

Balance at 1 January 2014

Amortisation for the year

Disposal

Exchange difference

Balance at 31 December 2014

Carrying amounts

Balance at 31 December 2014

Balance at 31 December 2013

Goodwill	Purchased software	Total
5,673	10,305	15,978
-	1,550	1,550
-	(258)	(258)
-	(151)	(151)
5,673	11,446	17,119
-	8,622	8,622
-	(735)	(735)
-	(98)	(98)
-	(100)	(100)
-	7,689	7,689
5,673	3,757	9,430
5,673	1,683	7,356

(ii)

Bank**Cost***In millions of Nigerian Naira*

Balance at 1 January 2014

Additions

Disposal

Exchange difference

Balance at 31 December 2014

Amortization

Balance at 1 January 2014

Amortisation for the year

Disposal

Exchange difference

Balance at 31 December 2014

Carrying amounts

Balance at 31 December 2014

Balance at 31 December 2013

Purchased software	Total
8,557	8,557
1,442	1,442
(151)	(151)
121	121
9,969	9,969
7,156	7,156
(656)	(656)
(98)	(98)
121	121
6,523	6,523
3,446	3,446
1,401	1,401

Impairment testing for cash-generating units containing Goodwill

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

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

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

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

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

The following is the result of the impairment test:

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

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

29 Deferred tax assets and liabilities**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

In millions of Nigerian Naira

(a)

31 December 2015

Property, equipment, and software

Allowances for loan losses

Account receivable

Tax losses carried forward

Fair value loss on derivatives

Others

Net tax assets /liabilities

Group		Bank	
Assets	Liabilities	Assets	Liabilities
7,562	15	6,247	-
1,966	-	1,966	-
366	-	366	-
24,666	-	24,666	-
(1,715)	-	(1,715)	-
323	-	323	-
33,168	15	31,853	-

*In millions of Nigerian Naira***31 December 2014**

Property, equipment, and software

Allowances for loan losses

Account receivable

Tax losses carried forward

Exchange difference on monetary items

Others

Net tax assets /liabilities

Group		Bank	
Assets	Liabilities	Assets	Liabilities
7,510	40	6,247	-
1,966	-	1,966	-
366	-	366	-
24,666	-	24,666	-
(1,715)	-	(1,715)	-
323	-	323	-
33,116	40	31,853	-

Deferred tax assets and liabilities**Movements in temporary differences during the year****31 December 2015****Group***In millions of Nigerian Naira*

Property, equipment and software

Allowances for loan losses

Account receivable

Tax losses carried forward

Tax losses on fair value gain on derivatives

Others

Opening	Recognised in profit or loss	Recognised in equity	Closing balance
7,470	77	-	7,547
1,966	-	-	1,966
366	-	-	366
24,666	-	-	24,666
(1,715)	-	-	(1,715)
323	-	-	323
33,076	77	-	33,153

Bank*In millions of Nigerian Naira*

	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	6,247	-		6,247
Allowances for loan losses	1,966	-		1,966
Account receivable	366	-		366
Tax losses carried forward	24,666	-		24,666
Fair value (gain)/loss on derivatives	(1,715)	-		(1,715)
Others	323	-		323
	<u>31,853</u>	<u>-</u>	<u>-</u>	<u>31,853</u>

31 December 2014**Group***In millions of Nigerian Naira*

Property, equipment and software	6,293	1,177	-	7,470
Allowances for loan losses	1,892	74	-	1,966
Account receivable	325	41	-	366
Tax losses carried forward	21,158	3,508	-	24,666
Exchange difference on monetary items	19	(19)	-	-
Fair value gain on derivatives	-	(1,715)	-	(1,715)
Others	488	(165)	-	323
	<u>30,175</u>	<u>2,901</u>	<u>-</u>	<u>33,076</u>

Bank*In millions of Nigerian Naira*

Property, equipment and software	4,761	1,486	-	6,247
Allowances for loan losses	1,892	74	-	1,966
Account receivable	325	41	-	366
Tax losses carried forward	21,159	3,507	-	24,666
Exchange difference on monetary items	19	(19)	-	-
Fair value gain on derivatives	-	(1,715)	-	(1,715)
Others	488	(165)	-	323
	<u>28,644</u>	<u>3,209</u>	<u>-</u>	<u>31,853</u>
	<u>28,643</u>	<u>3,210</u>	<u>-</u>	<u>31,853</u>

Unrecognised deferred tax assets

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

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

Temporary difference relating to the Group's investment in subsidiaries is N13.426 billion (2014: 14.611 billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

In assessing the recoverability of deferred tax assets, management considers whether there is any doubt that some portion or all of the deferred tax assets will not be recovered. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the projected future taxable income in making this assessment and believes that the bank will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

30**Derivative financial instruments**

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

In millions of Nigerian Naira

Derivative assets

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Carrying value	1,809	6,534	1,809	6,534
Notional amount	46,610	61,397	46,610	61,397
Derivative liabilities				
Carrying value	327	943	327	943
Notional amount	60,809	8,408	60,809	8,408

(a) Derivative assets

In millions of Nigerian Naira

Instrument type:

Cross-currency swaps	1,809	2,150	1,809	2,150
Foreign exchange forward contracts	-	4,384	-	4,384
	<u>1,809</u>	<u>6,534</u>	<u>1,809</u>	<u>6,534</u>

The movement in derivative assets is as follows:

Balance, beginning of year	6,534	3,265	6,534	3,265
Fair value of derivatives derecognised in the year	(16,712)	(3,265)	(16,712)	(3,265)
Fair value of derivatives acquired/remeasured in the year	11,987	6,534	11,987	6,534
Balance, end of year	<u>1,809</u>	<u>6,534</u>	<u>1,809</u>	<u>6,534</u>

Derivative assets are current in nature

(b) Derivative liabilities*In millions of Nigerian Naira*

Instrument type:

Cross-currency swap

The movement in derivative liability is as follows:

Balance, beginning of year

Fair value of derivatives derecognised in the year

Fair value of derivatives acquired/remeasured in the year

Balance, end of period

Derivative liabilities are current in nature

Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
327	943	327	943
327	943	327	943
943	31	943	31
(953)	(31)	(953)	(31)
337	943	337	943
327	943	327	943

(c) Fair value gain on derivatives**Derivative assets :**

Fair value gain on additions in the year

Fair value loss on maturities in the year

Net fair value (loss)/gain on derivative assets

Derivative liabilities:

Fair value loss on additions in the year

Fair value gain on maturities in the year

Net fair value gain/(loss) on derivative liabilities

Net fair value (loss)/gain on derivative assets and liabilities (See note 12)

11,987	6,534	11,987	6,534
(16,712)	(3,265)	(16,712)	(3,265)
(4,725)	3,269	(4,725)	3,269
(337)	(943)	(337)	(943)
953	31	953	31
616	(912)	616	(912)
(4,109)	2,357	(4,109)	2,357

31**Deposits from banks***In millions of Nigerian Naira*

Money market deposits

Due to other banks

Current

60,312	58,063	350	1,526
754	1,165	-	-
61,066	59,228	350	1,526
61,066	59,228	350	1,526

32**Deposits from customers***In millions of Nigerian Naira**Retail customers:*

Term deposits

Current deposits

Savings deposits

Domiciliary deposits

Corporate customers:

Term deposits

Current deposits

Domiciliary deposits

Current

160,967	165,813	142,811	147,707
126,931	153,747	89,150	88,919
407,036	357,169	351,982	308,824
34,507	38,542	31,462	35,735
384,015	391,044	303,597	353,108
673,358	680,369	452,550	514,928
294,890	382,979	255,508	363,056
2,081,704	2,169,663	1,627,060	1,812,277
2,081,704	2,169,663	1,627,060	1,812,277
2,081,704	2,169,663	1,627,060	1,812,277

33 Other liabilities*In millions of Nigerian Naira*

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Creditors	34,879	43,768	24,295	27,237
Accruals	11,137	4,189	2,974	1,635
Customers' deposit for foreign trade (note (ii))	8,684	15,456	6,803	12,184
Provisions (note (iii))	185	153	147	153
	54,885	63,566	34,219	41,209
Current	54,885	63,566	34,219	41,209
Non-current	-	-	-	-
	54,885	63,566	34,219	41,209

- (i) In accordance with the provisions of the Pension Reform Act 2014, the Bank and its employees contribute 10% and 8% of the employees basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions. The contribution by the Group during the year was N2.162 billion (December 2014 : N2.489 billion).
- (ii) Customers' deposit for foreign trade represents the naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in cash and balances with banks in note 19.
- (iii) The amounts represent a provision for certain legal claims. The provision charge is recognised in profit or loss within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 2015. The expected timing of the cashflows arising from the legal claim provision is within 1 year.

The movement in provision during the year is as follows:

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
At 1 January	153	164	153	164
Additional provisions	38	-	-	-
Used during the period	(6)	(11)	(6)	(11)
At 31 December	185	153	147	153
Analysis of total provisions:				
Current	185	153	147	153

34 Borrowings*In millions of Nigerian Naira*

- Central Bank of Nigeria (note 34.1)	13,642	9,958	13,642	9,958
- Bank of Industry (BoI) (note 34.2)	13,054	15,493	13,054	15,493
- Standard Chartered Bank (note 34.3)	39,994	37,192	39,994	37,192
- European Investment Bank (EIB) (note 34.4)	1,590	1,466	1,590	1,466
- Syndicated facility (note 34.5)	41,710	49,688	41,710	49,688
- Africa Trade Finance Limited (note 34.6)	19,906	-	19,906	-
	129,896	113,797	129,896	113,797
Current	73,542	-	73,542	-
Non-current	56,354	107,042	56,354	107,042
	129,896	113,797	129,896	113,797

Movement in borrowings during the year:

In millions of Nigerian Naira

Opening balance	113,797	48,866	113,797	48,866
Additions	28,724	92,274	28,724	92,274
Interest accrued	3,849	1,422	3,849	1,422
Repayments	(22,978)	(29,537)	(22,978)	(29,537)
Exchange difference	6,504	772	6,504	772
	129,896	113,797	129,896	113,797

- 34.1** This represents on-lending facilities provided by the Central Bank of Nigeria (CBN) Commercial Agriculture Credit Scheme representing a credit line granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. The facility is secured by Nigerian Government Securities and has a tenor of 7 years with effect from 2009 and an expiry date of September 2016. Interest rate on the facility is 0% per annum and the Bank is under obligation to on-lend to customers at an all-in interest rate of not more than 9% per annum. Based on the structure of the facility, the Bank assumes the default risk of all amounts lent to customers.
- 34.2** This represents an intervention credit granted to the Bank by the Bank of Industry (BOI) for the purpose of refinancing/restructuring existing loans to Small and Medium Scale Enterprises (SMEs), manufacturing companies and companies in the power and aviation industries. The maximum tenor of term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum deductible at source in the first year, and quarterly in arrears thereafter is paid by the Bank under the intervention programme and the Bank is under obligation to on-lend to customers at an all-interest rate of 7% per annum. The Bank is the primary obligor to CBN/BOI and assumes the risk of default.
- 34.3** This represents the amount granted under a \$200 million 2-year term loan facility granted by Standard Chartered Bank in April 2014. Interest rate on the loan facility is six (6) months USD LIBOR plus 250 basis points. Interest on the loan is payable quarterly. Principal repayment is on maturity in April 2016.
- 34.4** This represents the outstanding balance on a \$16.296 million term loan facility granted by European Investment Bank in October 2013. The purpose of the facility is to support lending to small and medium sized enterprises in Nigeria and through its regional subsidiaries. The facility is for a tenor of 7 years. Of the initial amount granted, \$ 8.079 million was liquidated in June 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable semi-annually while principal repayment will commence in April 2016. The facility will expire in October 2020.
- 34.5** This represents the amount granted under a \$270 million 3-year syndicated term loan facility in September 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable quarterly while principal repayment will commence in August 2015. The facility will expire in August 2017.
- 34.6** This represents the amount granted under a \$100 million term loan facility granted by the Africa Trade Finance Limited and disbursed in two tranches of \$50 million each. Tranche A of this facility which was disbursed in September 2015, is a one-year trade related term loan with interest rate of six (6) months USD LIBOR plus 250 basis points. Interest on the loan is payable semi-annually and principal repayment is on maturity in September 2016. Tranche B was disbursed in November 2015 with an interest rate of three (3) months USD LIBOR plus 250 basis points. Interest on the loan is payable quarterly with principal repayment at maturity in April 2016.

35 Subordinated liabilities

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Medium term notes - series 1	20,503	20,437	20,503	20,437
Medium term notes - series 2	35,625	35,464	35,625	35,464
Medium term notes - series 3	29,492	29,414	29,492	29,414
	85,620	85,315	85,620	85,315
Non-current	85,620	72,798	85,620	72,798
	85,620	85,315	85,620	85,315

Subordinated liabilities represent medium-term bonds issued by the Bank. In 2010, the Bank offered for subscription N20 billion fixed rate subordinated unsecured notes, maturing in 2017 with a coupon of 13%. In 2011, the Bank also offered N35 billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. In December 2014, the Bank also offered N30.5 billion fixed rate unsecured notes maturing in 2021. Coupon on the notes are payable semi-annually while principal is payable on maturity.

Movement in subordinated liabilities:

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Opening balance	85,315	55,653	85,315	55,653
Additions	-	29,400	-	29,400
Interest accrued	12,834	7,762	12,834	7,762
Repayments	(12,529)	(7,500)	(12,529)	(7,500)
	85,620	85,315	85,620	85,315

36 Capital and reserves**(a) Share capital**

Share capital comprises:

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
(i) Authorised - 45,000,000,000 Ordinary shares of 50k each	22,500	22,500	22,500	22,500
(ii) Issued and fully paid - 36,279,526,324 Ordinary shares of 50k each	18,140	16,491	18,140	16,491

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

In millions

Number of shares in issue at start of the year	32,982	32,982	32,982	32,982
Additional number of shares from rights issue	3,298	-	3,298	-
Number of shares in issue at end of the year	36,280	32,982	36,280	32,982

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

(b) Share premium

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

(c) Retained earnings

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

(d) Other Reserves

Other reserves include the following:

In millions of Nigerian Naira

	Group Dec. 2015	Group Dec. 2014	Bank Dec. 2015	Bank Dec. 2014
Translation reserve (note (ii))	(5,654)	(4,053)	-	-
Statutory reserve (note (ii))	65,450	56,291	52,572	44,208
Fair value reserve (note (iii))	31,348	23,243	31,985	23,866
Regulatory (Credit) risk reserve (note (iv))	18,167	5,280	17,260	5,206
Treasury shares (note (v))	(32,061)	(32,301)	-	-
	77,250	48,460	101,817	73,280

(i) Translation reserve

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

(ii) Statutory reserve

In accordance with existing legislation, the Bank transferred 15% (2014: 15%) of its profit after taxation to statutory reserves. Also included in statutory reserves is the Bank's Small and Medium Enterprises Equity Investment Scheme (SMEIS) reserves. The Bank has since suspended further appropriation to SMEIS reserve (now known as Microcredit Fund) account in line with the decision reached at the Banker's Committee meeting and approved by CBN.

(iii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(iv) Regulatory (Credit) risk reserve

The regulatory (credit) risk reserve represents the difference between the impairment on loans and advances determined using the Central Bank of Nigeria prudential guidelines and Central Bank's of the foreign subsidiaries' regulations, compared with the incurred loss model used in determining the impairment loss under IFRSs.

Where the loan loss impairment determined using the Central Bank of Nigeria prudential guidelines and Central Bank's of the foreign subsidiaries' regulations is higher than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the parent.

(v) Treasury shares

Treasury shares represent the Bank's shares of 2,299,978,358 units (31 December 2014 : 2,317,693,490 units) held by the Staff Share Investment Trust as at 31 December 2015.

37 Dividends

The Board of Directors pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, paid interim dividend of N0.20 from the retained earnings account in June 2015. The Board of Directors also proposed a dividend of N0.40 per share (31 December 2014 : N0.10 per share) from the retained earnings account as at 31 December 2015. This is subject to approval by the shareholders at the next Annual General Meeting. If the proposed dividend is approved by the shareholders, the Bank will be liable to pay additional corporate tax estimated at N4.354 billion which represents the tax liability calculated at 30% of the amount of dividend approved.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2015 and 31 December 2014 respectively.

Payment of dividend to shareholders is subject to withholding tax at a rate of 10% in the hand of the recipients.

38 Contingencies

(i) Litigation and claims

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

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

(ii) Contingent liabilities

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

Nature of instruments

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

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

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

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

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

Contingent liabilities:

In millions of Nigerian naira

Performance bonds and guarantees

Letters of credits

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

(iii) Loan commitments

At the balance sheet date, the Group had loan commitments amounting to N123.5 billion (2014: N67.7 billion) in respect of various loan contracts.

(iv) Capital commitments

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

In millions of Nigerian naira

Property and equipment
Intangible assets

	Group Dec. 2015	Group Dec. 2014
Property and equipment	1,659	754
Intangible assets	648	2,184
	2,307	2,938

39 Related parties

United Bank for Africa Plc (UBA Plc) is the ultimate parent/controlling party of the Group. The shares of UBA Plc are listed on the Nigerian Stock Exchange and held by widely varied investors.

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

(a) Subsidiaries

Transactions between United Bank for Africa Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank.

(i) Cash and cash equivalents

Name of Subsidiary	Nature of Balance	Dec. 2015	Dec. 2014
<i>In millions of Nigerian naira</i>			
UBA Capital Europe	Money market placement	17,917	38,763
UBA Congo DRC	Money market placement	-	1,861
UBA Ghana	Money market placement	1,256	47,518
UBA Cameroun	Money market placement	5,262	-
UBA Cote D'Ivoire	Money market placement	2,063	-
UBA Capital Europe	Nostro balance	806	2,518
UBA Ghana	Nostro balance	69	-
		27,373	90,660

(ii) Loan and advances

Name of Subsidiary	Type of Loan		
<i>In millions of Nigerian naira</i>			
UBA Tanzania	Term Loans	7,857	7,744
UBA Uganda	Term Loans	-	127
UBA Cameroun	Overdraft	48	8,037
UBA Senegal	Overdraft	37	330
UBA Chad	Overdraft	100	35
UBA Gabon	Overdraft	3	102
UBA Guinea	Overdraft	190	-
UBA Mozambique	Overdraft	1	-
UBA Liberia	Overdraft	2,556	-
UBA Cote D'Ivoire	Overdraft	61	26
UBA Tanzania	Overdraft	-	847
UBA Benin	Overdraft	-	8
UBA Burkina Faso	Overdraft	-	1
UBA Congo DRC	Overdraft	-	57
		10,853	17,314

(iii) Deposits

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

(b) Investment in equity accounted investee

Transactions between United Bank for Africa Plc and UBA Zambia meet the definition of related party transactions. The following balances are held with respect to the associate.

	Dec. 2015	Dec. 2014
Account receivable	-	25
Deposit liabilities	35	36
	35	61

(c) Key management personnel

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

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

In millions of Nigerian naira

Loans and advances to key management personnel

	Dec. 2015	Dec. 2014
Loans and advances as at year end	593	800
Interest income earned during the year	72	90

Loans to key management personnel are granted on the same terms and conditions as loans to other employees. Related party loans are secured over real estate, equity and other assets of the respective borrowers. No impairment losses (2014: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at December 2015:

In millions of Nigerian naira

Name of company/individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Dec. 2015	Dec. 2014
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9.0%	NGN	47	25
Bridge House College	Mrs. Foluke Abdulrazaq	Overdraft	Real Estate	Performing	18.0%	NGN	6	-
Heirs Holdings	Mr. Tony O. Elumelu	Term Loan	Real Estate	Performing	16.0%	NGN	20,676	15,946
Africa Royal Shipping Lines Ltd.	Alhaji Yahaya Zekeri	Invoice Discounting	Otherwise Secured	Performing	24.0%	NGN	-	10
The Regent School	Mrs. Foluke Abdulrazaq	Finance Lease	Real Estate	Performing	8.0%	USD	-	99
Drunstix Food & Investment Limited	Mrs. Foluke Abdulrazaq	Term Loan	Legal ownership over assets secured	Performing	23.0%	NGN	-	30
							20,729	16,110
Interest income earned during the year							2,159	2,389

Deposit liabilities

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

In millions of Nigerian naira

	Dec. 2015	Dec. 2014
Deposits as at end of year	3,086	2,425
Interest expense during the year	74	32

Compensation

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

In millions of Nigerian Naira

	Dec. 2015	Dec. 2014
Executive compensation	547	555
Retirement benefit costs	16	14
Short-term employee benefits	563	569

40 Compensation to Employees and Directors

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

(In absolute units)

	Group	Group	Bank	Bank
	Dec. 2015	Dec. 2014	Dec. 2015	Dec. 2014
Group executive directors	6	7	6	7
Management	99	110	81	90
Non-management	12,671	12,582	9,714	9,842
	12,776	12,699	9,801	9,939

Compensation for the above personnel (including executive directors):

In millions of Nigerian naira

Salaries and wages	55,394	53,611	40,635	40,799
Retirement benefit costs:				
Defined contribution plans	2,052	1,850	1,398	1,283
	57,446	55,461	42,033	42,082

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

(In absolute units)

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

(iii) Directors

In millions of Nigerian naira

Remuneration paid to the Group's Directors was:

Fees and sitting allowances	40	31	40	31
Executive compensation	547	555	547	555
Retirement benefit costs	16	14	16	14
	603	600	603	600

Fees and other emoluments disclosed above includes amounts paid to:

The Chairman	3	2	3	2
The highest paid Director	125	116	125	116

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

(In absolute units)

N1,000,001 - N3,000,000	1	1	1	1
N3,000,001 - N5,000,000	8	2	8	2
N5,500,001 and above	7	13	7	13
	16	16	16	16

41 Compliance with banking regulations

During the year, the Bank paid the following penalties:

In millions of Nigerian Naira

Description	Amount
1 Contravention of banking rules and regulations as contained in the risk-based report.	4
Late update of customer files/continuous due diligence and non-compliance with section 3.1 of the	
2 prudential guidelines 2010.	6
3 Failure to fully remit funds to the Treasury Single Account within deadline	2,946
Breach of agreement reached at the Bankers Committee meeting on purchase of foreign exchange and	
4 failure to capture two customers as PEPs.	6.8
5 Penalty on reporting of off-shore subsidiary	6

42 Events after the reporting date

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

43 Condensed result of consolidated subsidiaries

For the year ended 31 December 2015

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
<i>In millions of Nigerian Naira</i>								
Condensed statements of comprehensive income								
Operating income	17,082	969	3,615	4,387	1,341	4,620	2,001	4,360
Total operating expenses	(9,860)	(777)	(3,228)	(2,527)	(1,691)	(1,872)	(1,545)	(3,634)
Net impairment gain/(loss) on financial assets	(344)	(24)	174	70	(243)	(385)	(53)	(92)
Profit/(loss) before income tax	6,878	168	561	1,930	(593)	2,363	403	634
Income tax expense	(2,050)	(20)	(4)	(225)	75	(938)	(70)	(40)
Profit/(loss) for the year	4,828	148	557	1,705	(518)	1,425	333	594

Condensed statements of financial position

Assets								
Cash and bank balances	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	42,584	3,590	14,342	20,763	5,189	6,108	10,634	15,461
Investment securities	72,228	707	15,587	15,441	2,729	21,725	901	38,062
Other assets	2,449	388	8,567	646	196	607	77	945
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	542	255	237	499	106	325	184	941
Intangible assets	54	8	127	2	36	28	20	7
Deferred tax assets	91	-	-	-	618	-	-	-
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568

Financed by:

Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	14,494	-	20,940	6,409	4,651	1,839	-	4,989
Deposits from customers	93,507	6,442	17,891	31,311	7,984	26,322	12,486	46,907
Other liabilities	2,222	640	1,378	3,100	473	898	1,318	2,812
Current tax liabilities	1,958	20	230	225	17	938	70	40
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Total Equity	15,645	2,383	2,030	7,063	1,877	4,496	3,527	2,820
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568

Condensed cash flows

Net cash from operating activities	(28,126)	(1,929)	2,397	146	880	(2,918)	(56)	(10,541)
Net cash from financing activities	(2,939)	181	(1,461)	(523)	1,019	(848)	76	(534)
Net cash from investing activities	(34)	(22)	34	(163)	38	(16)	(6)	68
Increase/(decrease) in cash and cash equivalents	(31,099)	(1,770)	970	(540)	1,937	(3,782)	14	(11,008)
Effects of exchange rate changes on cash and cash equivalents	(3)	-	(1)	-	(1)	-	(1)	-
Cash and cash equivalents at beginning of year	40,980	6,307	2,638	11,297	4,192	9,482	5,572	13,159
Cash and cash equivalents at end of year	9,878	4,537	3,607	10,757	6,128	5,700	5,585	2,151

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 2015

	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian
<i>In millions of Nigerian Naira</i>								
Condensed statements of comprehensive income								
Operating income	1,778	7,444	2,400	1,470	4,866	836	7,481	4,712
Total operating expenses	(910)	(5,734)	(1,667)	(1,469)	(2,638)	(1,225)	(5,320)	(1,050)
Net impairment gain/(loss) on financial assets	(3)	(329)	(114)	(36)	(117)	(59)	(245)	-
Profit/(loss) before income tax	865	1,381	619	(35)	2,111	(448)	1,916	3,662
Income tax expense	(1)	(40)	(284)	(106)	(177)	-	(693)	(979)
Profit/(loss) for the year	864	1,341	335	(141)	1,934	(448)	1,223	2,683

Condensed statements of financial position

Assets

Cash and bank balances	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	1,296	25,839	10,918	1,965	22,147	1,857	37,559	-
Investment securities	6,196	68,970	3,409	2,636	2,637	689	26,659	6,039
Other assets	-	1,932	260	233	1,529	199	569	852
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	325	2,455	518	229	419	97	658	47
Intangible assets	-	6	11	18	17	15	95	131
Deferred tax assets	-	14	-	-	-	-	-	46
	13,357	104,450	20,470	9,355	37,274	4,813	92,071	7,863

Financed by:

Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	396	23,382	-	-	32	-	-	-
Deposits from customers	9,632	73,550	16,197	6,878	29,048	3,230	77,045	-
Other liabilities	265	662	501	1,192	2,019	1,134	7,301	3,147
Current tax liabilities	21	41	269	106	177	-	693	982
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	15	-	-	-	-	-	-	-
Total Equity	3,028	6,815	3,503	1,179	5,998	449	7,032	3,734
	13,357	104,450	20,470	9,355	37,274	4,813	92,071	7,863

Condensed cash flows

Net cash from operating activities	927	(1,017)	(1,908)	(1,727)	2,259	409	5,822	2,536
Net cash from financing activities	1,426	(674)	159	(42)	28	852	(422)	(2,507)
Net cash from investing activities	(75)	(233)	(5)	8	10	77	(145)	(12)
Increase/(decrease) in cash and cash equivalents	2,278	(1,924)	(1,754)	(1,761)	2,297	1,338	5,255	17
Effects of exchange rate changes on cash and cash equivalents	(1)	(1)	-	1	-	1	1	-
Cash and cash equivalents at beginning of year	3,263	7,159	7,108	6,034	8,228	617	21,275	731
Cash and cash equivalents at end of year	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 2015

	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjustmen ts	Group
<i>In millions of Nigerian Naira</i>									
Condensed statements of comprehensive income									
Operating income	1,446	1,620	14	1,523	513	-	157,463	(21,697)	210,243
Total operating expenses	(1,622)	(1,472)	(5)	(1,797)	(474)	-	(103,237)	17,127	(136,626)
Net impairment gain/(loss) on financial assets	110	(56)	-	65	-	-	(3,491)	119	(5,053)
Profit/(loss) before income tax	(66)	92	9	(209)	39	-	50,735	(4,560)	68,454
Income tax expense	(94)	(26)	-	-	(62)	-	(3,093)	27	(8,800)
Profit/(loss) for the year	(160)	66	9	(209)	(23)	-	47,642	(4,533)	59,654

Condensed statements of financial position

Assets									
Cash and bank balances	2,015	2,533	672	2,791	-	455	590,774	(52,377)	655,371
Financial assets held for trading	-	-	-	-	-	-	11,249	-	11,249
Derivative assets	-	-	-	-	-	-	1,809	-	1,809
Loans and Advances to Banks	-	-	-	-	-	-	14,591	9	14,600
Loans and advances to customers	9,288	4,592	-	21,135	-	2	822,694	(41,327)	1,036,637
Investment securities	2,212	-	99	3,175	7,820	-	568,203	(9,254)	856,870
Other assets	44	302	-	3,702	-	114	22,528	(5,651)	40,488
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	466	2,236
Investments in Subsidiaries	-	-	-	-	-	-	65,767	(65,767)	-
Property and Equipment	38	374	2	229	-	203	80,145	-	88,825
Intangible assets	12	3	-	151	-	-	4,954	5,674	11,369
Deferred tax assets	530	17	-	-	-	-	31,853	(1)	33,168
	14,139	7,821	773	31,183	7,820	774	2,216,337	(168,228)	2,752,622

Financed by:

Derivative liabilities	-	-	-	-	-	-	327	-	327
Deposits from banks	6,826	869	-	-	-	-	350	(24,111)	61,066
Deposits from customers	5,919	4,341	-	18,937	-	70	1,627,060	(33,053)	2,081,704
Other liabilities	388	67	677	2,748	-	36	34,219	(12,312)	54,885
Current tax liabilities	-	65	-	5	-	-	634	-	6,488
Subordinated liabilities	-	-	-	-	-	-	85,620	-	85,620
Borrowings	-	-	-	-	30,491	-	129,896	(30,491)	129,896
Deferred tax liabilities	-	-	-	-	-	-	-	-	15
Total Equity	1,006	2,479	96	9,493	(22,671)	668	338,231	(68,259)	332,621
	14,139	7,821	773	31,183	7,820	774	2,216,337	(168,226)	2,752,622

Condensed cash flows

Net cash from operating activities	(956)	690	329	(5,505)	2,183	-	58,408	88,579	110,881
Net cash from financing activities	358	245	-	660	(2,126)	-	12,787	8,100	13,815
Net cash from investing activities	25	13	1	(192)	(57)	-	(118,722)	(77,465)	(196,872)
Increase/(decrease) in cash and cash equivalents	(573)	948	330	(5,037)	-	-	(47,527)	19,214	(72,176)
Effects of exchange rate changes on cash and cash equivalents	(1)	1	-	(1)	-	-	913	(1,446)	(539)
Cash and cash equivalents at beginning of year	2,589	1,584	342	7,829	-	455	337,200	(77,469)	420,571
Cash and cash equivalents at end of year	2,015	2,533	672	2,791	-	455	290,586	(59,701)	347,856

43 (c) Condensed result of consolidated subsidiaries -contd

For the year ended 31 December 2014

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
<i>In millions of Nigerian Naira</i>								
Condensed statements of comprehensive income								
Operating income	20,244	1,099	3,085	4,052	766	1,406	1,961	6,058
Total operating expenses	(10,659)	(730)	(3,113)	(2,250)	(1,317)	(843)	(1,222)	(4,044)
Net impairment gain/(loss) on financial assets	(245)	(91)	(136)	(342)	(77)	(162)	(6)	(890)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	9,340	278	(164)	1,460	(628)	401	733	1,124
Income tax expense	(2,862)	(68)	-	(21)	134	(210)	(205)	(49)
Profit/(loss) for the year	6,478	210	(164)	1,439	(494)	191	528	1,075

Condensed statements of financial position

Assets								
Cash and bank balances	40,977	6,301	2,638	11,297	4,190	9,482	5,571	13,160
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	24,604	2,275	14,387	20,642	1,491	10,926	10,355	12,720
Investment securities	52,862	477	17,175	12,836	2,973	4,548	1,446	16,287
Other assets	702	328	3,518	162	206	65	166	1,638
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-	-
Property and equipment	532	233	387	338	180	322	178	1,001
Intangible assets	30	6	11	-	-	15	-	15
Deferred tax assets	52	-	-	-	570	-	-	-
	119,759	9,620	38,116	45,275	9,610	25,359	17,716	44,821

Financed by:

Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	43,257	-	13,960	5,077	-	9,343	-	-
Deposits from customers	59,560	7,256	20,204	33,057	7,216	12,649	11,732	40,224
Other liabilities	3,116	242	1,018	1,239	1,018	275	2,731	1,828
Current tax liabilities	70	68	-	21	-	104	205	49
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Total Equity	13,756	2,054	2,934	5,881	1,376	2,988	3,048	2,720
	119,759	9,620	38,116	45,275	9,610	25,359	17,716	44,821

Condensed cash flows

Net cash from operating activities	15,825	11,605	152	(10,280)	2,420	6,004	628	8,571
Net cash from financing activities	(5,765)	(5,963)	868	(541)	(93)	172	(150)	(225)
Net cash from investing activities	18	(228)	61	(19)	(24)	(180)	(53)	(388)
Increase/(decrease) in cash and cash equivalents	10,078	5,414	1,081	(10,840)	2,303	5,996	425	7,958
Effects of exchange rate changes on cash and cash equivalents	(1)	-	-	-	1	-	-	-
Cash and cash equivalents at beginning of year	30,899	893	1,557	22,137	1,889	3,486	5,147	5,201
Cash and cash equivalents at end of year	40,976	6,307	2,638	11,297	4,193	9,482	5,572	13,159

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 2014

	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroun	UBA Pension Custodians
<i>In millions of Nigerian Naira</i>								
Condensed statements of comprehensive income								
Operating income	1,097	6,477	2,077	1,512	3,310	1,158	6,456	4,268
Total operating expenses	(665)	(5,796)	(1,527)	(1,550)	(2,253)	(1,099)	(4,454)	(887)
Net impairment gain/(loss) on financial assets	(6)	(85)	(79)	(94)	(698)	(514)	(139)	-
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	426	596	471	(132)	359	(455)	1,863	3,381
Income tax expense	(123)	(49)	(188)	(744)	(179)	1	(713)	(874)
Profit/(loss) for the year	303	547	283	(876)	180	(454)	1,150	2,507

Condensed statements of financial position

Assets

Cash and bank balances	3,262	7,158	7,121	6,035	8,228	618	21,276	731
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	498	35,760	11,063	1,692	16,862	2,555	37,453	55
Investment securities	3,160	66,237	3,120	4,364	2,546	646	9,651	5,238
Other assets	27	1,411	130	40	668	103	628	715
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	250	2,225	513	246	422	164	587	41
Intangible assets	-	3	11	9	24	25	21	125
Deferred tax assets	-	-	-	30	-	-	-	45
	7,197	112,794	21,958	12,416	28,750	4,111	69,616	6,950

Financed by:

Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	-	32,622	1,774	-	7	-	-	-
Deposits from customers	5,252	71,146	16,772	9,362	23,410	3,945	61,399	-
Other liabilities	218	2,840	223	1,692	1,118	121	1,273	2,473
Current tax liabilities	110	24	180	-	179	-	713	919
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	15	14	-	-	-	-	-	-
Total Equity	1,602	6,148	3,009	1,362	4,036	45	6,231	3,558
	7,197	112,794	21,958	12,416	28,750	4,111	69,616	6,950

Condensed cash flows

Net cash from operating activities	(5,209)	(10,073)	4,229	(1,134)	(1,411)	(931)	5,977	2,866
Net cash from financing activities	197	91	125	(5)	149	(358)	(615)	(2,009)
Net cash from investing activities	(22)	577	(136)	(29)	(108)	17	1,118	(131)
Increase/(decrease) in cash and cash equivalents	(5,034)	(9,405)	4,218	(1,168)	(1,370)	(1,272)	6,480	726
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	8,296	16,548	2,903	7,202	9,598	1,889	14,795	5
Cash and cash equivalents at end of year	3,262	7,143	7,121	6,034	8,228	617	21,275	731

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 2014

	UBA Tanzania	UBA Congo	UBA FX Mart	UBA Capital	SSIT	UBA RFS Limited	Bank	Group Adjustmen	Group
<i>In millions of Nigerian Naira</i>									
Condensed statements of comprehensive income									
Operating income	1,729	1,535	340	1,054	308	-	144,677	(22,214)	192,455
Total operating expenses	(1,717)	(1,312)	(80)	(1,069)	(300)	-	(99,226)	16,427	(129,686)
Net impairment gain/(loss) on financial assets	-	31	-	-	-	-	(3,073)	27	(6,578)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	9	9
Profit/(loss) before income tax	12	254	260	(15)	8	-	42,378	(5,751)	56,200
Income tax expense	358	(45)	(54)	(15)	(103)	-	(2,295)	11	(8,293)
Profit/(loss) for the year	370	209	206	(30)	(95)	-	40,083	(5,740)	47,907
Condensed statements of financial position									
Assets									
Cash and bank balances	2,587	1,585	341	7,828	-	455	749,716	(98,197)	812,359
Financial assets held for trading	-	-	-	-	-	-	1,099	-	1,099
Derivative assets	-	-	-	-	-	-	6,534	-	6,534
Loans and Advances to Banks	-	-	-	-	-	-	48,991	(898)	48,093
Loans and advances to customers	11,951	6,619	-	36,510	-	2	884,587	(71,147)	1,071,859
Investment securities	1,593	1,121	637	8,821	10,026	-	442,909	(11,149)	657,523
Other assets	121	546	-	104	-	114	21,136	(2,472)	30,057
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	1,216	2,986
Investments in subsidiaries	-	-	-	-	-	-	65,767	(65,767)	-
Property and equipment	71	380	3	188	-	203	81,050	2	89,517
Intangible assets	5	10	1	-	-	-	3,446	5,673	9,430
Deferred tax assets	566	-	-	-	-	-	31,853	-	33,116
	16,894	10,261	982	53,451	10,026	774	2,338,858	(242,739)	2,762,573
Financed by:									
Derivative liabilities	-	-	-	-	-	-	943	-	943
Deposits from banks	7,345	5,364	-	-	-	-	1,526	(61,047)	59,228
Deposits from customers	7,611	2,610	-	39,478	-	70	1,812,277	(75,567)	2,169,663
Other liabilities	1,130	60	841	4,915	-	36	41,209	(6,050)	63,566
Current tax liabilities	-	47	54	16	-	-	1,858	(1)	4,615
Subordinated liabilities	-	-	-	-	-	-	85,315	-	85,315
Borrowings	-	-	-	-	30,548	-	113,797	(30,548)	113,797
Deferred tax liabilities	-	12	-	-	-	-	-	(1)	40
Total Equity	808	2,168	87	9,042	(20,522)	668	281,933	(69,525)	265,406
	16,894	10,261	982	53,451	10,026	774	2,338,858	(242,739)	2,762,573
Condensed cash flows									
Net cash from operating activities	(1,535)	(2,361)	293	507	-	-	(92,619)	(41,141)	(107,616)
Net cash from financing activities	156	(85)	(150)	1,113	-	-	75,908	14,604	77,424
Net cash from investing activities	47	(111)	(2)	(184)	-	-	129,560	4,208	133,990
Increase/(decrease) in cash and cash equivalents	(1,332)	(2,557)	141	1,436	-	-	112,849	(22,329)	103,798
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(1)	-	-	813	(1,758)	(946)
Cash and cash equivalents at beginning of year	3,920	4,141	201	6,393	-	-	223,538	(52,919)	317,719
Cash and cash equivalents at end of year	2,588	1,584	342	7,828	-	-	337,200	(77,006)	420,571

UNITED BANK FOR AFRICA PLC
**Statement of Value Added
For the year ended 31 December**

	2015		2014	
	N'million	%	N'million	%
Group				
Gross revenue	314,830		286,624	
Interest paid	(96,030)		(90,547)	
	<u>218,800</u>		<u>196,077</u>	
Administrative overheads:				
- local	(63,865)		(64,453)	
- foreign	(16,014)		(11,044)	
	<u>(79,879)</u>		<u>(75,497)</u>	
Value added	138,921	100	120,580	100
Distribution				
Employees				
- Salaries and benefits	57,446	41	55,461	45
Government				
- Taxation	8,800	6	8,293	7
The future				
- Asset replacement (depreciation and amortization)	7,968	6	5,736	5
- Asset replacement (provision for losses)	5,053	4	3,183	3
- Expansion (transfer to reserves and non-controlling interest)	59,654	43	47,907	40
	<u>72,675</u>		<u>56,826</u>	
	138,921	100	120,580	100
	2015		2014	
	N'million	%	N'million	%
Bank				
Gross revenue	247,364		228,220	
Interest paid	(83,161)		(78,033)	
	<u>164,203</u>		<u>150,187</u>	
Administrative overheads:				
- local	(60,546)		(58,756)	
- foreign	(1,117)		(384)	
	<u>(61,663)</u>		<u>(59,140)</u>	
Value added	102,540	100	91,047	100
Distribution				
Employees				
- Salaries and benefits	42,033	41	42,082	46
Government				
- Taxation	3,093	3	2,295	3
The future				
- Asset replacement (depreciation and amortization)	6,281	6	4,051	4
- Asset replacement (provision for losses)	3,491	3	2,536	3
- Expansion (transfer to reserves and non-controlling interest)	47,642	47	40,083	44
	<u>57,414</u>		<u>46,670</u>	
	102,540	100	91,047	100

UNITED BANK FOR AFRICA Plc**Group Five - Year Financial Summary****Statement of financial position***In millions of Nigerian Naira*

	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
ASSETS					
Cash and bank balances	655,371	812,359	716,803	714,115	434,218
Financial assets held for trading	11,249	1,099	784	457	1,303
Derivative assets	1,809	6,534	3,265	-	-
Loans and advances to banks	14,600	48,093	26,251	28,513	41,564
Loans and advances to customers	1,036,637	1,071,859	937,620	658,922	605,627
Investment securities					
- Available-for-sale investments	275,496	268,752	253,834	128,665	96,744
- Held to maturity investments	581,374	388,771	557,372	552,152	625,564
Other assets	40,488	30,057	30,436	18,598	16,513
Investments in equity-accounted investee	2,236	2,986	2,977	-	10,356
Property and equipment	88,825	89,517	75,409	70,746	55,618
Intangible assets	11,369	9,430	7,356	7,568	5,930
Deferred tax assets	33,168	33,116	30,189	29,624	26,998
Non-current assets held for distribution		-		63,563	
TOTAL ASSETS	2,752,622	2,762,573	2,642,296	2,272,923	1,920,435
LIABILITIES					
Derivative liabilities	327	943	31	124	817
Deposits from banks	61,066	59,228	60,582	57,780	19,510
Deposits from customers	2,081,704	2,169,663	2,161,182	1,720,008	1,445,822
Managed funds	-	-	-	-	51,943
Other liabilities	54,885	63,566	78,071	81,438	58,210
Current tax liabilities	6,488	4,615	2,861	1,274	2,627
Borrowings	129,896	113,797	48,866	114,520	137,040
Subordinated liabilities	85,620	85,315	55,653	53,719	53,500
Deferred tax liabilities	15	40	14	59	26
Liabilities held for distribution	-	-	-	51,534	-
TOTAL LIABILITIES	2,420,001	2,497,167	2,407,260	2,080,456	1,769,495
EQUITY					
Share capital and share premium	135,514	124,423	124,423	124,423	124,423
Reserves	190,313	135,507	103,226	64,683	22,922
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	325,827	259,930	227,649	189,106	147,345
Non-controlling interest	6,794	5,476	7,387	3,361	3,595
TOTAL EQUITY	332,621	265,406	235,036	192,467	150,940
TOTAL LIABILITIES AND EQUITY	2,752,622	2,762,573	2,642,296	2,272,923	1,920,435
Summarized Statement of Comprehensive Income					
Net operating income	210,243	189,060	176,993	159,216	118,969
Operating expenses	(136,626)	(129,686)	(107,851)	(102,592)	(125,998)
Net impairment loss on loans and receivables	(5,053)	(3,183)	(13,078)	(4,560)	(19,603)
Share of profit/(loss) of equity-accounted investee	(110)	9	(6)	(54)	32
Profit before taxation	68,454	56,200	56,058	52,010	(26,600)
Taxation	(8,800)	(8,293)	(9,457)	(533)	17,935
Profit after taxation	59,654	47,907	46,601	51,477	(8,665)
Profit from discontinued operations	-	-	-	3,289	1,864
Profit for the period	59,654	47,907	46,601	54,766	(6,801)
- Non-controlling interest	1,050	886	684	102	850
- Equity holders of the parent	58,604	47,021	45,917	54,664	(7,651)
Other comprehensive income for the year	6,168	(2,562)	7,101	764	5,680
Total comprehensive income for the year	65,822	45,345	53,702	55,530	(1,121)

UNITED BANK FOR AFRICA Plc**Bank Five - Year Financial Summary****Statement of financial position***In millions of Nigerian Naira*

	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
ASSETS					
Cash and bank balances	590,774	749,716	620,426	629,481	352,500
Financial assets held for trading	11,249	1,099	777	456	237
Derivative assets	1,809	6,534	3,265	-	-
Loans and advances to banks	14,591	48,991	26,251	27,878	41,564
Loans and advances to customers	822,694	884,587	796,942	570,714	552,526
Investment securities	-	-	-	-	-
- Available-for-sale investments	270,409	261,741	244,467	126,646	63,428
- Held to maturity investments	297,794	181,168	340,978	401,348	496,600
Other assets	22,528	21,136	19,069	11,159	16,891
Investments in subsidiaries	65,767	65,767	65,767	66,727	56,695
Investments in equity-accounted investee	1,770	1,770	1,770	-	10,843
Property and equipment	80,145	81,050	67,661	63,118	47,066
Intangible assets	4,954	3,446	1,401	1,578	2,099
Deferred tax assets	31,853	31,853	28,643	28,152	25,604
Non-current assets held for distribution	-	-	-	5,808	-
TOTAL ASSETS	2,216,337	2,338,858	2,217,417	1,933,065	1,666,053
LIABILITIES					
Derivative liabilities	327	943	31	124	817
Deposits from banks	350	1,526	-	22,875	23,408
Deposits from customers	1,627,060	1,812,277	1,797,376	1,461,131	1,216,511
Current tax liabilities	634	1,858	1,602	1,325	784
Deferred tax liabilities	-	-	-	-	-
Subordinated liabilities	85,620	85,315	55,653	55,474	55,254
Borrowings	129,896	113,797	48,866	114,520	137,040
Other liabilities	34,219	41,209	54,351	57,299	49,924
TOTAL LIABILITIES	1,878,106	2,056,925	1,957,879	1,712,748	1,483,738
EQUITY					
Share capital and share premium	135,514	124,423	124,423	124,423	124,423
Reserves	202,717	157,510	135,115	95,894	57,892
TOTAL EQUITY	338,231	281,933	259,538	220,317	182,315
TOTAL LIABILITIES AND EQUITY	2,216,337	2,338,858	2,217,417	1,933,065	1,666,053
Summarized statement of comprehensive income					
Net operating income	157,463	144,140	137,944	124,356	85,150
Operating expenses	(103,237)	(99,226)	(85,922)	(75,393)	(101,978)
Net impairment loss on loans and receivables	(3,491)	(2,536)	(181)	(2,783)	(9,640)
Profit before taxation	50,735	42,378	51,841	46,180	(26,468)
Taxation	(3,093)	(2,295)	(5,358)	1,195	18,502
Profit/(loss) for the year	47,642	40,083	46,483	47,375	(7,966)
Other comprehensive income for the year	8,119	(1,197)	9,167	3,534	4,212
Total comprehensive income/(loss) for the year	55,761	38,886	55,650	50,909	(3,754)