UNITED BANK FOR AFRICA PLC

Consolidated and Separate Financial Statements for the half year ended 30 June 2016

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended 30 June 2016.

1. Results at a Glance

	Group		Bank	
	2016 June (N'Million)	2015 June (N'Million)	2016 June (N'Million)	2015 June (N'Million)
Profit Before Tax	40,270	39,046	30,470	28,412
Tax	(7,649)	(7,047)	(5,419)	(4,108)
Profit After Tax	32,621	31,999	25,051	24,304
Other Comprehensive Income	56,161	2,186	23,700	4,685
Total Comprehensive Income	88,782	**34,185**	48,751	**28,989**
Total Comprehensive Income attributable to:				
– Equity holders of the Bank	85,406	33,985	48,751	28,989
– Non-Controlling Interest	3,376	200	-	-
	88,782	**34,185**	48,751	28,989

2. 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 (CAMA) of Nigeria, declared a dividend of **N0.20**/Share from the retained earnings account as at 30th June, 2016. This will be presented to shareholders for approval at the next Annual General Meeting. Payment of Dividend is subject to applicable withholding tax and payable to shareholders whose names appear on the Register of Shareholders on 9th September 2016.

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

4. Major Activities
UBA Plc is engaged in the business of banking and provides Corporate, Commercial, Consumer and International Banking, Trade Services and Cash Management, Treasury and Electronic Banking services. Pension Custodial and Bureau De Change services are offered through subsidiaries.

UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association.

1st August, 2005 and acquired Continental Trust Bank Limited on 31st December, 2005.

5. DIRECTORS

S/N	NAME	DESIGNATION
1	Mr. Tony O. Elumelu, CON	Non-Executive Director (Chairman)
2	Ambassador Joe Keshi, OON	Non-Executive Director (Vice-Chairman)
3	Mr. Phillips Oduoza	Executive Director (GMD/CEO) Retired 31 July, 2016
4	Mr. Kennedy Uzoka	Executive Director (GMD/CEO) Effective 01 August, 2016
5	Mr. Victor Osadolor	Executive Director (DMD) Appointed 01 June, 2016
6	Mr. Dan Okeke	Executive Director
7	Mr. Femi Olaloku	Executive Director - Retired 31 May, 2016
8	Mr. Emeke Iweriebor	Executive Director
9	Ms. Obi Ibekwe	Executive Director - Retired 30 June, 2016
10	Mr. Oliver Alawuba	Executive Director - Appointed 01 August, 2016
11	Mr. Uche Ike	Executive Director - Appointed 01 August, 2016
12	Mr. Ayoku Liadi	Executive Director - Appointed 01 August, 2016
13	Mr. Puri Ibrahim	Executive Director - Appointed 01 August, 2016
14	Mr. Chukwuma Nweke	Executive Director - Appointed 01 August, 2016
15	Chief Kola Jamodu, CFR	Non-Executive Director
16	Mrs. Rose Okwechime	Non-Executive Director
17	Mr. Yahaya Zekeri	Non-Executive Director
18	Mrs. Foluke Abdulrazaq	Non-Executive Director
19	Mrs. Owanari Duke	Non-Executive Director
20	High Chief Samuel Oni	Non-Executive Director
21	Mr. Adekunle Olumide, OON	Non-Executive Director
22	Alhaji Ja'afaru Paki	Non-Executive Director

6. DIRECTORS' INTERESTS

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

S/N	Name	30-Jun-16		31-Dec-15	
		Direct holding	Indirect holding	Direct holding	Indirect holding
1	Mr. Tony O. Elumelu, CON	189,851,584	1,883,024,416	189,851,584	1,883,024,416
2	Ambassador Joe Keshi, OON	433,499	-	433,499	-
3	Mr. Phillips Oduoza	114,963,748	18,979,657	114,963,748	18,979,657
4	Mr. Kennedy Uzoka	37,173,909	-	37,173,909	-
5	Mr. Victor Osadolor	16.583,126	-	NA	NA
6	Mr. Dan Okeke	30,279,136	-	26,119,627	-
7	Mr. Femi Olaloku	11,445,920	-	11,445,920	-
8	Mr. Emeke Iweriebor	3,244,566	-	3,209,871	-
9	Ms. Obi Ibekwe	267,510	-	267,510	-
10	Mr. Oliver Alawuba	12,000		NA	NA
11	Mr. Uche Ike	10,120,395	-	NA	NA
12	Mr. Ayoku Liadi	1,080,000	-	NA	NA
13	Mr. Puri Ibrahim	-	-	NA	NA
14	Mr. Chukwuma Nweke	59,860	-	NA	NA
15	Chief Kola Jamodu, CFR	657,415	64,510	657,415	59,192
16	Mrs. Rose Okwechime	-	30,113,961	-	30,113,961
17	Mr. Yahaya Zekeri	499,999	-	499,999	-
18	Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	10,000,000	11,120,000
19	Mrs. Owanari Duke	86,062	-	86,062	-
20	High Chief Samuel Oni	-	-	-	-
21	Mr. Adekunle Olumide, OON	3,282,556	-	3,282,556	-
22	Alhaji Ja'afaru Paki	-	23,924,983	-	23,924,983

Note: NA means Not Applicable

S/N	Name of Director	Company(ies)	Indirect Holding	Total Indirect Holding
1	Mr. Tony O. Elumelu, CON	HH Capital HEIRS HOLDINGS	140,843,816 1,742,180,600	1,883,024,416
2	Mr. Phillips Oduoza	BOP Integrated Inv.	18,979,657	18,979,657
3	Mrs. Rose Okwechime	Infant Jesus Academy	30,113,961	30,113,961
4	Chief Kola Jamodu, CFR	JAMKOL Inv. Limited	64,510	64,510
5	Mrs. Foluke Abdulrazaq	Bridge House College	11,120,000	11,120,000
6	Alhaji Ja'afaru Paki	NYMEX Inv. Limited	23,924,983	23,924,983

7. ANALYSIS OF SHAREHOLDING
The details of shareholding of the Bank as at 30 June, 2016 is as stated below;

Range	Holdings	Holders %	Cumm	Units	Units %	Units Cumm
1-1000	27,676	10.00	27,676	13,203,388	0.04	13,203,388
1,001-5,000	121,307	43.82	148,983	303,509,637	0.84	316,713,025
5,001-10,000	46,362	16.75	195,345	316,973,164	0.87	633,686,189
10,001-50,000	57,643	20.82	252,988	1,209,478,749	3.33	1,843,164,938
50,001-100,000	11,547	4.17	264,535	779,859,658	2.15	2,623,024,596
100,001-500,000	9,519	3.44	274,054	1,937,660,021	5.34	4,560,684,617
500,001-1,000,000	1,324	0.48	275,378	920,469,232	2.54	5,481,153,849
1,000,001-5,000,000	1,098	0.40	276,476	2,151,383,699	5.93	7,632,537,548
5,000,001-10,000,000	144	0.05	276,620	1,017,146,362	2.80	8,649,683,910
10,000,001-50,000,000	116	0.04	276,736	2,329,513,730	6.42	10,979,197,640
50,000,001-100,000,000	16	0.01	276,752	1,024,603,381	2.82	12,003,801,021
100,000,001-500,000,000	41	0.01	276,793	11,262,746,118	31.04	23,266,547,139
500,000,001-1,000,000,000	9	0.00	276,802	6,046,969,713	16.67	29,313,516,852
1,000,000,001 and above	4	0.00	276,806	6,966,009,469	19.20	36,279,526,321
	276,806	**100**		**36,279,526,321**	**100**	

8. SUBSTANTIAL INTEREST IN SHARES: SHAREHOLDING OF 5% AND ABOVE
The following shareholders hold in excess of 5% of the Bank's shares outstanding as at 30 June, 2016;

- Stanbic Nominees – 11.0% (on behalf of several shareholders)
- UBA Staff Shares Investment Trust Scheme – 6.2%
- Mr. Tony O. Elumelu, CON – 5.7% (direct and indirect holdings)

9. ACQUISITION OF OWN SHARES
The Bank did not purchase its own shares during the period.

In line with Rule 17.15 Disclosure of Dealings in Issuer's Shares, Rulebook of the Exchange, 2015, the Bank hereby discloses its rule governing acquisition of shares by its Directors, employees and any other affected person.

The Group has a Board approved Global Personal investment policy, which covers Directors, Staff, and related parties. The policy prevents employees, Directors and related individuals/companies from insider dealings on the shares of UBA Plc and related parties. The essence of the policy is to prevent the abuse of confidential non-public information that may be gained during the execution of UBA business. In addition, the policy serves to ensure compliance with the local laws and/or regulatory requirements.

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

10. DONATIONS

In order to identify with the communities in the environment within which the Bank operates, a total of N91,846,582 was given out as donations and charitable contributions during the period. The beneficiaries of the donations are as follows;

S/N	Beneficiary/Project	Amount (N)
1	Federal Ministry of Solid Minerals Development	30,000,000
2	Kebbi State Central Market Rehabilitation Fund	10,000,000
3	Enugu State 2016 Investment Summit	10,000,000
4	National Youth Service Corps	9,329,000
5	University of Lagos	8,817,333
6	Performing Arts School of Nigeria	5,000,000
7	Ekiti State Government Road Rehabilitation Project	4,250,000
8	13th Corporate Financial Reporting Council 2016 Annual Summit	5,000,000
9	No. 2 Squadron, Police Mobile Force, Lagos	2,522,311
10	Jesuit Memorial College, Port Harcourt	2,500,000
11	Babcock University	500,000
12	Nigerian Electronic Fraud Forum	1,227,938
13	Chartered Institute of Bankers of Nigeria	1,000,000
14	Nigerian Bar Association	1,000,000
15	Lagos Business School	500,000
16	Peace Corps of Nigeria	150,000
17	Fountain Heights Secondary School, Lagos	50,000
	Total	**91,846,582**

11. EMPLOYEMENT AND EMPLOYEES

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

Health, Safety at Work and Welfare of Employees
The Bank maintains business premises designed with a view to guaranteeing the safety and health working conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense.

Employee Involvement and Training
The Bank encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and employees' interest, with a view to making inputs to decision thereon. The Bank places premium on the development of its manpower, as its competitive strategy is built on innovation and service excellence.

Research and Development
The Bank also on a continuous basis carries out research into new banking products and services.

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

Analysis of Employees by Gender as at 30 June, 2016

	Gender	Headcount	Percentage of Total
Group	Male	6,782	54%
	Female	5,695	46%
	Total	**12,477**	**100%**
Bank	Male	5,022	53%
	Female	4,493	47%
	Total	**9,515**	**100%**

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

Analysis of Directors and Executive Management Staff based on Gender as at 30 June, 2016

	Gender	Headcount	Percentage of Total
Board of Directors	Male	12	75%
	Female	4	25%
	Total	**16**	**100%**
Management Staff	Male	65	75%
	Female	22	25%
	Total	**87**	**100%**

Detailed average gender analysis of Board of Directors and Top Management Staff as at 30 June 2016;

Analysis of Directors and Executive Management Staff based on Gender and Level

Classification	Gender - Headcount			Gender - Percentage		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors	7	3	10	70%	30%	100%
Executive Directors	5	1	6	83%	17%	100%
General Managers	20	7	27	74%	26%	100%
Deputy General Managers	16	5	21	76%	24%	100%
Assistant General Managers	29	10	39	74%	26%	100%
Total	**77**	**26**	**103**	**75%**	**25%**	**100%**

12. POST BALANCE SHEET EVENTS

There are no post balance sheet events which could have had material effect on the financial state of affairs as at 30 June 2016 and the profit for the period ended that date.

13. AUDITORS

Messrs PricewaterhouseCoopers having indicated their willingness, will continue in office in accordance with section 357(2) if the Companies and Allied Matters Act, CAP 20, Laws of the Federation of Nigeria 2004.

Bili A. Odum
Company Secretary
57 Marina, Lagos

CUSTOMER COMPLAINTS CHANNELS

United Bank for Africa Plc is a customer focused Pan-African financial services Group. Our aim is to deliver excellent customer service and provide high quality financial solutions to our over eight million customers in the 22 countries where we operate. At each of our multiple contact points with customers, we aim to proactively exceed their expectations. Customer feedback is thus an effective tool in our relentless effort to delight our customers at all points of interaction with the Bank.

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

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

CUSTOMER COMPLAINT CHANNELS:

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

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

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

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

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

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

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

RESOLUTION MECHANISM

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

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

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

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

CUSTOMERS' COMPLAINTS REPORT

Description	Number of Complaints		Amount Claimed =N='Million		Amount Refunded =N=' Million	
	Jun-16	Dec-15	Jun-16	Dec-15	Jun-16	Dec-15
Pending Complaints B/F	4,252	5,046	3,507	2,333	-	-
Received Complaints	167,541	359,355	2,212	296,273	-	-
Resolved Complaints	167,708	359,959	1,503	290,897	299	777
Unresolved Complaints Escalated to CBN	27	190	965	4,323	-	-
Unresolved Complaints Pending with the Bank C/F	4,058	4,252	1,464	3,386	-	-

Feedback on customers' complaints to the Bank – Monthly Complaints Dash Board

A Monthly Performance Feedback dash board on customers' complaints is provided to Management and relevant Departments within the Bank to address the root causes of complaints and issues raised by customers.

The feedback dash board ensures that:

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

Investor Complaints Channels

UBA Plc has a Complaint Framework for Investors and the Investing Public. This policy is published on the Bank's website; https://www.ubagroup.com/ir/shareholdersp, together with the Complaints Help Channels, which are stated below;

Complaints Channels: Kindly contact us through any of these channels;

Email: investorrelations@ubagroup.com

Telephone: +234-01-2808349

Mailing Address: Head, Investor Relations Unit, UBA House, 57, Marina, Lagos.

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

CORPORATE GOVERNANCE REPORT

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

The Board is of the opinion that UBA Plc has in all material respects, complied with the requirements of the CBN code, the SEC code and its own governance charters, during the first half of the 2016 financial year.

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

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

As at June 30, 2016, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, eight (8) Non-Executive Directors (including two (2) Independent Non-Executive Directors) and six (6) Executive Directors, all of whom bring a wide range of skills and experience to the Board.

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

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

Directors' Report

A. THE BOARD

As at June 30, 2016, the Board consisted of 16 members, 6 of whom, inclusive of the GMD/CEO are Executive Directors and 10 Non-Executive Directors (including the Chairman, Vice Chairman and the Independent Non-Executive Directors). The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

Responsibility

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

Executive Management is accountable to the Board for the development and implementation of strategy and policies. The Board regularly reviews group performance, matters of strategic concern and any other matters it regards as material.

The Board meets quarterly and additional meetings are convened as the need arises. In the first half of 2016 the Board met 3 times.

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

Appointments & Retirements

During the course of the first half of the year Mr. Victor Osadolor was appointed as Executive Director (Deputy Managing Director) effective June 01, 2016 whilst Mr. Femi Olaloku and Ms. Obi Ibekwe retired on 31 May, 2016 and 30 June, 2016 respectively.

Subsequent to the expiration of the two-term tenure of Mr. Phillips Oduoza, who retired on 31 July, 2016, Mr. Kennedy Uzoka, the erstwhile Deputy Managing Director/CEO UBA Africa, assumed office as the Group Managing Director/CEO on 01 August, 2016, in line with the Board and relevant regulatory approvals.

Mr. Oliver Alawuba, Mr. Uche Ike, Mr. Liadi Ayoku, Mr. Puri Ibrahim and Mr. Chukwuma Nweke were appointed to the Board as Executive Directors, effective 01, August, 2016.

Professional Independent Advice

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

B. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Messrs. PricewaterhouseCoopers acted as external auditors to the Group during the half year period ending June 30, 2016. Their report is contained on page 21 of this Report

Internal Controls

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

C. CONTROL ENVIRONMENT

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

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

D. SHAREHOLDER RIGHTS

The Board of UBA Plc has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to either the Head of Investor Relations or the Company Secretary. Their contact details are available on the Bank's website and are reproduced at the back cover of this Annual Report.

E. BOARD COMMITTEES

The Board of UBA Plc has the following committees, namely, the Board Audit Committee, the Board Risk Management Committee, the Finance and General Purpose Committee, the Nominations and Governance Committee, the Board Credit Committee and the Statutory Audit Committee.

Board Audit Committee

The Board Audit committee is comprised as follows:

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

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

Meetings are held at least once a quarter, with the Chief Audit Executive of the Bank in attendance.

S/N	Members	No. meetings held	No. meetings attended
1	Mr. Adekunle Olumide, OON	1	1
2	Mrs Foluke Abdulrazaq	1	1
3	Chief Kola Jamodu, CFR	1	1
4	Mrs. Rose Okwechime	1	1
5	Mrs Owanari Duke	1	1
6	High Chief Samuel Oni, FCA	1	1

Board Risk Management Committee

During the 2016 Half Year ending June 30, 2016, the Board Risk Management Committee comprised of the following Directors:

1. Chief Kola Jamodu, CFR — Chairman
2. Mr. Phillips Oduoza — Member
3. Mr. Femi Olaloku — Member
4. Alhaji Ja'afaru Paki — Member
5. Mrs. Rose Okwechime — Member
6. Mr. Adekunle Olumide, OON — Member
7. High Chief Samuel Oni, FCA — Member

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

S/N	Members	No. Meetings held	No. Meetings attended
1	Chief Kola Jamodu, CFR	2	2
2	Mr. Phillips Oduoza	2	1
3	Mr. Femi Olaloku	2	2
4	Alhaji Ja'afaru Paki	2	2
5	Mrs. Rose Okwechime	2	2
6	Mr. Adekunle Olumide, OON	2	2
7	High Chief Samuel Oni, FCA	2	2

Board Credit Committee

The Board Credit Committee is made up of four (4) Non-Executive Directors and is responsible for approval of credit facilities in the Company. It reviews all credits granted by the Company and meetings are held at least once a quarter. Members of the Board Credit Committee are:

1. Mrs. Foluke Abdulrazaq — Chairman
2. Alhaji Ja'afaru Paki — Member
3. Mr. Yahaya Zekeri — Member
4. Mrs. Owanari Duke — Member

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

S/N	Members	No. Meetings held	No. Meetings attended
1	Mrs. Foluke Abdulrazaq	3	3
2	Alhaji Ja'afaru Paki	3	3
3	Mr. Yahaya Zekeri	3	3
4	Mrs. Owanari Duke	3	3

Nominations and Governance Committee

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

1.	Mrs. Rose Okwechime	Chairman
2.	Mrs. Foluke Abdulrazaq	Member
3.	Mr. Yahaya Zekeri	Member
4.	Mrs. Owanari Duke	Member

Meetings are held at least once a quarter and the responsibilities of the committee include reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors.

S/N	Members	No. Meetings Held	No. Meetings Attended
1	Mrs. Rose Okwechime	3	3
2	Mrs. Foluke Abdulrazaq	3	2
3	Mr. Yahaya Zekeri	3	3
4	Mrs. Owanari Duke	3	3

Finance and General Purpose Committee

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

During the 2016 Half Year period ending June 30, 2016, the Members of the Finance & General Committee were as follows:

1.	Mrs. Owanari Duke	Chairman
2.	Mr. Adekunle Olumide, OON	Member
3.	Alhaji Ja'afaru Paki	Member
4.	Mr. Phillips Oduoza	Member
5.	Mr. Kennedy Uzoka	Member

S/N	Members	No. Meetings Held	No. Meetings Attended
1	Mrs. Owanari Duke	2	2
2	Mr. Adekunle Olumide, OON	2	2
3	Alhaji Ja'afaru Paki	2	1
4	Mr. Phillips Oduoza	2	1
5	Mr. Kennedy Uzoka	2	2

Statutory Audit Committee

The Statutory Board Committee: The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP20, 2004. It comprises of a mixture of Non-Executive Directors and ordinary shareholders elected at the Annual General Meeting. Its terms of reference include the monitoring of processes designed to ensure compliance by the Group in all respects with legal and regulatory requirements, including disclosure, controls and procedures and the impact (or potential impact) of developments related thereto. It evaluates annually, the independence and performance of the External Auditors. The committee also reviews with Management and the External Auditors the annual audited financial statement before its submission to the Board.

The Members of the Statutory Audit Committee in 2016 are as follows:

1. Mr. Valentine Ozigbo - Chairman/Shareholder
2. Mr. Matthew Esonanjor - Shareholder
3. Alhaji Umar Al-Kassim - Shareholder
4. Mrs. Foluke Abdulrazaq - Non-executive Director
5. Mrs. Owanari Duke - Non-executive Director
6. Mr. Adekunle Olumide, OON - Non-executive Director

Attendance at Board Meetings

Membership and attendance at Board Meetings are set out below:

S/N	Members	Number of meetings held	Number of meetings attended
1	Mr. Tony Elumelu, CON	3	3
2	Amb. Joe Keshi, OON	3	3
3	Mr. Phillips Oduoza	3	3
4	Mr. Kennedy Uzoka	3	3
5	Mr. Victor Osadolor*	N/A	N/A
6	Mr. Femi Olaloku**	3	3
7	Mr. Emeke Iweriebor	3	3
8	Ms. Obi Ibekwe**	3	3
9	Chief Kola Jamodu, CFR	3	1
10	Alhaji Ja'afaru Paki	3	2
11	Mr. Adekunle Olumide, OON	3	3
12	Mr. Yahaya Zekeri	3	3
13	Mrs. Foluke Abdulrazaq	3	2
14	Mr. Dan Okeke	3	3
15	Mrs. Rose Okwechime	3	3
16	Mrs. Owanari Duke	3	3
17	High Chief Samuel Oni, FCA	3	3

*** Appointed to the Board on June 01, 2016**

**** Mr. Femi Olaloku and Ms. Obi Ibekwe retired on May 31, 2016 and June 30, 2016 respectively.**

Executive Management Committees

These are Committees comprising of Senior Management of the Bank. The committees are also risk driven as they are basically set up to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank. They also ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. They provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to immediately take actions and decisions within the confines of their powers. Some of these Executive Management Committees include the Group Asset and Liability Committee (GALCO), the Executive Credit Committee (ECC), the Operational Efficiency Committee (OEC) / IT Steering Committee (ITSC), the Group Risk Management Committee (GRMC) and the Executive Management Committee (EMC).

pwc

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 United Bank of Africa Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 30 June 2016 and the statements of comprehensive income, changes in equity and cash flows for the period 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 IAS 34 "Interim Financial Reporting" and the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institution Act and for such internal control, as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, 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 30 June 2016 and of their financial performance and cash flows for the period then ended in accordance with IAS 34 "Interim Financial Reporting", the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

pwc

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) to the best of our information, 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.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0042182

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

22 August 2016

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

	Notes	Group		Bank	
In millions of Nigerian Naira		**2016**	**2015**	**2016**	**2015**
Gross earnings		165,580	165,743	121,251	130,691
Interest income	7	107,418	114,967	78,459	94,154
Interest expense	8	(43,286)	(50,577)	(29,924)	(43,386)
Net interest income		**64,132**	**64,390**	**48,535**	**50,768**
Net impairment loss on loans and receivables	9	(6,821)	(2,216)	(5,569)	(1,892)
Net interest income after impairment on loans and receivables		**57,311**	**62,174**	**42,966**	**48,876**
Fees and commission income	10	36,936	30,357	26,696	19,912
Fees and commission expense	11	(6,098)	(4,174)	(4,914)	(3,612)
Net trading and foreign exchange income	12	19,637	18,217	14,790	14,661
Other operating income	13	1,589	2,202	1,306	1,964
Employee benefit expenses	14	(29,273)	(29,509)	(20,888)	(22,301)
Depreciation and amortisation	15	(4,065)	(4,036)	(3,115)	(3,217)
Other operating expenses	16	(35,688)	(36,133)	(26,371)	(27,871)
Share of (loss)/profit of equity-accounted investee	25(c)	(79)	(52)	-	-
Profit before income tax		**40,270**	**39,046**	**30,470**	**28,412**
Taxation charge	17	(7,649)	(7,047)	(5,419)	(4,108)
Profit for the period		**32,621**	**31,999**	**25,051**	**24,304**
Other comprehensive income					
Items that will be reclassified to profit or loss:					
Foreign currency translation differences		32,432	(2,492)	-	-
Fair value reserve (available-for-sale financial assets):					
Net change in fair value		23,703	3,883	23,674	3,890
Net amount transferred to profit or loss		26	795	26	795
Other comprehensive income		**56,161**	**2,186**	**23,700**	**4,685**
Total comprehensive income for the period		**88,782**	**34,185**	**48,751**	**28,989**
Profit attributable to:					
Owners of Parent		32,005	31,377	25,051	24,304
Non-controlling interest		616	622	-	-
Profit for the period		**32,621**	**31,999**	**25,051**	**24,304**
Total comprehensive income attributable to:					
Owners of Parent		85,406	33,985	48,751	28,989
Non-controlling interest		3,376	200	-	-
Total comprehensive income for the period		**88,782**	**34,185**	**48,751**	**28,989**
Earnings per share attributable to owners of the parent during the period					
Basic and diluted earnings per share (Naira)	18	**0.94**	**0.94**	**0.69**	**0.68**

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	
In millions of Nigerian Naira		Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
ASSETS					
Cash and bank balances	19	709,245	655,371	601,938	590,774
Financial assets held for trading	20	37,050	11,249	37,050	11,249
Derivative assets	30(a)	17,533	1,809	17,533	1,809
Loans and advances to banks	21	24,005	14,600	28,332	14,591
Loans and advances to customers	22	1,290,675	1,036,637	985,212	822,694
Investment securities	23	964,056	856,870	541,308	568,203
Other assets	24	107,434	40,488	90,408	22,528
Investment in equity-accounted investee	25	2,290	2,236	1,770	1,770
Investment in subsidiaries	26	-	-	70,702	65,767
Property and equipment	27	90,170	88,825	77,623	80,145
Intangible assets	28	13,842	11,369	4,712	4,954
Deferred tax assets	29	33,681	33,168	31,853	31,853
TOTAL ASSETS		**3,289,981**	**2,752,622**	**2,488,441**	**2,216,337**
LIABILITIES					
Derivative liabilities	30(b)	120	327	120	327
Deposits from banks	31	91,870	61,066	282	350
Deposits from customers	32	2,412,015	2,081,704	1,778,877	1,627,060
Other liabilities	33	134,379	54,885	94,234	34,219
Current tax liabilities	17	2,492	6,488	1,277	634
Borrowings	34	155,360	129,896	155,360	129,896
Subordinated liabilities	35	85,821	85,620	85,821	85,620
Deferred tax liabilities	29	23	15	-	-
TOTAL LIABILITIES		**2,882,080**	**2,420,001**	**2,115,971**	**1,878,106**
EQUITY					
Share capital	36	18,140	18,140	18,140	18,140
Share premium	36	117,374	117,374	117,374	117,374
Retained earnings	36	126,802	113,063	109,652	100,900
Other reserves	36	135,415	77,250	127,304	101,817
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		397,731	325,827	372,470	338,231
Non-controlling interests		10,170	6,794	-	-
TOTAL EQUITY		**407,901**	**332,621**	**372,470**	**338,231**
TOTAL LIABILITIES AND EQUITY		**3,289,981**	**2,752,622**	**2,488,441**	**2,216,337**

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

The financial statements were approved by the directors on August 16, 2016.

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

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

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

Consolidated and Separate Statements of Changes in Equity

For the period ended

(a) ***30 June 2016***

(i) Group

In millions of Nigerian naira	Attributable to equity holders of the parent										
	Share Capital	**Share premium**	**Translation reserve**	**Regulatory credit risk reserve**	**Fair value reserve**	**Treasury shares**	**Statutory reserve**	**Retained earnings**	**Total**	**Non-Controlling interest**	**Total equity**
Balance at 1 January 2016	18,140	117,374	(5,654)	18,167	31,348	(32,061)	65,450	113,063	325,827	6,794	332,621
Profit for the period	-	-	-	-	-	-	-	32,005	32,005	616	32,621
Transfer to statutory reserve	-	-	-	-	-	-	3,974	(3,974)	-	-	-
Transfer to regulatory risk reserve	-	-	-	606	-	-	-	(606)	-	-	-
Other comprehensive income											
Foreign currency translation difference	-	-	29,672	-	-	-	-	-	29,672	2,760	32,432
Fair value change in (available-for-sale) financial assets	-	-	-	-	23,703	-	-	-	23,703	-	23,703
Net amount transferred to profit or loss	-	-	-	-	26	-	-	-	26	-	26
Other comprehensive income for the period	-	-	29,672	-	23,729	-	-	-	53,401	2,760	56,161
Total comprehensive income for the period	-	-	29,672	606	23,729	-	3,974	27,425	85,406	3,376	88,782
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Sale of treasury shares	-	-		-	-	184	-	-	184	-	184
Dividends paid	-	-	-	-	-	-	-	(13,686)	(13,686)	-	(13,686)
Total contribution and distributions to owners	-	-	-	-	-	184	-	(13,686)	(13,502)	-	(13,502)
Balance at 30 June 2016	**18,140**	**117,374**	**24,018**	**18,773**	**55,077**	**(31,877)**	**69,424**	**126,802**	**397,731**	**10,170**	**407,901**

(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 2016	18,140	117,374	-	17,260	31,985	52,572	100,900	338,231
Profit for the period	-	-	-	-	-	-	25,051	25,051
Transfer to statutory reserve	-	-	-	-	-	3,758	(3,758)	-
Transfer from regulatory risk reserve	-	-	-	(1,971)	-	-	1,971	-
Other comprehensive income								
Fair value change in (available-for-sale) financial assets	-	-	-	-	23,674	-	-	23,674
Net amount transferred to profit or loss	-	-	-	-	26	-	-	26
Other comprehensive income for the period	-	-	-	-	23,700	-	-	23,700
Total comprehensive income for the period	-	-	-	(1,971)	23,700	3,758	23,264	48,751
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends to equity holders	-	-	-	-	-	-	(14,512)	(14,512)
Total contribution and distributions to owners	-	-		-	-	-	(14,512)	(14,512)
Balance at 30 June 2016	**18,140**	**117,374**	**-**	**15,289**	**55,685**	**56,330**	**109,652**	**372,470**

Consolidated and Separate Statement of Changes in Equity
For the period ended

(b) *30 June 2015*
(i) Group

In millions of Nigerian naira	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-Controlling interest	Total equity
	Attributable to equity holders of the parent										
Balance at 1 January 2015	16,491	107,932	(4,053)	5,280	23,243	(32,301)	56,291	87,047	259,930	5,476	265,406
Profit for the period	-	-	-	-	-	-	-	31,377	31,377	622	31,999
Transfer to statutory reserves	-	-	-	-	-	-	5,078	(5,078)	-	-	-
Transfer to regulatory risk reserve	-	-	-	2,728	-	-	-	(2,728)	-	-	-
Other comprehensive income											
Foreign currency translation difference	-	-	(2,070)	-	-	-	-	-	(2,070)	(422)	(2,492)
Fair value change in (available-for-sale) financial assets	-	-	-	-	3,883	-	-	-	3,883	-	3,883
Net loss transferred from equity on disposal of available-for-sale instruments	-	-	-	-	795	-	-	-	795	-	795
Other comprehensive income for the period	-	-	(2,070)	-	4,678	-	-	-	2,608	(422)	2,186
Total comprehensive income for the period	-	-	(2,070)	2,728	4,678	-	5,078	23,570	33,985	200	34,185
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Proceeds from rights issue	1,649	9,442	-	-	-	-	-	-	11,091	-	11,091
Decrease in treasury shares	-	-	-	-	-	43	-	-	43	-	43
Dividends to equity/non-controlling holders	-	-	-	-	-	-	-	(3,093)	(3,093)	-	(3,093)
Total contribution and distributions to owners	1,649	9,442	-	-	-	43	-	(3,093)	8,041	-	8,041
Balance at 30 June 2015	**18,140**	**117,374**	**(6,123)**	**8,008**	**27,921**	**(32,258)**	**61,369**	**107,524**	**301,956**	**5,676**	**307,632**

(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 2015	16,491	107,932	5,206	23,866	44,208	84,230	281,933
Profit for the period	-	-	-	-	-	24,304	24,304
Transfer to statutory reserves	-	-	-	-	3,646	(3,646)	-
Transfer to regulatory risk reserve	-	-	2,649	-	-	(2,649)	-
Other comprehensive income							
Fair value change in (available-for-sale) financial assets	-	-	-	3,890	-	-	3,890
Net amount transferred to profit or loss	-	-	-	795	-	-	795
Other comprehensive income for the period	-	-	-	4,685	-	-	4,685
Total comprehensive income for the period	-	-	2,649	4,685	3,646	18,010	28,989
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	-	-	-	-	-	(3,298)	(3,298)
Total contribution and distributions to owners	1,649	9,442	-	-	-	(3,298)	7,793
Balance at 30 June 2015	**18,140**	**117,374**	**7,855**	**28,551**	**47,854**	**98,942**	**318,715**

Consolidated and Separate Statements of Cash Flows

For the period ended 30 June	*Notes*	Group 2016	Group 2015	Bank 2016	Bank 2015
In millions of Nigerian Naira					
Cash flows from operating activities					
Profit before income tax		**40,270**	**39,046**	**30,470**	**28,412**
Adjustments for:					
Depreciation of property and equipment	15	3,510	3,558	2,611	2,787
Amortisation of intangible assets	15	555	478	504	430
Specific impairment charge on loans to customers	9	2,318	1,407	1,003	491
Portfolio impairment charge on loans to customers	9	2,784	1,672	2,230	1,485
Portfolio impairment charge/(reversal) on loans to banks	9	21	(48)	24	(48)
Write-off of loans and advances	9	2,082	323	1,971	285
Impairment charge on other assets	9	997	146	645	-
Net fair value gain on derivative financial instruments	12	(15,931)	(4,952)	(15,931)	(4,952)
Foreign currency revaluation loss/(gain)	12	4,165	(795)	4,219	(1,031)
Dividend income	13	(1,051)	(1,697)	(955)	(1,627)
Loss on disposal of property and equipment		121	32	121	32
Write-off of property and equipment	27	55	-	55	-
Loss on disposal of investment securities		26	-	26	-
Net interest income		(64,132)	(64,390)	(48,535)	(50,768)
Share of loss of equity-accounted investee	25	79	52	-	-
		(24,131)	**(25,168)**	**(21,542)**	**(24,504)**
Changes in operating assets and liabilities					
Change in financial assets held for trading		(23,663)	(20,222)	(23,663)	(20,222)
Change in cash reserve balance		(44,162)	(68,473)	(45,473)	(69,861)
Change in loans and advances to banks		(9,426)	28,867	(13,765)	29,790
Change in loans and advances to customers		(261,222)	(94,244)	(167,722)	(85,722)
Change in other assets		(48,846)	(50,430)	(76,611)	(22,426)
Change in deposits from banks		30,804	40,690	(68)	8,461
Change in deposits from customers		330,311	57,960	151,817	9,189
Change in placement with banks		(11,209)	(33,052)	53	41,602
Change in other liabilities and provisions		79,494	22,286	60,015	11,204
Interest received		107,418	114,967	78,459	94,154
Interest paid		(40,770)	(42,380)	(27,408)	(35,189)
Income tax paid	17(c)	(12,150)	(5,459)	(4,776)	(1,835)
Net cash provided from/(used in) operating activities		**72,448**	**(74,658)**	**(90,684)**	**(65,359)**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities		348,358	637,831	380,228	635,581
Purchase of investment securities		(469,482)	(648,817)	(332,455)	(669,045)
Purchase of property and equipment	27	(5,283)	(4,791)	(1,992)	(2,546)
Purchase of intangible assets	28	(535)	(1,153)	(261)	(995)
Additional investment in subsidiaries		-	-	(4,935)	-
Proceeds from disposal of property and equipment		2,929	1,464	1,766	327
Dividend received		1,051	1,697	955	1,627
Net cash (used in)/provided from investing activities		**(122,962)**	**(13,769)**	**43,306**	**(35,051)**
Cash flows from financing activities					
Proceeds from rights issue		-	11,091	-	11,091
Proceeds from borrowings		115,502	6,988	115,502	6,988
Repayment of borrowings		(92,353)	(9,477)	(92,353)	(9,477)
Proceeds from sale of treasury shares		184	43	-	-
Dividend paid to owners of the parent		(13,686)	(3,093)	(14,512)	(3,298)
Net cash from financing activities		**9,647**	**5,552**	**8,637**	**5,304**
Net (decrease) in cash and cash equivalents		(40,867)	(82,875)	(38,741)	(95,106)
Effects of exchange rate changes on cash and cash equivalents		41,508	(845)	6,623	418
Cash and cash equivalents at beginning of period	19	347,856	420,571	290,586	337,200
Cash and cash equivalents at end of year	19	348,497	336,851	258,468	242,512

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

UNITED BANK FOR AFRICA PLC
NOTES TO THE FINANCIAL STATEMENTS

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 period ended 30 June 2016 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 interim financial statements have been prepared in accordance with International Accounting Standards (IAS 34 - Interim Financial Reporting) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

(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 has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over the entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date control ceases.

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

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

· the fair value of the consideration transferred; plus

· the amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;

· less the net amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

3 Significant accounting policies

(a) Basis of consolidation - continued

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

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

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

(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. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

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

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

(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.

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 and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

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

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

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

(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.

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 Group 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 surbodinated 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, 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 relevant 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.

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.

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

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 , but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

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

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

Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the 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.

(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, equipment, 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

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

(o) Deposits and debt securities issued

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

Debt securities 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.

(t) Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the 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 2016.

i) 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. Entities wishing to change to the equity method must do so retrospectively. The Group maintains its policy of accounting for investments in subsidiaries, joint ventures and associates, in the Parent's seperate financial statements , using the cost method.

ii) Disclosure Initiatives (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. This amendment has no significant impact on the Group.

iii) 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.

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 relevant to the Group as the Group does not apply revenue based methods to calculate depreciation or amortisation of assets.

(w) New standards, interpretations and amendments (continued)

iv) Investment entities: applying the consolidation exception - Amendments to IFRS 10, IFRS 12 and IAS 28

These amendments to IFRS 10 and IAS 28 clarify that:

• The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.

• An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

• Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

These amendments have no impact on the Group as no member of the Group is an investment entity.

v) 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 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. This standard has no significant on the Group's consolidated and separate financial statements.

vi) 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.

This standard has no significant on the Group's consolidated and separate financial statements.

vii) Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

IAS 41 is now amended to distinguish between bear plants and other biological assets. Bearer plants are now to be accounted for as property, plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses in line with IAS16.

A bearer plant is defined as a living plant that:

• is used in the production or supply of agriculture produce

• is expected to bear produce for more than one period, and

• has a remote likehood of being sold as agriculture produce, except for incidental scrap value

Agricultural produce growing on bearer plants remains within the scope of IAS 41 and is measured at fair value less cost to sell with changes recognised in income statement as the produce grows.

This amendment is not relevant to the Group as the Group is not engaged in Agricutural business.

(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.

While the Group is still undertaking a detailed assessment of the impact of the application of IFRS 9 on its financial statements, the initial gap assessments indicate that there are no major gaps in the current measurement of financial assets as they are largely in line with IFRS 9. There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The new hedging rules are also not expected to impact the Group.

The impairment model under IFRS 9 is an expected credit loss model which is likely to result in the earlier recognition of credit losses. The Group is however still assessing how its impairment provisions will be affected by the new impairment model for IFRS 9.

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.

ii) IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after 1 January 2019.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

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:

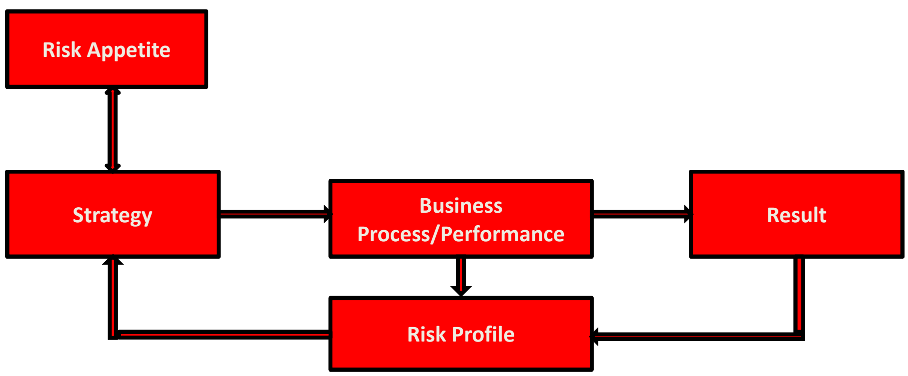
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords and COSO (Commission of Sponsoring Organisations) in the implementation of an Enterprise Risk Management (ERM) Framework 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 continously 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 managment is enshrined as a culture in the Group, from the Board of Directors to the individual business unit. There is considerable effort to infuse the risk/reward evaluation in the decision making process in order to ensure that there is proper assessment of risk dimension in process design, performance appraisal, limit establishment, portfolio creation, monitoring activities and audit process. The aim is also to encourage a culture of constant re-evaluation of risk profile and prompt risk mitigation action , where required.

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

- General understanding and uniform application of risk managment principles
'- Strong and visible commitment from senior management
'- Clearly defined responsibility and accountability
'- Central oversight of risk management accross the enterprise
'- Central oversight of corporate governance across the enterprise
'- Ownership of risk managment 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 Managment 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 and their responsibilities are as follows:

Board of Directors
The ultimate responsibility for risk management in UBA lies with the Board of Directors. The responsibilities of the Board with respect to risk management include, but are not limited to:
- Ensuring an appropriate corporate governance framework is developed and operated;
- Providing guidelines regarding the management of risk elements in the Group;
- Approving Group risk management policies;
- Determination of the Group's risk appetite;
- Ensuring that management controls and reporting procedures are satisfactory and reliable;
- Approving large credit exposures beyond the limit of the Board Credit Committee;
- 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 is 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 committeee 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:

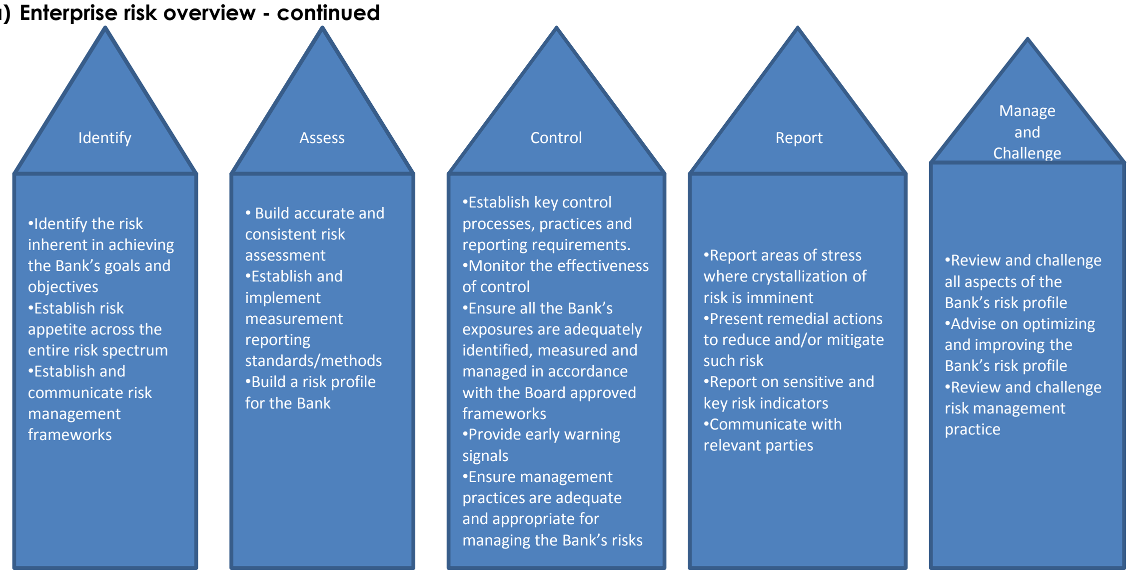
- To identify, assess, control, report and manage the Group's material risks and optimize risk/return decisions
- To ensure business growth plans are properly supported by effective risk infrastructure
- To manage the risk profile to ensure that specific financial deliverables remain possible under a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

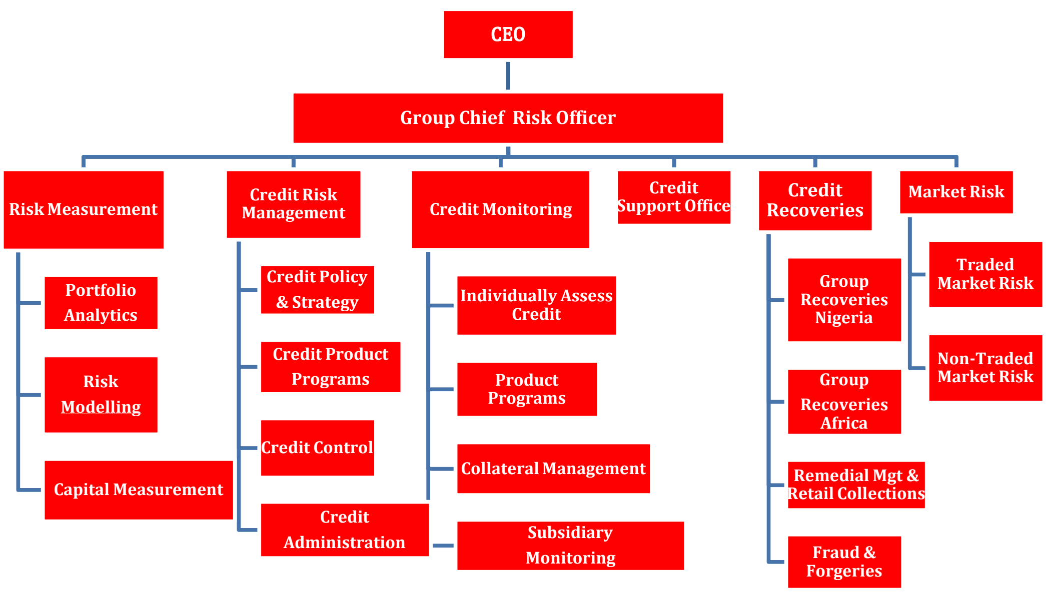
(a) Enterprise risk overview - continued



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 seperated 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 prices. The associated market risks are:

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

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

Inputs used to determine obligor risk ratings (ORRs) are derived based on quantitative and qualitative factors. The quantitative factors are primarily based on a metrics that uses information on the 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 oustanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as
- Ratings downgrade
- Missed payments
- Non-compliance with loan covenants
- Deterioration of quality/value of collateral

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	B	6.00 – 6.99	40% - 49%	High Risk Range
Very High Risk	CCC	7.00 – 7.99	30% - 39%	
Extremely High Risk	CC	8.00 – 8.99	0% - 29%	Unacceptable Risk Range
High Likelihood of Default	C	9.00 – 9.99	Below 0%	
Default	D	Above 9.99	Below 0%	

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:

	Maximum exposure		Maximum exposure	
	Group		Bank	
In millions of Nigerian Naira	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Bank balances	671,471	619,257	583,800	562,650
Loans and advances to banks:				
Term Loan	24,005	14,600	28,332	14,591
Loans to individuals				
Overdraft	46,743	46,391	41,920	41,982
Term loan	81,956	67,987	24,377	32,144
Loans to corporate entities and others				
Overdraft	267,314	198,587	199,191	139,789
Term Loan	886,971	703,525	712,033	588,632
Others	7,691	20,147	7,691	20,147
Trading assets				
Treasury bills	36,942	11,121	36,942	11,121
Bonds	108	128	108	128
Available-for-sale investment securities:				
Treasury bills	183,578	193,816	141,755	189,644
Bonds	52,174	32,757	34,786	32,253
Held to maturity investment securities:				
Treasury bills	217,568	150,774	-	-
Promissory notes	267	255	267	255
Bonds	433,378	430,345	288,144	297,539
Account receivable	76,854	28,312	72,557	16,320
Total	**2,987,020**	**2,518,002**	**2,171,903**	**1,947,195**
Loans exposure to total exposure	44%	42%	47%	43%
Debt securities exposure to total exposure	30%	32%	21%	27%
Other exposures to total exposure	26%	26%	32%	30%

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

	Group		Bank	
In millions of Nigerian Naira	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Performance bonds and guarantees	126,367	77,030	119,936	71,319
Letters of credits	209,272	149,488	139,573	107,262
	335,639	226,518	259,509	178,581
Bonds and guarantee exposure to total exposure	38%	34%	46%	40%
Letters of credit exposure to total exposure	62%	66%	54%	60%

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
In millions of Nigerian naira	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Loan commitment to corporate entities and others				
Term Loan	114,685	123,458	114,685	123,458
	114,685	123,458	114,685	123,458

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

4.2 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 is usually also not held against investment securities.

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

Consequently, the 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 Banks 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:

Repossessed collateral

During the period, the Group took possession of property amounting to N528 million (2015: N249 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 period:

	Loans and advances to customers			
In millions of Nigerian Naira	**Group**		**Bank**	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Property	526	249	130	158
Equities	2	-	2	-
	528	249	132	158

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 practible, 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**	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against individually impaired				
Property	267	224	267	224
Others	9,676	3,909	4,185	1,616
	9,943	4,133	4,452	1,840

	Group		**Bank**	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against past due but not impaired				
Property	691	986	510	986
Others	8,343	5,210	3,202	2,811
	9,034	6,196	3,712	3,797

	Group		**Bank**	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against neither past due nor impaired				
Property	12,183	9,146	37,161	9,146
Others	101,953	104,085	30,388	66,356
	114,136	113,231	67,549	75,502
Total for loans to individuals	133,113	123,560	75,713	81,139

Loans to corporate entities and others

In millions of Nigerian Naira	Group		Bank	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against individually impaired				
Property	-	1,416	-	4
Others	22,196	9,141	2,974	1,367
	22,196	10,557	2,974	1,371

	Group		Bank	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against past due but not impaired				
Property	26,328	35,002	26,510	30,364
Others	39,654	80,439	21,033	66,842
	65,982	115,441	47,543	97,206

	Group		Bank	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Against neither past due nor impaired				
Property	258,001	277,849	263,167	264,651
Others	806,665	464,699	588,452	335,619
	1,064,666	742,548	851,619	600,270
Total for loans to corporate entities and others	1,152,844	868,546	902,136	698,847
Total for loans and advances to customers	1,285,957	992,106	977,849	779,986

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	
30 June 2016	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
In millions of Nigerian Naira				
Loans and advances to banks				
Unsecured	24,005	-	28,332	-
Loans and advances to customers				
Secured against real estate	330,942	297,470	294,285	327,615
Secured against cash	4,477	6,292	4,467	6,292
Secured against other collateral*	897,552	982,195	645,731	643,942
Unsecured	57,704	-	40,729	-
	1,290,675	1,285,957	985,212	977,849

	Group		Bank	
31 December 2015	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
In millions of Nigerian Naira				
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

* 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 collaterised. 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 soveriegn 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	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Carrying amount (net)	1,290,675	1,036,637	985,212	822,694	24,005	14,600	28,332	14,591
Concentration by market segment (net)								
Corporate	1,161,976	922,259	918,915	748,568	24,005	14,600	28,332	14,591
Individual	128,699	114,378	66,297	74,126	-	-	-	-
	1,290,675	1,036,637	985,212	822,694	24,005	14,600	28,332	14,591
Concentration by location (net)								
Nigeria	958,045	835,097	983,429	821,004	23,945	8,182	23,945	8,182
Rest of Africa	330,827	199,850	-	-	-	-	4,328	-
Rest of the World	1,803	1,690	1,783	1,690	60	6,418	59	6,409
	1,290,675	1,036,637	985,212	822,694	24,005	14,600	28,332	14,591
Concentration by nature (net) - Loans to individuals								
Term loans	81,956	67,987	24,377	32,144				
Overdrafts	46,743	46,391	41,920	41,982				
	128,699	114,378	66,297	74,126				
Collateral value - Loans to individuals								
Term loans	91,760	83,698	47,088	52,580				
Overdrafts	41,353	39,862	28,625	28,559				
	133,113	123,560	75,713	81,139				
Concentration by nature (net)-Loans to corporate entities and others								
Term loans	886,971	703,525	712,033	588,632	24,005	14,600	28,332	14,591
Overdrafts	267,314	198,587	199,191	139,789	-	-	-	-
Others	7,691	20,147	7,691	20,147	-	-	-	-
	1,161,976	922,259	918,915	748,568	24,005	14,600	28,332	14,591
Collateral value-Loans to corporate entities and others								
Term loans	887,960	626,796	682,935	564,747				
Overdrafts	256,526	222,647	210,843	114,999				
Others	8,358	19,103	8,358	19,101				
	1,152,844	868,546	902,136	698,847				

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Carrying amount (net)	886,965	807,947	464,952	519,691	37,050	11,249	37,050	11,249
Concentration by location (net)								
Nigeria	443,310	504,453	443,310	504,453	37,050	11,249	37,050	11,249
Rest of Africa	430,744	297,533	13,187	9,277	-	-	-	-
Rest of the World	12,911	5,961	8,455	5,961	-	-	-	-
	886,965	807,947	464,952	519,691	37,050	11,249	37,050	11,249
Concentration by nature (net)								
Available-for-sale investment securities								
Treasury bills	183,578	193,816	141,755	189,644				
Bonds	52,174	32,757	34,786	32,253				
Held-to-maturity investment securities								
Treasury bills	217,568	150,774	-	-				
Promissory notes	267	255	267	255				
Bonds	433,378	430,345	288,144	297,539				
	886,965	807,947	464,952	519,691				

	Investment securities			
	Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Available-for-sale investment securities				
Concentration by location (net)				
Nigeria	176,541	221,897	176,541	221,897
Rest of Africa	59,211	4,676	-	-
Rest of the World	-	-	-	-
	235,752	226,573	176,541	221,897
Held-to-maturity investment securities				
Concentration by location (net)				
Nigeria	266,769	282,556	266,769	282,556
Rest of Africa	375,989	292,857	13,187	9,277
Rest of the World	8,455	5,961	8,455	5,961
	651,213	581,374	288,411	297,794

	Financial assets held for trading			
Concentration by nature (net)				
Treasury bills	36,942	11,121	36,942	11,121
Government Bonds	108	128	108	128
	37,050	11,249	37,050	11,249
Concentration by location (net)				
Nigeria	37,050	11,249	37,050	11,249

	Cash and bank balances				Account receivable			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Carrying amount (net)	671,471	619,257	583,800	562,650	76,854	28,312	72,557	16,320
Concentration by location (net)								
Nigeria	421,071	413,715	421,071	413,715	72,557	16,320	72,557	16,320
Rest of Africa	102,933	29,598	18,877	8,658	4,278	8,499	-	-
Rest of the World	147,467	175,944	143,852	140,277	19	3,493	-	-
	671,471	619,257	583,800	562,650	76,854	28,312	72,557	16,320

(ii)

Concentration by location (net)	Off Balance sheet Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Nigeria	246,504	172,396	246,504	172,396
Rest of Africa	75,397	44,896	-	-
Rest of the World	13,738	9,226	13,005	6,185
	335,639	226,518	259,509	178,581

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	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Activities of extraterritorial organisations and bodies	1,022	268	224	268	-	-	-	-
Support Service Activities	19,495	1,218	18,545	234	-	-	-	-
Agriculture, Forestry and Fishing	63,630	53,053	52,139	39,265	-	-	-	-
Art, entertainment and recreation	2	13	1	13				
Construction	43,551	30,701	42,008	28,887	-	-	-	-
Education	17,522	16,623	16,487	16,106	-	-	-	-
Finance And Insurance	78,664	57,221	73,973	54,667	24,005	14,600	28,332	14,591
General	145,814	113,139	83,215	87,664	-	-	-	-
General Commerce	90,080	106,012	52,033	50,490	-	-	-	-
Governments	85,034	62,420	42,973	25,411	-	-	-	-
Human Health and Social Work Activities	445	403	218	180	-	-	-	-
Information And Communication	79,152	79,326	60,832	67,959	-	-	-	-
Manufacturing	211,667	175,938	187,348	160,313	-	-	-	-
Oil And Gas	288,636	202,335	211,894	169,475	-	-	-	-
Power And Energy	129,689	104,536	114,817	93,003	-	-	-	-
Professional, Scientific and Technical Activities	1,416	1,676	1,359	920	-	-	-	-
Real Estate Activities	23,238	22,830	22,138	22,827	-	-	-	-
Transportation and Storage	11,618	8,925	5,008	5,012	-	-	-	-
	1,290,675	**1,036,637**	**985,212**	**822,694**	**24,005**	**14,600**	**28,332**	**14,591**

-

In millions of Nigerian Naira	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Finance and Insurance	24,989	36,641	24,989	36,641	-	-	-	-
Governments	861,487	767,158	439,474	478,902	37,050	11,249	37,050	11,249
Others	489	4,148	489	4,148	-	-	-	-
	886,965	**807,947**	**464,952**	**519,691**	**37,050**	**11,249**	**37,050**	**11,249**

Group

In millions of Nigerian Naira	Accounts receivable				Cash and bank balances			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Finance and Insurance	76,854	28,312	72,557	16,320	671,471	619,257	583,800	562,650
	76,854	**28,312**	**72,557**	**16,320**	**671,471**	**619,257**	**583,800**	**562,650**

ii Credit Quality

Loans to corporate entities	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Neither past due nor impaired	1,211,967	962,868	934,986	768,543	24,070	14,632	28,409	14,632
Past due but not impaired	83,021	81,249	59,259	60,615	-	-	-	-
Individually impaired	32,138	18,302	7,424	6,579	-	-	-	-
Gross	1,327,126	1,062,419	1,001,669	835,737	24,070	14,632	28,409	14,632
Less: allowance for impairmen	(36,451)	(25,782)	(16,457)	(13,043)	(65)	(32)	(77)	(41)
Net	1,290,675	1,036,637	985,212	822,694	24,005	14,600	28,332	14,591

Allowance for impairment is broken down as follows:

Specific allowance	9,832	6,781	7,215	6,031	-	-	-	-
Portfolio allowance	26,619	19,001	9,242	7,012	65	32	77	41
Total	36,451	25,782	16,457	13,043	65	32	77	41

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

	Loans and advances to customers			
	Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Grades:				
Extremely Low Risk	-	-	-	-
Very Low Risk	-	-	-	-
Low Risk	-	-	-	-
Acceptable Risk	112,521	108,667	52,833	70,938
Moderately High Risk	-	-	-	-
Total	112,521	108,667	52,833	70,938
Portfolio allowance	(2,781)	(2,410)	(585)	(309)
	109,740	106,257	52,248	70,629

- Loans to corporate entities and others

	Loans and advances to customers				Loans and advances to banks			
	Group		Bank		Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Grades:								
Extremely Low Risk	-	-	-	-	-	-	-	-
Very Low Risk	31,522	33,071	27,586	33,071	-	-	-	-
Low Risk	174,233	153,635	167,802	153,635	24,070	14,632	28,409	14,632
Acceptable Risk	840,665	620,302	637,285	463,706	-	-	-	-
Moderately High Risk	53,026	47,193	49,480	47,193	-	-	-	-
Total	1,099,446	854,201	882,153	697,605	24,070	14,632	28,409	14,632
Portfolio allowance	(22,343)	(14,883)	(7,818)	(5,738)	(65)	(32)	(32)	(41)
	1,077,103	839,318	874,335	691,867	24,005	14,600	28,377	14,591

Loans and advances to customer - past due but not impaired

- Loans and advances to individuals

	Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Past due up to 30 days	1,723	845	328	109
Past due by 30 - 60 days	3,674	1,543	1,974	656
Past due by 60-90 days	9,783	3,523	8,268	2,748
	15,180	5,911	10,570	3,513
Portfolio allowance	(840)	(150)	(800)	(15)
	14,340	5,761	9,770	3,498

- Loans to corporate entities and others

	Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Past due up to 30 days	16,394	18,181	12,798	12,936
Past due by 30 - 60 days	11,614	29,034	10,528	18,803
Past due by 60-90 days	39,833	28,123	25,363	25,363
	67,841	75,338	48,689	57,102
Portfolio allowance	(655)	(1,558)	(39)	(950)
Loans and advances (net)	67,186	73,780	48,650	56,152

Loans and advances individually impaired

- Loans and advances to individuals				
Gross amount	9,815	5,913	4,323	3,619
Specific impairment	(5,196)	(3,554)	(4,323)	(3,619)
Net amount	4,619	2,359	-	-
- Loans to corporate entities and others				
Gross amount	22,323	12,389	3,101	2,960
Specific impairment	(4,636)	(3,227)	(2,892)	(2,412)
Net amount	17,687	9,162	209	548

	Investment securities				Financial assets held for trading			
	Group		Bank		Group		Bank	
In millions of Nigerian Naira	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Carrying amount	886,965	807,947	464,952	519,691	37,050	11,249	37,050	11,249
Held- to- maturity								
Neither past due nor impaired								
Low risk	651,213	581,374	288,411	297,794	-	-	-	-
Carrying amount - amortised cost	651,213	581,374	288,411	297,794	-	-	-	-

Available for sale					**Held for trading**			
Neither past due nor impaired								
Low risk	235,752	226,573	176,541	221,897	37,050	11,249	37,050	11,249
Carrying amount - fair value	235,752	226,573	176,541	221,897	37,050	11,249	37,050	11,249
Total carrying amount	886,965	807,947	464,952	519,691	37,050	11,249	37,050	11,249

	Account receivables				**Cash and bank balances**			
	Group		**Bank**		**Group**		**Bank**	
In millions of Nigerian Naira	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Carrying amount	76,854	28,312	72,557	16,320	671,471	619,257	583,800	562,650
Low risk	76,854	28,312	72,557	16,320	671,471	619,257	583,800	562,650
Carrying amount	76,854	28,312	72,557	16,320	671,471	619,257	583,800	562,650

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 30 June 2016, the carrying amount of loans with renegotiated terms was N22.16 billion (December 2015 : N22.54 billion). There are no other financial assets with renegotiated terms as at 30 June 2016 (December 2015: 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:

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

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

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

As at 30 June 2016, the difference between the Prudential provision and IFRS impairment was N18.773 billion for the Group (December 2015: N18.167 billion) and N15.289 billion for the Bank (December 2015: N17.260 billion) requiring a transfer of N606 million from retained earnings to the regulatory risk reserve for the Group and a transfer of N1.971 billion from the regulatory risk reserve to retained earnings for the Bank, as disclosed in the statement of changes in equity. This amount represents the difference between the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the Central Bank's of foreign subsidiaries', and the impairment reserve as determined in line with IAS 39 as at period end.

In millions of Nigerian Naira	**Group Jun. 2016**	**Group Dec. 2015**	**Bank Jun. 2016**	**Bank Dec. 2015**
Total impairment based on IFRS	38,844	27,085	16,534	14,104
Total impairment based on Prudential Guidelines	57,617	45,252	31,823	31,364
Regulatory credit risk reserve	**(18,773)**	**(18,167)**	**(15,289)**	**(17,260)**

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 Management

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 two 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:

	Jun. 2016	Dec. 2015
At period end	45.47%	52.6%
Average for the period	47.31%	42.6%
Maximum for the period	54.68%	52.6%
Minimum for the period	41.92%	35.7%

4.2 Risk management report (continued)

(c) Liquidity risk

Maturity analysis for financial liabilities and financial assets

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.

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

June 30, 2016 **Group** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities							
Deposits from banks	91,870	92,023	92,023	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	247,064	249,413	89,462	157,466	-	2,485	-
Current deposits	164,608	164,608	164,608	-	-	-	-
Savings deposits	476,912	478,502	478,502	-	-	-	-
Domiciliary deposits	103,126	103,126	103,126	-	-	-	-
Corporate Customers:							
Term deposits	328,579	332,624	175,163	103,048	-	54,413	-
Current deposits	648,569	648,569	648,569	-	-	-	-
Domiciliary deposits	443,157	443,157	443,157	-	-	-	-
Other liabilities	120,661	120,661	101,010	8,801	10,000	-	849
Borrowings	155,360	166,089	207	1,119	1,318	76,783	86,662
Subordinated liabilities	85,821	121,521	-	3,730	2,495	6,224	109,072
	2,865,727	2,920,293	2,295,827	274,164	13,813	139,905	196,583
Derivative liabilities:							
Cross Currency Swap	120	120	120	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	126,367	126,367	15,164	5,055	54,338	17,691	34,119
Letters of credit	209,272	209,272	56,503	100,451	48,133	4,185	-
Loan commitments	114,685	114,685	14,404	19,752	-	3,874	76,655
Assets used to manage liquidity							
Cash and bank balances	709,245	672,137	336,963	7,113	6,026	1,205	320,830
Financial assets held for trading							
Treasury bills	36,942	36,942	36,942	-	-	-	-
Bonds	108	108	108	-	-	-	-
Loans and advances to banks	24,005	24,152	22,938	1,214	-	-	-
Loans and advances to customers							
Individual							
Term loans	81,956	91,000	17,627	15,465	14,943	19,706	23,259
Overdrafts	46,743	46,743	46,743	-	-	-	-
Corporates							
Term loans	886,971	1,036,721	181,681	83,686	57,077	142,181	572,096
Overdrafts	267,314	267,314	267,314	-	-	-	-
Others	7,691	8,217	866	4,193	2,145	616	397
Investment securities							
Available for sale							
Treasury bills	183,578	193,643	22,805	14,468	91,670	64,700	-
Bonds	52,174	80,328	214	35,583	-	1,416	43,115
Held to maturity							
Treasury bills	217,568	217,568	6,777	93,554	4,752	16,178	96,307
Bonds	433,378	973,297	13,500	4,964	9,465	32,225	913,143
Account receivable	76,854	76,854	76,854	-	-	-	-
Derivative assets	17,533	17,533	17,533	-	-	-	-
	3,042,060	3,742,557	1,048,865	260,240	186,078	278,227	1,969,147
Gap	(274,111)	371,820	(1,333,154)	(139,181)	69,795	112,572	1,661,790

4.2 Risk management report (conti

(c) Liquidity risk - continued

Maturity analysis for financial liabilities and financial assets

June 30, 2016 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	282	282	282	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	213,885	216,693	77,448	137,106	-	2,139	-
Current deposits	90,101	90,101	90,101	-	-	-	-
Savings deposits	393,907	395,220	395,220	-	-	-	-
Domiciliary deposits	97,699	97,699	97,699	-	-	-	-
Corporate Customers:							
Term deposits	169,479	172,821	90,348	53,458	-	29,015	-
Current deposits	408,186	408,186	408,186	-	-	-	-
Domiciliary deposits	405,620	405,620	405,620	-	-	-	-
Other liabilities	88,936	88,936	74,452	6,487	7,371	-	626
Borrowings	155,360	166,089	207	1,119	1,318	76,783	86,662
Subordinated liabilities	85,821	121,521	-	3,730	2,495	6,224	109,072
	2,109,276	2,163,168	1,639,563	201,900	11,184	114,161	196,360
Derivative liabilities							
Cross Currency Swap	120	120	120	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	119,936	119,935	14,392	4,796	51,572	16,791	32,383
Letters of credit	139,573	139,573	37,685	66,995	32,102	2,791	-
Loan commitments	114,685	114,685	14,404	19,752	-	3,874	76,655
Assets used to manage liquidity							
Cash and bank balances	601,938	602,672	267,787	7,847	6,647	1,329	319,062
Financial assets held for trading							
Treasury bills	36,942	42,416	42,416	-	-	-	-
Bonds	108	100	100	-	-	-	-
Loans and advances to banks	28,332	28,504	27,357	1,147	-	-	-
Loans and advances to customers							
Individual :							
Term loans	24,377	28,110	5,243	4,600	4,745	6,604	6,918
Overdrafts	41,920	41,920	41,920	-	-	-	-
Corporates :							
Term loans	712,033	832,247	145,848	67,180	45,819	114,139	459,261
Overdrafts	199,191	199,191	199,191	-	-	-	-
Others	7,691	7,876	866	4,096	2,048	551	315
Investment securities							
Available for sale							
Treasury bills	141,755	149,527	17,609	11,172	70,786	49,960	-
Bonds	34,786	53,557	143	23,724	-	944	28,746
Held to maturity							
Bonds	288,144	647,127	8,976	3,301	6,294	21,426	607,130
Account receivable	72,557	72,557	72,557	-	-	-	-
Derivative asset	17,533	17,533	17,533	-	-	-	-
	2,207,307	2,723,337	847,546	123,067	136,339	194,953	1,421,432
Gap	(276,283)	185,856	(858,618)	(170,377)	41,481	57,336	1,116,034

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, 2015							
	In millions of Nigerian Naira							
	Group							
	Non-derivative liabilities							
	Deposits from banks	61,066	61,168	61,168	-	-	-	-
	Deposit from customers							
	Retail Customers:							
	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	-	-	-	-
	Corporate Customers:							
	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
	Derivative liabilities							
(ii)	Cross Currency Swap	327	327	327	-	-	-	-
	Contingents and loan commitments							
	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							
	Individual:							
	Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
	Overdrafts	46,391	46,391	46,391	-	-	-	-
	Corporates							
	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							
	Available for sale							
	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
	Held to maturity							
	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 asset	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	(1,108,762)	75,440	(31,861)	235,588	1,384,919

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, 2015							
Bank							
Non-derivative liabilities							
Deposits from banks	350	351	351	-	-	-	-
Deposit 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
Subordinated liabilities	129,896	133,011	-	6,593	46,920	46,441	33,057
Borrowings	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							
Treasury bills	-	-	-	-	-	-	-
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)	(48,188)	(63,601)	87,638	1,013,373

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 financial assets on a behavioural basis.

June 30, 2016 **Group** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities							
Deposits from banks	91,870	92,023	92,023	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	247,064	251,869	104,372	142,469	5,028	-	-
Current deposits	164,608	164,608	115,226	18,107	6,584	13,169	11,523
Savings deposits	476,912	481,716	133,869	129,410	72,073	67,769	78,595
Domiciliary deposits	103,126	103,126	31,969	26,813	13,406	14,438	16,500
Corporate Customers:							
Term deposits	328,579	331,551	191,688	96,400	43,463	-	-
Current deposits	648,569	648,570	453,998	71,343	25,943	51,886	45,400
Domiciliary deposits	443,157	443,157	137,379	115,221	57,610	62,042	70,905
Other liabilities	120,661	120,661	106,803	6,487	7,371	-	-
Borrowings	155,360	166,089	207	1,119	1,318	76,783	86,662
Subordinated liabilities	85,821	121,521	-	3,730	2,495	6,224	109,072
	2,865,727	2,924,891	1,367,534	611,099	235,291	292,311	418,657
Derivative liabilities:							
Cross Currency Swap	120	120	120	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	126,367	126,368	15,164	5,055	54,338	17,691	34,119
Letters of credit	209,272	209,273	56,503	100,451	48,133	4,185	-
Loan commitments	114,685	114,685	14,404	19,752	-	3,874	76,655
Assets used to manage liquidity							
Cash and bank balances	709,245	672,137	336,963	7,113	6,026	1,205	320,830
Financial assets held for trading							
Treasury bills	36,942	36,942	36,942	-	-	-	-
Bonds	108	108	108	-	-	-	-
Loans and advances to banks	24,005	24,152	22,938	1,214	-	-	-
Loans and advances to customers							
Individual							
Term loans	81,956	91,000	17,627	15,465	14,943	19,706	23,259
Overdrafts	46,743	46,743	46,743	-	-	-	-
Corporates							
Term loans	886,971	1,036,721	181,681	83,686	57,077	142,181	572,096
Overdrafts	267,314	267,314	267,314	-	-	-	-
Others	7,691	8,217	866	4,193	2,145	616	397
Investment securities							
Available for sale							
Treasury bills	183,578	193,643	22,804	14,468	91,670	64,700	-
Bonds	52,174	80,328	214	35,583	-	1,416	43,115
Held to maturity							
Treasury bills	217,568	488,624	57,543	36,508	231,314	163,259	-
Bonds	433,378	973,299	13,500	4,965	9,466	32,225	913,143
Account receivable	76,854	76,854	76,854	-	-	-	-
Derivative assets	17,533	17,533	17,533	-	-	-	-
	3,042,060	4,013,615	1,099,630	203,195	412,641	425,308	1,872,840
Gap	(274,111)	638,278	(354,096)	(533,162)	74,879	107,247	1,343,409

4.2 Risk management report (conti

(c) Liquidity risk - continued

Maturity analysis for financial liabilities (on a behavioural basis)

June 30, 2016 **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	282	282	282	-	-	-	-
Deposits from customers							
Retail Customers:							
Term deposits	213,885	219,233	90,431	124,353	4,449	-	-
Current deposits	90,101	91,002	63,972	9,911	6,307	5,406	5,406
Savings deposits	393,907	399,170	112,556	106,188	60,335	57,507	62,584
Domiciliary deposits	97,699	97,700	30,287	25,402	14,655	13,678	13,678
Corporate Customers:							
Term deposits	169,479	171,999	98,953	50,132	22,914	-	-
Current deposits	408,186	408,186	395,589	4,698	2,662	2,488	2,749
Domiciliary deposits	405,620	407,393	125,334	105,188	59,606	55,711	61,554
Other liabilities	88,936	88,936	74,452	6,487	7,371	-	626
Borrowings	155,360	166,089	207	1,119	1,318	76,783	86,662
Subordinated liabilities	85,821	121,521	-	3,730	2,495	6,224	109,072
	2,109,276	2,171,511	992,063	437,208	182,112	217,797	342,331
Derivative liabilities							
Cross Currency Swap	120	1,120,591	120	1,120,471	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	119,936	119,935	14,392	4,797	51,572	16,791	32,383
Letters of credit	139,573	139,573	37,685	66,995	32,102	2,791	-
Loan commitments	114,685	114,685	14,404	19,752	-	3,874	76,655
Assets used to manage liquidity							
Cash and bank balances	601,938	602,737	262,577	10,463	6,647	3,988	319,062
Financial assets held for trading							
Treasury bills	36,942	42,416	42,416	-	-	-	-
Bonds	108	100	100	-	-	-	-
Loans and advances to banks	28,332	28,504	27,357	1,147	-	-	-
Loans and advances to customers							
Individual :							
Term loans	24,377	28,110	5,243	4,600	4,745	6,604	6,918
Overdrafts	41,920	41,920	41,920	-	-	-	-
Corporates :							
Term loans	712,033	832,247	145,848	67,180	45,819	114,139	459,261
Overdrafts	199,191	199,191	199,191	-	-	-	-
Others	7,691	7,876	866	4,096	2,048	551	315
Investment securities							
Available for sale							
Treasury bills	141,755	149,527	17,609	11,172	70,786	49,960	-
Bonds	34,786	53,557	143	23,724	-	944	28,746
Held to maturity							
Bonds	288,144	647,127	8,976	3,301	6,294	21,426	607,130
Account receivable	72,557	72,557	72,557	-	-	-	-
Derivative asset	17,533	17,533	17,533	-	-	-	-
	2,207,307	2,723,402	842,336	125,683	136,339	197,612	1,421,432
Gap	(276,283)	(942,893)	(216,328)	(1,523,540)	(129,447)	(43,641)	970,063

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, 2015							
	In millions of Nigerian Naira							
	Group							
	Non-derivative liabilities							
	Deposits from banks	61,066	61,168	61,168	-	-	-	-
	Deposit from customers							
	Retail Customers:							
	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	411,138	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
	Corporate Customers:		-					
	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	2,479,306	1,352,899	430,934	236,858	173,752	284,862
	Derivative liabilities							
(ii)	Cross Currency Swap	327	327	327	-	-	-	-
	Contingents and loan commitments							
	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							
	Individual:							
	Term loans	67,987	81,046	7,919	5,869	11,239	7,657	48,362
	Overdrafts	46,391	46,391	46,391	-	-	-	-
	Corporates:		-					
	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							
	Available for sale							
	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
	Held to maturity							
	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 asset	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)	552,240	(534,168)	(139,889)	(152,803)	122,406	1,256,695

4.2 Risk management report (continued)

(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	-	-	-	-
Deposit from customers							
Retail Customers:							
Term deposits	142,811	146,380	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
Subordinated liabilities	129,896	133,011	-	6,593	46,920	46,441	33,057
Borrowings	85,620	149,153	-	-	12,786	12,786	123,581
	1,874,024	1,953,457	956,991	365,335	209,352	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							
Treasury bills	-	-	-	-	-	-	-
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)	204,162	(294,698)	(230,570)	(167,093)	(9,919)	906,441

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.

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 30 June 2016 and 31 December 2015. 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
June 30, 2016

In millions of Nigerian Naira	Carrying amount	< 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
			Re-pricing period				
Cash and bank balances	**709,245**	208,460	14,213	11,844	2,369	-	472,359
Financial assets held for trading			-	-	-	-	-
Treasury bills	**36,942**	36,942					
Bonds	**108**	108	-	-	-	-	-
Loans and advances to banks	**24,005**	23,045	960	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	**81,956**	17,211	14,752	13,933	17,211	18,849	-
Overdrafts	**46,743**	9,816	8,414	7,946	9,816	10,751	-
Corporates							
Term loans	**886,971**	177,394	79,827	53,218	124,176	452,356	-
Overdrafts	**267,314**	53,463	24,058	16,039	37,424	136,330	-
Others	**7,691**	1,538	692	461	1,077	3,923	-
Investment securities:							
Treasury bills	**401,146**	222,211	34,762	15,233	128,940	-	-
Bonds and promissory notes	**485,552**	795	34,178	1,541	11,218	437,820	-
Equity	**77,091**	-	-	-	-	-	77,091
Derivative assets	**17,533**	-	-	-	-	-	17,533
Accounts receivable	**76,854**	-	-	-	-	-	76,854
	3,119,151	**750,983**	**211,856**	**120,215**	**332,231**	**1,060,029**	**643,837**
Derivative liability	**120**	-	-	-	-	-	120
Deposits from banks	**91,870**	91,870	-	-	-	-	-
Deposits from customers	**2,412,015**	1,073,347	1,133,647	-	205,021	-	-
Other liabilities	**120,661**	-	-	-	-	-	120,661
Subordinated liabilities	**85,821**	-	-	-	-	85,821	-
Borrowings	**155,360**	-	-	28,331	-	127,029	-
	2,865,847	1,165,217	1,133,647	28,331	205,021	212,850	120,781
Gaps	**253,304**	(414,234)	(921,791)	91,884	127,210	847,179	523,056
31 December 2015							
(b) 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	-	-	1,120,471	-	-
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	1,144,066	141,974	54,700
Gaps	**191,280**	(570,600)	(531,112)	(42,809)	(883,611)	701,391	397,550

Interest rate risk - continued

(b) Bank

June 30, 2016 *In millions of Nigerian Naira*	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
			Re-pricing period				
Cash and bank balances	**601,938**	204,421	13,938	11,615	2,324	-	369,641
Financial assets held for trading	**-**						
Treasury bills	**36,942**	36,942	-	-	-	-	-
Bonds	**108**	108	-	-	-	-	-
Loans and advances to banks	**28,332**	27,199	1,133	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	**24,377**	5,119	4,388	4,144	5,119	5,607	-
Overdrafts	**41,920**	8,803	7,546	7,126	8,803	9,642	-
Corporates							
Term loans	**712,033**	142,407	64,083	42,722	99,685	363,136	-
Overdrafts	**199,191**	39,838	17,927	11,951	27,887	101,588	-
Others	**7,691**	1,538	692	461	1,077	3,923	-
Investment securities:							
Treasury bills	**141,755**	78,524	12,284	5,383	45,564	-	-
Bonds and promissory notes	**323,197**	529	22,750	1,026	7,467	291,425	-
Equity	**76,356**	-	-	-	-	-	76,356
Derivative assets	**17,533**	-	-	-	-	-	17,533
Account receivable	**72,557**	-	-	-	-	-	72,557
	2,283,930	**545,428**	**144,741**	**84,428**	**197,926**	**775,321**	**536,087**
Derivative liability	**120**	-	**-**	**-**	**-**	**-**	120
Deposits from banks	**282**	282	**-**	**-**	**-**	**-**	**-**
Deposits from customers	**1,778,877**	791,600	836,072	-	151,205	-	-
Other liabilities	**88,936**	-	-	-	-	-	88,936
Subordinated liabilities	**85,821**	-		-	-	85,821	-
Borrowings	**155,360**		-	28,331	-	127,029	-
	2,109,396	791,882	836,072	28,331	151,205	212,850	89,056
Gaps	**174,534**	(246,454)	(691,331)	56,097	46,721	562,471	447,031
31 December 2015							
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

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 the Group's fixed Income portfolios and the effect on profit & loss and OCI, assuming 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	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
Decrease	**(14,611)**	**(16,352)**	**(8,253)**	**(11,112)**
Asset	(49,512)	(43,052)	(34,957)	(32,737)
Liability	(34,901)	(26,700)	(26,704)	(21,625)
Increase	**14,611**	**16,352**	**8,253**	**11,112**
Asset	49,512	43,052	34,957	32,737
Liability	34,901	26,700	26,704	21,625

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

	Group		Bank	
	Jun. 2016	Dec. 2015	Jun. 2016	Dec. 2015
In million of Nigerian Naira				
Cash and bank balances	236,886	280,356	232,297	266,820
Impact on income statement:				
Favourable change @ 2% increase in indicative value	4,738	5,607	4,646	5,336
Unfavourable change @ 2% reduction in indicative value	(4,738)	(5,607)	(4,646)	(5,336)
Financial assets held for trading				
Treasury bills	36,942	11,121	36,942	11,121
Government bonds	108	128	108	128
	37,050	**11,249**	**37,050**	**11,249**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	741	225	741	225
Unfavourable change @ 2% reduction in indicative value	(741)	(225)	(741)	(225)
Loans and advances to banks				
Term loans	24,005	14,600	28,332	14,591
	24,005	**14,600**	**28,332**	**14,591**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	480	292	567	292
Unfavourable change @ 2% reduction in indicative value	(480)	(292)	(567)	(292)
Loans and advances to customers				
Individual	128,699	114,378	66,297	74,126
Corporates	1,161,976	922,259	918,915	748,568
	1,290,675	**1,036,637**	**985,212**	**822,694**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	25,814	20,733	19,704	16,454
Unfavourable change @ 2% reduction in indicative value	(25,814)	(20,733)	(19,704)	(16,454)

	Group		Bank	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Available-for-sale investment securities:				
Treasury bills	183,578	193,816	141,755	189,644
Government bonds	52,174	32,757	34,786	32,253
Total	**235,752**	**226,573**	**176,541**	**221,897**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in indicative value	4,715	4,531	3,531	4,438
Unfavourable change @ 2% reduction in indicative value	(4,715)	(4,531)	(3,531)	(4,438)
Held-to-maturity investment securities:				
Government bonds	433,378	430,345	288,144	297,539
Treasury bills	217,568	150,774	-	-
Promissory notes	267	255	267	255
Total	**651,213**	**581,374**	**288,411**	**297,794**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	13,024	11,627	5,768	5,956
Unfavourable change @ 2% reduction in indicative value	(13,024)	(11,627)	(5,768)	(5,956)
Derivative assets	**-**	1,809	**-**	1,809
Impact on income statement:				
Favourable change @ 2% increase in indicative value	-	36	-	36
Unfavourable change @ 2% reduction in indicative value	-	(36)	-	(36)
Derivative liabilities	**-**	**327**	**-**	**327**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	-	(7)	-	(7)
Unfavourable change @ 2% reduction in indicative value	-	7	-	7
Deposit from banks				
Money market deposits	90,288	60,312	282	350
Due to other banks	1,582	754	-	-
Total	**91,870**	**61,066**	**282**	**350**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(1,837)	(1,221)	(6)	(7)
Unfavourable change @ 2% reduction in indicative value	1,837	1,221	6	7
Deposit from customers				
Retail customers:				
Term deposits	247,064	160,967	213,885	142,811
Savings deposits	476,912	407,036	393,907	351,982
Domiciliary deposits	103,126	34,507	97,699	31,462
Corporate customers:				
Term deposits	328,579	384,015	169,479	303,597
Domiciliary deposits	443,157	294,890	405,620	255,508
	1,598,838	**1,281,415**	**1,280,590**	**1,085,360**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(31,977)	(25,628)	(25,612)	(21,707)
Unfavourable change @ 2% reduction in indicative value	31,977	25,628	25,612	21,707
Borrowings				
On-lending facilities:				
- Central Bank of Nigeria (note 34.1)	42,328	13,642	42,328	13,642
- Bank of Industry (BoI) (note 34.2)	12,011	13,054	12,011	13,054
	54,339	**26,696**	**54,339**	**26,696**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(1,087)	(534)	(1,087)	(534)
Unfavourable change @ 2% reduction in indicative value	1,087	534	1,087	534

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 the Group's floating-rate financial instrument portfolios and the effect on income statement. The sensitivity analysis is based on a conservative assumption of 50 basis point change on the instrument with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

	Group		Bank	
Borrowings	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
- Standard Chartered Bank (note 34.3)	-	39,994	-	39,994
- European Investment Bank (EIB) (note 34.4)	2,036	1,590	2,036	1,590
- Syndicated facility (note 34.5)	42,554	41,710	42,554	41,710
- Africa Trade Finance Limited (note 34.6)	28,331	19,906	28,331	19,906
- Afrexim (note 34.7)	28,100	-	28,100	-
	101,021	**103,200**	**101,021**	**103,200**
Impact on income statement:				
Favourable change @ 0.5% increase in indicative value	(505)	(516)	(505)	(516)
Unfavourable change @ 0.5% reduction in indicative value	505	516	505	516

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

In millions of Nigerian Naira	Group		Bank	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Financial assets held for trading				
Treasury bills	36,942	11,121	36,942	11,121
Government bonds	108	128	108	128
	37,050	**11,249**	**37,050**	**11,249**
Impact on income statement:				
Favourable change @ 2% increase in indicative value	(741)	(225)	(741)	(225)
Unfavourable change @ 2% reduction in indicative value	741	225	741	225

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 hierachy, 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 hierachy, 5% increases/decreases were assumed for the significant unobservable inputs (cost of equity and terminal growth rates).

	Group		Bank	
In millions of Nigerian Naira	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Debt securities				
Available-for-sale investment securities:				
Treasury bills	183,578	193,816	141,755	189,644
Government bonds	52,174	32,757	34,786	32,253
Total	**235,752**	**226,573**	**176,541**	**221,897**

	Group		Bank	
Impact on other comprehensive income statement:	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Favourable change @ 2% increase in indicative value	4,715	4,531	3,531	4,438
Unfavourable change @ 2% reduction in indicative value	(4,715)	(4,531)	(3,531)	(4,438)
Level 1 Equity Sensitivities				
In millions of Nigerian Naira				
Impact on Other comprehensive income:				
Favourable change @ 15% increase in indicative value	-	1	-	1
Unfavourable change @ 15% reduction in indicative value	-	(1)	-	(1)
Level 1 Equity Positions				
In million of Nigerian Naira				
Impact on Other comprehensive income:				
Available-for-sale investment securities:	-	9	-	9
Total	**-**	**9**	**-**	**9**
Level 2 Equity Sensitivities				
Impact on Other comprehensive income:				
Favourable change @ 2% increase in prices	84	74	84	74
Unfavourable change @ 2% reduction in prices	(84)	(74)	(84)	(74)
Level 2 Equity Positions				
In million of Nigerian Naira				
Available-for-sale investment securities:	4,200	3,684	4,200	3,684
Total	**4,200**	**3,684**	**4,200**	**3,684**
Level 3 Equity Sensitivities				
Impact on Other comprehensive income:				
Favourable change @ 5% decrease in unobservable inputs	4,776	3,214	4,776	3,214
Favourable change @ 5% increase in unobservable inputs	(3,712)	(2,590)	(3,712)	(2,590)
Level 3 Equity Positions				
In million of Nigerian Naira				
Available-for-sale investment securities:	72,891	45,230	72,156	44,819
Total	**72,891**	**45,230**	**72,156**	**44,819**
Total impact on other comprehensive income:				
Favourable change	9,575	7,820	8,391	7,727
Unfavourable change	(8,511)	(7,196)	(7,327)	(7,103)

(iii) Equity risk

The Group did not undertake in equity trading activity in 2016. The 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

Foreign exchange risk is primarily controlled via policies around trading limits. The Board and Group ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra day positions. These limits must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory limits are monitored daily with zero tolerance 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	Naira	US Dollar	Euro	Pound	Others	Total
June 30, 2016						
Cash and bank balances	440,294	102,547	20,941	7,144	138,319	709,245
Financial assets held for trading	37,050	-	-	-	-	37,050
Derivative assets	-	17,533	-	-	-	17,533
Loans and advances to banks	-	24,005	-	-	-	24,005
Loans and advances to customers	537,203	483,638	2,110	771	266,953	1,290,675
Account receivables	14,872	58,361	323	-	3,298	76,854
Investment securities	516,986	35,807	-	-	411,263	964,056
Total financial assets	**1,546,405**	**721,891**	**23,374**	**7,915**	**819,833**	**3,119,418**
Derivative liability	-	-	59	61	-	120
Deposits from banks	21	9,440	957	-	81,452	91,870
Deposits from customers	1,209,871	569,355	16,252	6,478	610,059	2,412,015
Other liabilities	72,529	31,257	4,521	1,060	11,294	120,661
Borrowings	54,339	101,021	-	-	-	155,360
Subordinated liabilities	85,821	-	-	-	-	85,821
Total financial liabilities	**1,422,581**	**711,073**	**21,789**	**7,599**	**702,805**	**2,865,847**
Net FCY Exposure		**10,818**	**1,585**	**316**	**117,028**	
Sensitivity at 2% Naira appreciation		(216)	(32)	(6)	(2,341)	(2,595)
Sensitivity at 15% Naira depreciation		1,623	238	47	17,554	19,462
Sensitivity at 25% Naira depreciation		2,704	396	79	29,257	32,436
31 December 2015						
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		(23,421)	1,161	70	28,264	6,074

4.2 Risk management report (continued)
(d) Market risks - continued
(iv) Exchange rate exposure limits - continued

Bank	**Naira**	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
June 30, 2016						
Cash and bank balances	442,696	142,500	9,047	6,510	1,185	601,938
Financial assets held for trading	37,050	-	-	-	-	37,050
Derivative assets	-	17,533	-	-	-	17,533
Loans and advances to banks	-	28,332	-	-	-	28,332
Loans and advances to customers	558,215	424,925	1,298	774	-	985,212
Account receivables	14,472	58,077	8	-	-	72,557
Investment securities	509,957	31,351	-	-	-	541,308
Total financial assets	**1,562,390**	**702,718**	**10,353**	**7,284**	**1,185**	**2,283,930**
Derivative liability	-	-	59	61	-	120
Deposits from banks	-	282	-	-	-	282
Deposits from customers	1,209,171	554,409	9,182	6,112	3	1,778,877
Other liabilities	56,864	27,265	3,754	895	158	88,936
Borrowings	54,339	101,021	-	-	-	155,360
Subordinated liabilities	85,821	-	-	-	-	85,821
Total financial liabilities	**1,406,195**	**682,977**	**12,995**	**7,068**	**161**	**2,109,396**
Net FCY Exposure		**19,741**	**(2,642)**	**216**	**1,024**	
Sensitivity at 2% Naira appreciation		(395)	53	(4)	(20)	(366)
Sensitivity at 15% Naira depreciation		2,961	(396)	32	154	2,751
Sensitivity at 25% Naira depreciation		4,935	(661)	54	256	4,584
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)
						-

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

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

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

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

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

Tier 2 capital includes qualifying subordinated liabilities and the element of the fair value reserve relating to unrealised gains on financial instruments classified as 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 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 Jun. 2016	Bank Dec. 2015
Tier 1 capital		
Ordinary share capital	18,140	18,140
Share premium	117,374	117,374
Retained earnings	109,652	100,900
Other reserves	56,330	52,572
Gross Tier 1 capital	301,496	288,986
Less:		
Deferred tax on accumulated losses	16,651	22,951
Intangible assets	4,712	4,954
Staff share investment trust	30,144	30,491
Tier 1 Capital After Regulatory Deduction	**249,989**	**230,590**
Investment in subsidiaries	(35,351)	(32,884)
Eligible Tier 1 Capital	**214,638**	**197,706**

	Bank Jun. 2016	Bank Dec. 2015
Tier 2 capital		
Fair value reserve for available-for-sale securities	55,685	31,985
Subordinated liabilities	48,500	48,500
Less: limit of tier 2 to tier 1 capital	(20,855)	(3,622)
Qualifying Tier 2 Capital Before Deductions	**83,330**	**76,863**
Less: Investment in subsidiaries	(35,351)	(32,884)
Net Tier 2 Capital	**47,979**	**43,979**
Qualifying capital		
Net Tier I regulatory capital	214,638	197,706
Net Tier II regulatory capital	47,979	43,979
Total qualifying capital	262,617	241,685
Composition of risk-weighted assets:		
Risk-weighted amount for credit risk	1,120,471	939,031
Risk-weighted amount for operational risk	270,281	249,924
Risk-weighted amount for market risk	15,774	19,417
Total Basel II Risk-weighted assets	1,406,526	1,208,372
Basel II Capital ratios		
Total regulatory capital expressed as a percentage of total risk-weighted assets	19%	20%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15%	16%

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

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:

30 June 2016

In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading:	20				
Government bonds		108	-	-	108
Treasury bills		36,942	-	-	36,942
Derivative assets measured at fair value through profit and loss:	30(a)	-	17,533	-	17,533
Available-for-sale investment securities:	23				
Treasury bills		183,578	-	-	183,578
Bonds		52,174	-	-	52,174
Equity investments		-	4,200	72,891	77,091
Total assets		**272,802**	**21,733**	**72,891**	**367,426**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	**-**	**120**	**-**	**120**

Bank:

30 June 2016

In millions of Nigerian Naira

Assets					
Financial assets held for trading:	20	**Level 1**	**Level 2**	**Level 3**	**Total**
Government bonds		108	-	-	108
Treasury bills		36,942	-	-	36,942
					-
Derivative assets measured at fair value through profit and loss:	30(a)	-	17,533	-	17,533
					-
Available-for-sale investment securities:	23				-
Treasury bills		141,755	-	-	141,755
Bonds		34,786	-	-	34,786
Equity investments		-	4,200	72,156	76,356
		213,591	**21,733**	**72,156**	**307,480**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	**-**	**120**	**-**	**120**

Group:
31 December 2015

In millions of Nigerian Naira	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Financial assets held for trading:	20				
Government bonds		128	-	-	128
Treasury bills		11,121	-	-	11,121
Equities		-	-	-	-
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 at fair value		9	3,684	45,230	48,923
		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	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
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 at fair value		9	3,684	44,819	48,512
		233,155	**5,493**	**44,819**	**283,467**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	30(b)	**-**	**327**	**-**	**327**

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

	Group	**Group**	**Bank**	**Bank**
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
In millions of Nigerian Naira				
Balance, beginning of period	45,230	41,952	44,819	41,952
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)	27,337	3,652	27,337	3,652
Translation differences	324	411	-	-
Balance, end of period	72,891	45,230	72,156	44,819

(i) 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 Group's valuation technique during the year.

The table below sets out information about significant unobservable inputs used as at 30 June 2016 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 30 June 2016 (Group	Valuation technique	Significant unobservable input	Range of estimates for unobservable input	Fair value measurement sensitivity to unobservable inputs
Unquoted equity securities	71,539	Income Approach (Discounted cashflow method)	Cost of equity	9.79% - 29.7%	Significant increases in cost of equity, in isolation, would result in lower fair values. Signiicant reduction would result in higher fair values
			Terminal growth rate	2.5%-3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	343	Income Approach (Dividend discount model)	Cost of equity	14.6% - 30.7%	Significant increases in cost of equity, in isolation, would result in lower fair values. Signiicant reduction would result in higher fair values
			Terminal growth rate	8.8% - 14.2%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Signiicant 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 soveriegn bonds.
• The dividend growth rate was determined using the historical five years weighted average growth rate of dividends paid by the respective entities
• Equity risk premium were obtained from Damodaran Online (with specific focus on emerging markets data), adjusted for size premium.

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

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

In millions of Nigerian Naira

Key Assumption	**Effect on other comprehensive income (OCI)**			
	2016		**2015**	
	5% Increase	**5% Decrease**	**5% Increase**	**5% Decrease**
Cost of Equity	(5,423)	6,208	(4,178)	4,562
Terminal Growth Rate	1,711	(1,432)	1,588	(1,348)

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 *In millions of Nigerian Naira*	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
30 June 2016					
Assets					
Cash and bank balances	-	709,245	-	**709,245**	**709,245**
Loans and advances to banks	-	-	23,797	**23,797**	**24,005**
Loans and advances to customers					
-Individual					
Term loans	-	-	86,583	**86,583**	**81,956**
Overdrafts	-	-	43,815	**43,815**	**46,743**
-Corporate					
Term loans	-	-	896,648	**896,648**	**886,971**
Overdrafts	-	-	235,417	**235,417**	**267,314**
Others		-	7,855	**7,855**	**7,691**
Held to maturity - Investment securities					
Treasury bills	217,568	-	-	**217,568**	**217,568**
Bonds	413,967	-	-	**413,967**	**433,378**
Accounts receivable	-	76,854	-	**76,854**	**76,854**
Liabilities					
Deposits from banks	-	91,870	-	**91,870**	**91,870**
Deposits from customers	-	2,471,386	-	**2,471,386**	**2,412,015**
Subordinated liabilities	-	86,144	-	**86,144**	**85,821**
Other liabilities	-	120,661	-	**120,661**	**120,661**
Borrowings	-	-	158,404	**158,404**	**155,360**
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**

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
30 June 2016					
Assets					
Cash and bank balances	-	601,938	-	**601,938**	**601,938**
Loans and advances to banks	-	-	28,125	**28,125**	**28,332**
Loans and advances to customers					
-Individual					
Term loans	-	-	28,628	**28,628**	**24,377**
Overdrafts	-	-	39,922	**39,922**	**41,920**
-Corporate					
Term loans	-	-	693,681	**693,681**	**712,033**
Overdrafts	-	-	169,405	**169,405**	**199,191**
Others	-	-	7,855	**7,855**	**7,691**
Held to maturity - Investment securities					
Treasury bills	-	-	-	**-**	**-**
Bonds	268,733	-	-	**268,733**	**288,144**
Accounts receivable	-	72,557	-	**72,557**	**72,557**
Liabilities					
Deposits from banks	-	282	-	**282**	**282**
Deposits from customers	-	1,821,469	-	**1,821,469**	**1,778,877**
Subordinated liabilities	-	86,144	-	**86,144**	**85,821**
Other liabilities	-	88,936	-	**88,936**	**88,936**
Borrowings	-		158,404	**158,404**	**155,360**
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**
Accounts receivable	-	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**

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) Accounts receivable

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.

(h) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Group may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances.

The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting arrangements or other similar agreements but not offset, as at 30 June 2016 and 31 December 2015, and shows in the "Net" column what the impact would be on the Group's statement of financial position if all set off rights were exercised.

Group
30 June 2016

	Amounts offset			**Amounts not offset**		**Net**
In millions of Nigerian Naira	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral	
Financial assets						
- Accounts receivable (note 24) (a)	105,990	(26,811)	79,179	-	-	79,179
Financial liabilities						
- Creditors (note 33) (a)	117,217	(26,811)	90,406	-	-	90,406

Group
31 December 2015

	Amounts offset			**Amounts not offset**		**Net**
In millions of Nigerian Naira	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral	
Financial assets						
- Accounts receivable (note 24) (a)	52,156	(22,577)	29,579	-	-	29,579
Financial liabilities						
- Creditors (note 33) (a)	57,456	(22,577)	34,879	-	-	34,879

Bank
30 June 2016

	Amounts offset			**Amounts not offset**		**Net**
In millions of Nigerian Naira	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral	
Financial assets						
- Accounts receivable (note 24) (a)	101,033	(26,811)	74,222	-	-	74,222
Financial liabilities						
- Creditors (note 33) (a)	89,147	(26,811)	62,336	-	-	62,336

Bank
31 December 2015

	Amounts offset			**Amounts not offset**		**Net**
In millions of Nigerian Naira	Gross amounts	Gross amounts offset	Net amounts presented	Financial instruments	Cash collateral	
Financial assets						
- Accounts receivable (note 24) (a)	39,917	(22,577)	17,340	-	-	17,340
Financial liabilities						
- Creditors (note 33) (a)	46,872	(22,577)	24,295	-	-	24,295

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

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 taxable profits based on expected revenues for the next five years.

(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.

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

	30 June 2016		31 December 2015	
	Probability of Default -PD	**Loss Given Default-LGD**	**Probability of Default -PD**	**Loss Given Default-LGD**
In millions of naira				
Increase/decrease				
1% increase	87	81	30	24
1% decrease	(87)	(81)	(30)	(24)

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

On an annual basis, the Group carries out impairment assessments of its cash generating units containing goodwill. The recoverable amounts of the cash-generating units (CGU) are determined based on value-in-use calculations which require the use of estimates including discount rates and terminal growth rates. Management's estimates of the recoverable amounts of these CGU's is sensitive to these estimates. The key assumptions underlying the recoverable amounts as well as sensitivity analysis of these key assumptions are disclosed in note 28.

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

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

(v) 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.

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.

Inter-segment transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-segment transactions that are recognised in assets are also eliminated.

(a) Geographical segments

(i) 30 June 2016

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	118,866	42,864	4,060	(210)	**165,580**
Derived from other geographic segments	2,315	-	-	(2,315)	**-**
Total revenue	**121,181**	**42,864**	**4,060**	**(2,525)**	**165,580**
Profit before tax	**30,820**	**8,322**	**1,673**	**(545)**	**40,270**
Interest income	76,489	28,834	3,170	(1,075)	**107,418**
Interest expenses	(29,854)	(14,038)	(468)	1,074	**(43,286)**
Share of loss in equity-accounted investee	-	(79)	-	-	**(79)**
Impairment loss recognised in profit or loss	(5,573)	(1,533)	9	276	**(6,821)**
Income tax expenses	(5,998)	(1,634)	(17)	-	**(7,649)**
Profit for the year	**24,822**	**6,688**	**1,656**	**(546)**	**32,621**
30 June 2016					
Total segment assets [i]	2,521,253	957,043	94,318	(282,633)	**3,289,981**
Total segment liabilities	2,144,692	853,130	79,210	(194,952)	**2,882,080**
[i] Includes:					
Investments in associate and accounted for by using the equity method	-	2,290	-	-	**2,290**
Expenditure for reportable segment:					
Depreciation	2,606	877	27	-	**3,510**
Amortisation	520	35	-	-	**555**

(ii) 30 June 2015

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	131,481	33,459	2,634	(631)	**166,943**
Derived from other geographic segments	-	-	-	-	-
Total revenue	**131,481**	**33,459**	**2,634**	**(631)**	**166,943**
Profit before tax	**29,546**	**9,248**	**457**	**(205)**	**39,046**
Interest income	94,227	20,203	2,230	(426)	**116,234**
Interest expenses	(43,315)	(7,194)	(493)	426	**(50,576)**
Share of profit/(loss) in equity-accounted investee	-	(52)	-	-	**(52)**
Impairment loss recognised in profit or loss	(2,214)	(1,286)	-	-	**(3,500)**
Income tax expenses	(4,616)	(2,424)	(7)	-	**(7,047)**
Profit for the year	**24,930**	**6,824**	**450**	**(205)**	**31,999**
31 December 2015					
Total segment assets [1]	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**
[1] Includes:					
Investments in associate and joint venture accounted for by using the equity method	-	2,236	-	-	**2,236**
Expenditure for reportable segment:					
Depreciation	2,784	753	21	-	**3,558**
Amortisation	452	36	-	-	**488**

6 Operating segments

(b) Business reporting

(i) **30 June 2016**

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	55,333	72,146	38,101	165,580
Derived from other business segments	(19,891)	38,789	(18,898)	-
Total revenue	**35,442**	**110,935**	**19,203**	**165,580**
Interest expenses	(9,763)	(29,992)	(3,531)	(43,286)
Fee and commission expense	(37)	(5,914)	(147)	(6,098)
Net impairment loss on financial assets	(94)	(6,727)	-	(6,821)
Operating expenses	(3,162)	(56,247)	(5,552)	(64,961)
Depreciation and amortisation	(43)	(4,019)	(3)	(4,065)
Share of profit of equity-accounted investee	-	(79)		(79)
Profit before income tax	**22,343**	**7,957**	**9,970**	**40,270**
Taxation	(3,712)	(2,462)	(1,475)	(7,649)
Profit for the year	**18,631**	**5,495**	**8,495**	**32,621**
Loans and advances	888,946	364,324	61,410	1,314,680
Deposits from customers and banks	506,042	1,841,309	156,534	2,503,885
Total segment assets	1,003,130	1,586,266	700,585	3,289,981
Total segment liabilities	878,865	1,389,417	613,798	2,882,080

(ii) **30 June 2015**

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	55,375	72,238	38,130	165,743
Derived from other business segments	(8,318)	22,124	(13,806)	-
Total revenue	**47,057**	**94,362**	**24,324**	**165,743**
Interest expenses	(17,437)	(27,673)	(5,467)	(50,577)
Fee and commission expense	(243)	(2,835)	(1,096)	(4,174)
Net impairment loss on financial assets	(40)	(2,176)	-	(2,216)
Operating expenses	(7,995)	(50,559)	(7,088)	(65,642)
Depreciation and amortisation	(55)	(3,975)	(6)	(4,036)
Share of loss of equity-accounted investee	-	(52)	-	(52)
Profit before income tax	**21,287**	**7,092**	**10,667**	**39,046**
Taxation	(2,175)	(3,258)	(1,614)	(7,047)
Profit for the year	**19,112**	**3,834**	**9,053**	**31,999**
31 December 2015				
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

(c) Seasonality of operations

The Group's main business segments are not subject to seasonal fluctuations. The results of the Group are relatively stable and accrue fairly evenly throughout the period.

In millions of Nigerian Naira	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
7 Interest income				
Cash and bank balances	3,795	7,293	3,322	6,889
Loans and advances to banks	264	752	264	752
Loans and advances to customers				
- To individuals				
Term loans	1,754	2,801	1,402	1,910
Overdrafts	753	1,188	602	810
- To corporates				
Term loans	46,736	53,434	37,961	48,055
Overdrafts	15,227	17,849	12,177	12,173
Others	261	164	208	112
Investment securities				
- Treasury bills	19,665	22,214	5,776	15,641
- Bonds	18,951	9,272	16,735	7,812
- Promissory notes	12	-	12	-
	107,418	114,967	78,459	94,154

Interest income includes accrued interest on impaired loans of N534 million for the Group (Bank: N348 million) for the half year ended 30 June 2016 and N541 million for the Group (Bank: N516 million) for the half year ended 30 June 2015.

8 Interest expense *In millions of Nigerian Naira*	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
Deposits from banks	3,180	4,571	856	1,627
Deposits from customers	31,359	38,161	20,321	33,914
Borrowings	2,315	1,438	2,315	1,438
Subordinated liabilities	6,432	6,407	6,432	6,407
	43,286	50,577	29,924	43,386

9 Impairment loss on loans and receivables *In millions of Nigerian Naira*	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
Impairment losses on loans and advances to customers:				
- specific impairment (Note 22(d))	2,318	1,795	1,003	879
- portfolio impairment (Note 22(d))	2,784	1,672	2,230	1,485
Impairment (reversal)/charge on loans and advances to banks:				
- portfolio impairment (reversal)/charge ((Note 21)	21	(48)	24	(48)
Write-off on loans and advances	2,082	323	1,971	285
Recoveries on loans written-off	(1,381)	(1,672)	(304)	(709)
Impairment loss on other assets (Note 24(a))	997	146	645	-
	6,821	2,216	5,569	1,892

10 Fees and commission income *In millions of Nigerian Naira*	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
Credit-related fees and commissions	4,190	5,502	2,575	2,675
Commission on turnover	375	5,984	-	5,668
Account maintenance fee	1,949	-	1,949	-
E-Banking	18,085	6,374	16,444	5,624
Funds transfer fee	831	924	244	467
Pension funds custody fees	2,014	1,847	-	-
Trade transactions income	3,411	4,967	1,763	2,432
Remittance fee	1,198	1,798	791	1,075
Commissions on transactional services	1,295	1,826	1,034	1,535
Internal transfer pricing charges	-	-	1,295	-
Other fees and charges	3,588	1,135	601	436
	36,936	30,357	26,696	19,912

11 Fees and commission expense

In millions of Nigerian Naira	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
E-Banking expense	5,643	4,004	4,842	3,457
Funds transfer expense	455	170	72	155
	6,098	4,174	4,914	3,612

12 Net trading and foreign exchange income

In millions of Nigerian Naira				
Fixed income securities[1]	2,073	1,302	2,032	1,266
Foreign exchange trading income	5,798	11,168	1,046	7,412
Foreign currency revaluation (loss)/gain	(4,165)	795	(4,219)	1,031
Fair value gain on derivatives (see note 30 (c))	15,931	4,952	15,931	4,952
	19,637	18,217	14,790	14,661

[1]This includes gains and losses arising from sales and purchase of held for trading securities, as well as changes in their fair value.

13 Other operating income

In millions of Nigerian Naira	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
Dividend income	1,051	1,697	955	1,627
Rental income	198	193	198	193
Others	340	312	153	144
	1,589	2,202	1,306	1,964

14 Employee benefit expenses

In millions of Nigerian Naira				
Wages and salaries	28,220	28,507	20,222	21,588
Defined contribution plans	1,053	1,002	666	713
	29,273	29,509	20,888	22,301

15 Depreciation and amortisation

Depreciation of property and equipment (note 27)	3,510	3,558	2,611	2,787
Amortisation of intangible assets (note 28)	555	478	504	430
	4,065	4,036	3,115	3,217

16 Other operating expenses	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
In millions of Nigerian Naira				
Directors' fees	22	18	22	18
Banking sector resolution cost	5,568	6,393	5,568	6,393
Deposit insurance premium	3,467	3,717	3,349	3,713
Auditors' remuneration	130	110	100	90
Other insurance costs	779	860	397	463
Occupancy and premises maintenance cost	5,362	5,520	2,679	4,296
Business travels	2,103	1,565	1,598	1,125
Advertising,promotion and branding	2,013	1,341	1,684	1,058
Contract services	3,951	3,152	3,513	2,671
Communication	1,757	1,512	716	769
Computer consumables	1,779	1,196	1,636	1,090
Printing, stationery and subscriptions	1,384	1,346	1,023	983
Security and cash handling expenses	1,587	1,786	757	761
Fuel, repairs and maintenance	3,652	2,984	2,516	2,198
Other expenses	2,134	4,633	813	2,243
	35,688	36,133	26,371	27,871

17 Taxation Recognised in the statement of comprehensive income	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
In millions of Nigerian Naira				
(a) **Current tax expense**				
Current year	4,030	3,370	1,295	1,292
Prior year under-provision	4,124	861	4,124	-
	8,154	4,231	5,419	1,292
(b) **Deferred tax expense/(credit)**				
Origination and reversal of temporary differences (Note 29)	(505)	2,816	-	2,816
Total income tax expense/(credit)	7,649	7,047	5,419	4,108

(c) **Current tax liabilities**	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Balance, beginning of year	6,488	4,615	634	1,858
Tax paid	(12,150)	(7,004)	(4,776)	(4,317)
Income tax charge	8,154	8,877	5,419	3,093
Balance, end of year	2,492	6,488	1,277	634

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

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the Bank (Parent). The reconciliation of amount reported as tax expense in the statement of comprehensive income to the income tax using the domestic corporation tax rate is presented below:

In millions of Nigerian Naira	Group Jun. 2016	Group Jun. 2015	Bank Jun. 2016	Bank Jun. 2015
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	40,270	39,046	30,470	28,412
Income tax using the domestic corporation tax rate	12,081	11,714	9,141	8,524
Tax effects of :				
Income not subject to tax	(16,637)	(13,310)	(12,991)	(9,543)
Expenses not deductible for tax purposes	4,601	1,595	3,850	1,019
Minimum tax provision	3,111	6,301	974	3,643
Prior year additional tax charge	4,124	-	4,124	-
Education tax	30	248	-	155
WHT paid on dividends	19	17	19	17
Capital Gains tax	-	5	-	-
Information Technology Levy	320	477	302	293
Total income tax expense in comprehensive income	7,649	7,047	5,419	4,108

18 Earnings per share

The calculation of basic earnings per share as at 30 June 2016 was based on the profit attributable to ordinary shareholders of N31.618 billion (Bank: N25.051 billion) and the weighted average number of ordinary shares outstanding of 34,018,061,117 (Bank: 36,279,526,324). The weighted weighted average number of ordinary shares of the Group excludes treasury shares held by the Parent's Staff Share Investment Trust. The Bank had no dilutive instruments as at period end (June 2015 : nil). Hence the basic and diluted earnings per share are equal.

	Group	Group	Bank	Bank
In millions of Nigerian Naira				
Profit attributable to equity holders of the parent	32,005	31,377	25,051	24,304
Weighted average number of ordinary shares outstanding	34,018	33,312	36,280	35,686
Basic and diluted earnings per share (Naira)	0.94	0.94	0.69	0.68

19 Cash and bank balances

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Cash	37,774	36,114	18,138	28,124
Current balances with banks	119,311	130,255	102,590	113,634
Unrestricted balances with central banks	113,755	62,233	32,441	22,241
Money market placements	117,575	150,101	129,707	153,186
	388,415	378,703	282,876	317,185
Mandatory reserve deposits with Central Banks (note 19(i) below)	320,830	276,668	319,062	273,589
	709,245	655,371	601,938	590,774

(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 Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Cash and current balances with banks	157,085	166,369	120,728	141,758
Unrestricted balances with central banks	113,755	62,233	32,441	22,241
Money market placements (less than 90 days)	72,924	116,659	100,566	123,992
Financial assets held for trading (less than 90 days)	4,733	2,595	4,733	2,595
Cash and cash equivalents	348,497	347,856	258,468	290,586

20 Financial assets held for trading

In millions of Nigerian Naira				
Government bonds	108	128	108	128
Treasury bills (less than 90 days maturity)	4,733	2,595	4,733	2,595
Treasury bills (above 90 days maturity)	32,209	8,526	32,209	8,526
	37,050	11,249	37,050	11,249
Current	37,050	11,249	37,050	11,249

21 Loans and advances to banks

In millions of Nigerian Naira				
Term loans:				
Gross amount	24,070	14,632	28,409	14,632
Portfolio impairment	(65)	(32)	(77)	(41)
	24,005	14,600	28,332	14,591
Current	24,005	14,600	28,332	14,591

Impairment allowance on loans and advances to banks

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Portfolio impairment				
Balance, beginning of year	32	106	41	131
Net impairment (reversal)/ charge in the year	21	(96)	24	(112)
Exchange difference	12	22	12	22
Balance, end of year	65	32	77	41

22 Loans and advances to customers

In millions of Nigerian Naira

(a) *30 June 2016*

(i) Group

	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	137,793	(5,196)	(3,898)	(9,094)	128,699
Loans to corporate entities and other organizations	1,189,333	(4,636)	(22,721)	(27,357)	1,161,976
	1,327,126	(9,832)	(26,619)	(36,451)	1,290,675
Loans to individuals					
Overdraft	51,986	(4,357)	(886)	(5,243)	46,743
Term Loans	85,807	(839)	(3,012)	(3,851)	81,956
	137,793	(5,196)	(3,898)	(9,094)	128,699
Loans to corporate entities and other organizations					
Overdraft	277,446	(4,469)	(5,663)	(10,132)	267,314
Term Loans	904,030	(167)	(16,892)	(17,059)	886,971
Others	7,857	-	(166)	(166)	7,691
	1,189,333	(4,636)	(22,721)	(27,357)	1,161,976

(b) Bank

(ii)	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	71,243	(4,323)	(623)	(4,946)	66,297
Loans to corporate entities and other organizations	930,426	(2,892)	(8,619)	(11,511)	918,915
	1,001,669	(7,215)	(9,242)	(16,457)	985,212
Loans to individuals					
Overdraft	46,052	(3,738)	(394)	(4,132)	41,920
Term Loan	25,191	(585)	(229)	(814)	24,377
	71,243	(4,323)	(623)	(4,946)	66,297
Loans to corporate entities and other organizations					
Overdraft	205,613	(2,892)	(3,530)	(6,422)	199,191
Term Loan	716,956	-	(4,923)	(4,923)	712,033
Others	7,857	-	(166)	(166)	7,691
	930,426	(2,892)	(8,619)	(11,511)	918,915

(b) *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 Loan	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

		Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
(ii)	**Bank**					
	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 Loans	32,888	(603)	(141)	(744)	32,144
		78,070	(3,619)	(325)	(3,944)	74,126
	Loans to corporate entities and other organizations					
	In millions of Nigerian Naira					
	Overdraft	144,056	(1,831)	(2,436)	(4,267)	139,789
	Term Loans	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

		Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
(c)	Current	854,243	748,182	642,850	595,025
	Non-current	436,432	288,455	342,362	227,669
		1,290,675	1,036,637	985,212	822,694
(d)	**Impairment allowance on loans and advances to customers**				
	Specific impairment				
	Balance, beginning of year	6,781	5,723	6,031	4,099
	Impairment charge for the year (Note 9)	2,318	2,285	1,003	1,941
	Loans written off	(636)	(714)	(24)	(9)
	Exchange difference	1,369	(513)	205	-
	Balance, end of year	9,832	6,781	7,215	6,031
	Portfolio impairment				
	Balance, beginning of year	19,001	17,788	7,012	6,423
	Net impairment charge for the year (Note 9)	2,784	1,213	2,230	589
	Exchange difference	4,834	-	-	-
	Balance, end of year	26,619	19,001	9,242	7,012
23	**Investment securities**				
	Available-for-sale investment securities comprise (see note (i)):				
	Treasury bills	183,578	193,816	141,755	189,644
	Bonds	52,174	32,757	34,786	32,253
	Equity investments	77,091	48,923	76,356	48,512
		312,843	275,496	252,897	270,409
	Held to maturity investment securities comprise (see note (i)):				
	Treasury bills	217,568	150,774	-	-
	FGN Promissory notes	267	255	267	255
	Bonds	433,378	430,345	288,144	297,539
		651,213	581,374	288,411	297,794
	Carrying amount	964,056	856,870	541,308	568,203

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Current	412,271	588,895	214,335	230,579
Non-current	551,785	267,975	326,973	337,624
	964,056	856,870	541,308	568,203

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

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Bonds (available-for-sale)	-	5,409	-	5,409
Bonds (held-to-maturity)	46,058	94,260	46,058	94,260
	46,058	99,669	46,058	99,669

24 Other assets

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Accounts receivable	79,179	29,579	74,222	17,340
Prepayments	24,039	8,589	16,331	4,643
Stock of consumables	6,541	3,587	1,520	1,565
	109,759	41,755	92,073	23,548
Impairment loss on accounts receivable	(2,325)	(1,267)	(1,665)	(1,020)
	107,434	40,488	90,408	22,528
(a) *Movement in impairment for other assets*				
At start of year	1,267	1,898	1,020	1,221
Charge for the year (Note 9)	997	611	645	442
Balances written off	(114)	(1,226)	-	(643)
Exchange difference	175	(16)	-	-
	2,325	1,267	1,665	1,020
(b) Current	104,324	36,932	88,309	20,546
Non-current	3,110	3,556	2,099	1,982
	107,434	40,488	90,408	22,528

25 Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investee as at 30 June 2016. 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	Jun. 2016	Dec. 2015
Assets		
Cash and bank balances	1,209	3,087
Other current assets (excluding cash)	5,328	3,376
Non-current assets	591	627
Total assets	**7,128**	**7,090**
Financial liabiliites (excluding trade payables)	3,293	4,460
Other current liabiliites (including trade payables)	1,580	484
Total liabiliites	**4,873**	**4,944**
Net assets	**2,255**	**2,146**

(ii) Summarised statement of comprehensive income

	Jun. 2016	Jun. 2015
Operating income	737	656
Operating expense	(709)	(673)
Net impairment loss on financial assets	(190)	(20)
Profit before tax	**(162)**	**(37)**

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 Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Balance, beginning of year	2,236	2,986	1,770	1,770
Share of current year's result	(79)	(110)	-	-
Share of foreign currency translation differences	133	(640)	-	-
Balance, end of year	2,290	2,236	1,770	1,770

(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 :

	Jun. 2016	Dec. 2015
Opening net assets	2,146	3,674
Loss for the year	(162)	(221)
Foreign currency translation differences	271	(1,307)
Closing net assets	2,255	2,146
Group's interest in associate (49%)	1,104	1,050
Notional goodwill	1,186	1,186
Carrying amount	2,290	2,236

(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%. The projected cash flows were discounted using a pre-tax discount rate of 30% and a terminal growth rate of 5%. The discount rate was estimated based on a risk premium over and above the comparable soveriegn yield (Zambian government bonds). The terminal growth rate was based on the projected GDP 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	1,104	2,290	3,151	861

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 amount of the CGU would exceed its recoverable amount if the following occurs independently:

- A 10% change in the average annual growth rate of deposits.
- A 7% change in the pre-tax discount rate (that is if the discount rate was 37% instead of 30%).

No reasonably expected changes in the terminal growth rate would result in the CGU's carrying amount exceeding its recoverable amount.

26 Investment in subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira						**Bank Jun. 2016**	**Bank Dec. 2015**
Bank subsidiaries (see note (i) below):	**Year of acquisition/ Commencement**	**Holding**	**Non-controlling interest**	**Country**	**Industry**		
UBA Ghana Limited	2004	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	-	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	3,705	2,718
UBA Burkina Faso	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	3,744	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	2,757	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 Brazzaville	Banking	3,024	3,024
UBA Mozambique	2011	70%	30%	Mozambique	Banking	1,856	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
						70,702	**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.

In millions of Nigerian Naira	**Bank Jun. 2016**	**Bank Dec. 2015**
The movement in the investment in subsidiaries during the year is as follows:		
Balance, beginning of the year	65,767	65,767
Additional investments during the year	4,935	-
Balance, end of year	**70,702**	**65,767**

During the year, the Bank made additional investments in four subsidiaries (UBA Uganda, UBA Mozambique, UBA Tanzania and UBA Kenya) totaling N4.935 billion. These additional investments have not been reflected in the subsidiaries' capital as at June 30, 2016, as they are awaiting approvals from the host regulatory authorities.

(i) UBA Ghana, UBA Cameroon SA, UBA Cote d'ivoire, UBA Liberia, UBA Uganda, UBA Burkina Faso, UBA Chad SA, UBA Senegal SA, UBA Benin, UBA Kenya, UBA Tanzania, UBA Gabon, UBA Guinea, UBA Sierra Leone, UBA Mozambique, UBA Congo DRC and UBA Congo 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) Significant restrictions:
There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the period is N10.131 billion (2015: N6.794 billion) is attributed to the following non-fully owned subsidiaries:

	Jun. 2016	Dec. 2015
UBA Ghana Limited	1,994	1,272
UBA Burkina Faso	3,784	2,471
UBA Benin	809	670
UBA Uganda Limited	955	349
UBA Kenya Bank Limited	615	357
UBA Senegal (SA)	1,513	954
UBA Mozambique Limited	(304)	135
UBA Chad (SA)	624	385
UBA Tanzania Limited	180	201
	10,170	6,794

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 30 June 2016. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of Nigerian Naira	UBA Ghana Limited		UBA Burkina Faso		UBA Benin	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Summarized balance sheet						
Cash and bank balances	21,889	9,878	8,821	5,234	9,467	2,152
Other financial assets	153,401	117,261	146,957	96,741	74,750	54,468
Non-financial assets	1,300	687	3,584	2,475	1,428	948
Total assets	**176,590**	**127,826**	**159,362**	**104,450**	**85,645**	**57,568**
Financial liabilities	150,860	108,001	147,386	96,932	78,896	51,896
Other liabilities	4,121	4,180	1,540	703	3,324	2,852
Total liabilities	**154,981**	**112,181**	**148,926**	**97,635**	**82,220**	**54,748**
Net assets	**21,609**	**15,645**	**10,436**	**6,815**	**3,425**	**2,820**
Summarized statement of comprehensive income	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**
Revenue	**13,436**	**8,942**	**4,663**	**4,101**	**3,114**	**2,182**
Profit for the year	1,086	2,725	818	728	139	139
Other comprehensive income	-	-	-	-		-
Total comprehensive income	**1,086**	**2,725**	**818**	**728**	**139**	**139**
Total comprehensive income allocated to non-controlling interest	100	252	297	254	33	33
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	(494)	(19,965)	37,929	3,550	28,071	2,470
Cash flows from financing activities	(194)	(3,121)	2,804	5,850	434	2,813
Cash flows from investing activities	716	52	(37,146)	(2,622)	(21,190)	(973)
Net increase/(decrease) in cash and cash equivalents	**28**	**(23,034)**	**3,587**	**6,778**	**7,315**	**4,310**

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)	
	Jun. 2016	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Summarized balance sheet						
Cash and bank balances	7,794	4,274	3,754	6,128	10,847	10,757
Other financial assets	7,781	4,834	12,069	8,114	62,293	36,850
Non-financial assets	358	247	1,117	760	862	501
Total assets	**15,933**	**9,355**	**16,940**	**15,002**	**74,002**	**48,108**
Financial liabilities	11,577	6,878	10,133	12,635	59,193	37,720
Other liabilities	1,127	1,298	3,572	490	3,614	3,325
Total liabilities	**12,704**	**8,176**	**13,705**	**13,125**	**62,807**	**41,045**
Net assets	**3,229**	**1,179**	**3,235**	**1,877**	**11,195**	**7,063**
Summarized statement of comprehensive income	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**
Revenue	**858**	**805**	**1,084**	**694**	**2,474**	**2,093**
Profit/(loss) for the year	135	15	402	(87)	1,079	767
Other comprehensive income	-	-	-	-		-
Total comprehensive income	**135**	**15**	**402**	**(87)**	**1,079**	**767**
Total comprehensive income allocated to non-controlling interest	41	4	76	(13)	146	107
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	4,455	4,843	(1,953)	5,051	7,180	2,372
Cash flows from financing activities	1,915	1,140	955	1,326	3,053	5,761
Cash flows from investing activities	(2,850)	(240)	(1,376)	(151)	(10,143)	(419)
Net increase/(decrease) in cash and cash equivalents	**3,520**	**5,743**	**(2,374)**	**6,226**	**90**	**7,714**

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

	UBA Mozambique		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**	**Jun. 2016**	**Dec. 2015**
Summarized balance sheet						
Cash and bank balances	3,038	1,956	5,773	5,354	3,597	2,015
Other financial assets	1,344	2,745	26,139	14,587	11,384	11,544
Non-financial assets	110	112	779	529	665	580
Total assets	**4,492**	**4,813**	**32,691**	**20,470**	**15,646**	**14,139**
Financial liabilities	2,781	3,230	26,082	16,197	13,465	12,745
Other liabilities	47	1,134	938	770	1,279	388
Total liabilities	**2,828**	**4,364**	**27,020**	**16,967**	**14,744**	**13,133**
Net assets	**1,664**	**449**	**5,671**	**3,503**	**902**	**1,006**
Summarized statement of comprehensive income	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**	**Jun. 2016**	**Jun. 2015**
Revenue	**187**	**546**	**1,672**	**1,408**	**632**	**867**
Profit/(loss) for the year	(299)	(93)	225	273	(60)	30
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(299)**	**(93)**	**225**	**273**	**(60)**	**30**
Total comprehensive income allocated to non-controlling interest	(90)	(14)	25	-	(12)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	(669)	1,833	540	2,531	2,200	(1,561)
Cash flows from financing activities	1,514	(84)	1,942	3,413	(43)	(287)
Cash flows from investing activities	237	(164)	(2,064)	(507)	(575)	65
Net increase/(decrease) in cash and cash equivalents	**1,082**	**1,585**	**418**	**5,437**	**1,582**	**(1,783)**

27 Property and equipment

(a) (i) As at 30 June 2016

Group

In millions of Nigerian Naira	Land	Buildings and Leasehold Improveme	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
Balance at 1 January 2016	31,425	36,908	12,635	11,350	66,138	2,925	161,381
Additions	111	947	-	377	3,141	707	5,283
Reclassifications	(101)	196	-	174	484	(753)	-
Disposals	-	(535)	(3,186)	(383)	(1,143)	(62)	(5,309)
Write-off	(43)	(15)	-	-	-	-	(58)
Exchange difference	-	4,455	-	884	3,479	160	8,978
Balance at 31 December 2015	**31,392**	**41,956**	**9,449**	**12,402**	**72,099**	**2,977**	**170,275**
Accumulated depreciation							
Balance at 1 January 2016	-	14,120	2,215	8,938	47,283	-	72,556
Charge for the year	-	542	291	319	2,358	-	3,510
Reclassifications	-	-	-	-	-	-	-
Disposals	-	(38)	(1,432)	(229)	(560)	-	(2,259)
Write-off	-	(3)	-	-	-	-	(3)
Exchange difference	-	2,365	-	661	3,275	-	6,301
Balance at 30 June 2016	**-**	**16,986**	**1,074**	**9,689**	**52,356**	**-**	**80,105**
Carrying amounts							
Balance at 30 June 2016	**31,392**	**24,970**	**8,375**	**2,713**	**19,743**	**2,977**	**90,170**
Balance at 31 December 2015	**31,425**	**22,788**	**10,420**	**2,412**	**18,855**	**2,925**	**88,825**

(ii) Bank

In millions of Nigerian Naira	Land	Buildings and Leasehold	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
Balance at 1 January 2016	31,425	26,363	12,635	9,230	56,802	2,537	138,992
Additions	111	5	-	75	1,300	501	1,992
Reclassifications	(101)	178	-	137	365	(579)	-
Disposals	-	-	(3,186)	(256)	(320)	(61)	(3,823)
Write-off	(43)	(15)	-	-	-	-	(58)
Exchange difference	-	81	-	6	87	-	174
Balance at 30 June 2016	**31,392**	**26,612**	**9,449**	**9,192**	**58,234**	**2,398**	**137,277**
Accumulated depreciation							
Balance at 1 January 2016	-	8,999	2,215	7,346	40,287	-	58,847
Charge for the year	-	210	291	222	1,888	-	2,611
Reclassifications	-	-	-	-	-		-
Disposals	-	-	(1,432)	(196)	(308)	-	(1,936)
Write-off	-	(3)	-	-	-	-	(3)
Exchange difference		48	-	2	85	-	135
Balance at 30 June 2016	**-**	**9,254**	**1,074**	**7,374**	**41,952**	**-**	**59,654**
Carrying amounts							
Balance at 30 June 2016	**31,392**	**17,358**	**8,375**	**1,818**	**16,282**	**2,398**	**77,623**
Balance at 31 December 2015	**31,425**	**17,364**	**10,420**	**1,884**	**16,515**	**2,537**	**80,145**

(b) (i) **Group**

As at 31 December 2015

In millions of Nigerian Naira	Land	Buildings and Leasehold Improveme	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
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
Reclassification	-	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	Land	Buildings and Leasehold Improveme	Other Transportation Equipment	Motor Vehicles	Furniture and Office Equipment	Work in progress	Total
Cost							
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.

28 Intangible assets

(a) (i) As at 30 June 2016

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2016	5,673	14,310	1,208	21,191
Additions	-	368	167	535
Exchange difference	2,522	710	2	3,234
Balance at 30 June 2016	8,195	15,388	1,377	24,960
Amortization				
Balance at 1 January 2016	-	9,822	-	9,822
Amortisation for the year	-	555	-	555
Exchange difference	-	741	-	741
Balance at 30 June 2016	-	11,118	-	11,118
Carrying amounts				
Balance at 30 June 2016	8,195	4,270	1,377	13,842
Balance at 31 December 2015	5,673	4,488	1,208	11,369

(ii) Bank

	Purchased software	Work in progress	Total
Cost			
Balance at 1 January 2016	11,839	1,210	13,049
Additions	94	167	261
Exchange difference	(7)	-	(7)
Balance at 30 June 2016	11,926	1,377	13,303
Amortization			
Balance at 1 January 2016	8,095	-	8,095
Amortisation for the year	504	-	504
Exchange difference	(8)	-	(8)
Balance at 30 June 2016	8,591	-	8,591
Carrying amounts			
Balance at 30 June 2016	3,335	1,377	4,712
Balance at 31 December 2015	3,744	1,210	4,954

(b) (i) **As at 31 December 2015**

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
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 *In millions of Nigerian Naira*	Purchased software	Work in progress	Total
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.

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)	17.0%	20.0%
Deposits (% annual growth rate)	10.0%	22.0%
Loans and advances (% annual growth rate)	18.0%	20.0%
Operating expenses (% annual growth rate)	10.0%	10.0%
Terminal growth rate (%)	1.5%	2.0%
Discount rate (%)	16.4%	5.1%

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

Assumption	Approach used in determining values
Gross earnings	This is the average annual growth rate over the five-year period. Based on past performance, expectations of market development and the expected positive impact of deposits and loan growth in the forecast period.
Deposits	This is the average annual growth rate over the five-year period. Deposits have been determined to be the key value driver for the CGUs. Projected deposits growth is based on past performance of the CGUs as well as management's plans to expand the businesses and deepen customer base.
Loans and advances	This is the average annual growth rate over the five year period. It is based partly on past performance but largely on the expected positive impact of the forecasted growth in deposits.
Operating expenses	This is the average annual growth rate over the five year period. It is based on the current structure of business of the respective CGUs, adjusting for expected inflationary increases but not reflecting any future restructurings or cost saving measures.
Terminal growth rate	This is the average growth rate used to extrapolate cash flows beyond the five-year period. Based on estimated economic growth rates for the respective CGUs.
Discount rate	The discount rate was a pre-tax measure based on the longest tenured government bond issued by the governments in Benin and United Kingdom respectively adjusted for a risk premium to reflect both the increased risk of investing in equities and generally and the systematic risk of the specific CGU.

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	5,076	2,616	7,692	19,813	12,121
- UBA Capital Europe Limited	3,119	13,354	16,473	25,484	9,011
	8,195	15,970	24,165	45,297	21,132

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount. The results of the value-in-use calculations are however sensitive to changes in the 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 29% change in the discount rate for the UBA Benin CGU (i.e if the discount rate applied was 45% instead of 16%) would 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 3% 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 10%) 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	Group		Bank	
(a) ***30 June 2016***	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, equipment, and software	13,293	23	11,465	-
Allowances for loan losses	2,796	-	2,796	-
Account receivable	500	-	500	
Tax losses carried forward	11,872	-	11,872	-
Fair value loss on derivatives	4,779	-	4,779	-
Others	441	-	441	-
Net tax assets /liabilities	33,681	23	31,853	-

In millions of Nigerian Naira	Group		Bank	
31 December 2015	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Property, equipment, and software	7,562	15	6,247	-
Allowances for loan losses	1,966	-	1,966	-
Account receivable	366	-	366	
Tax losses carried forward	24,666	-	24,666	-
Exchange difference on monetary items	(1,715)	-	(1,715)	-
Others	323	-	323	-
Net tax assets /liabilities	33,168	15	31,853	-

Deferred tax assets and liabilities

Movements in temporary differences during the year

30 June 2016

Group

In millions of Nigerian Naira	**Opening**	**Recognised in profit or loss**	**Recognised in equity**	**Closing balance**
Property, equipment and software	7,547	5,723	-	13,270
Allowances for loan losses	1,966	830	-	2,796
Account receivable	366	134	-	500
Tax losses carried forward	24,666	(12,794)	-	11,872
Tax losses on fair value gain on derivatives	(1,715)	6,494	-	4,779
Others	323	118	-	441
	33,153	505	-	33,658

Bank

In millions of Nigerian Naira	Opening	Recognised in profit or loss balance	Recognised in equity	Closing balance
Property, equipment and software	6,247	5,218		11,465
Allowances for loan losses	1,966	830		2,796
Account receivable	366	134		500
Tax losses carried forward	24,666	(12,794)		11,872
Fair value (gain)/loss on derivatives	(1,715)	6,494		4,779
Others	323	118		441
	31,853	-	-	31,853

31 December 2015

Group

In millions of Nigerian Naira				
Property, equipment and software	7,470	77	-	7,547
Allowances for loan losses	1,966	-	-	1,966
Account receivable	366	-	-	366
Tax losses carried forward	24,666	-	-	24,666
Fair value gain on derivatives	(1,715)	-	-	(1,715)
Others	323	-	-	323
	33,076	77	-	33,153

Bank

In millions of Nigerian Naira				
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 on derivatives	(1,715)	-		(1,715)
Others	323	-		323
	31,853	-	-	31,853

Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Bank did not recognise deferred income tax assets of N11.098billion (2015: N3.132billion) in respect of losses amounting to N5.651billion and deductible temporary differences of N31.344billion (2015: N6.425billion and N16.864billion respectively) that can be carried forward against future taxable income. Losses amounting to N5.651billion (2015: 6.425billion) will expire in 2017 and 2016 respectively.

Temporary difference relating to the Group's investment in subsidiaries is N60.345 billion (2015: N13.426 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 have not been 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

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Derivative assets				
Carrying value	17,533	1,809	17,533	1,809
Notional amount	61,350	46,610	61,350	46,610
Derivative liabilities				
Carrying value	120	327	120	327
Notional amount	8,901	60,809	8,901	60,809

(a) **Derivative assets**

In millions of Nigerian Naira

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Instrument type:				
Cross-currency swaps	17,533	1,809	17,533	1,809
	17,533	1,809	17,533	1,809
The movement in derivative assets is as follows:				
Balance, beginning of year	1,809	6,534	1,809	6,534
Fair value of derivatives derecognised/remeasured in the period	(1,232)	(16,712)	(1,232)	(16,712)
Fair value of derivatives acquired/remeasured in the year	16,956	11,987	16,956	11,987
Balance, end of year	17,533	1,809	17,533	1,809

Derivative assets are current in nature

(b) **Derivative liabilities**

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Instrument type:				
Cross-currency swap	120	327	120	327
	120	327	120	327
The movement in derivative liability is as follows:				
Balance, beginning of year	327	943	327	943
Fair value of derivatives derecognised/remeasured in the period	(385)	(953)	(385)	(953)
Fair value of derivatives acquired/remeasured in the year	178	337	178	337
Balance, end of period	120	327	120	327

Derivative liabilities are current in nature

(c) **Fair value gain on derivatives**

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Derivative assets :				
Fair value gain on additions in the year	16,956	11,987	16,956	11,987
Fair value loss on maturities in the year	(1,232)	(16,712)	(1,232)	(16,712)
Net fair value gain/(loss) on derivative assets	15,724	(4,725)	15,724	(4,725)
Derivative liabilities:				
Fair value loss on additions in the year	(178)	(337)	(178)	(337)
Fair value gain on maturities in the year	385	953	385	953
Net fair value gain on derivative liabilities	207	616	207	616
Net fair value gain/(loss) on derivative assets and liabilities (See note 12)	15,931	(4,109)	15,931	(4,109)

31 Deposits from banks

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Money market deposits	90,288	60,312	282	350
Due to other banks	1,582	754	-	-
	91,870	61,066	282	350
Current	91,870	61,066	282	350

32 Deposits from customers

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Retail customers:				
Term deposits	247,064	160,967	213,885	142,811
Current deposits	164,608	126,931	90,101	89,150
Savings deposits	476,912	407,036	393,907	351,982
Domiciliary deposits	103,126	34,507	97,699	31,462
Corporate customers:				
Term deposits	328,579	384,015	169,479	303,597
Current deposits	648,569	673,358	408,186	452,550
Domiciliary deposits	443,157	294,890	405,620	255,508
	2,412,015	2,081,704	1,778,877	1,627,060
Current	2,412,015	2,081,704	1,778,877	1,627,060
	2,412,015	2,081,704	1,778,877	1,627,060

33 Other liabilities

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Creditors	90,406	34,879	62,336	24,295
Accruals	13,520	11,137	5,151	2,974
Customers' deposit for foreign trade (note (ii))	30,255	8,684	26,600	6,803
Provisions (note (iii))	198	185	147	147
	134,379	54,885	94,234	34,219
Current	134,379	54,885	94,234	34,219
	134,379	54,885	94,234	34,219

(i) In accordance with the provisions of the Pension Reform Act 2014, the Bank and it's employees contribute 10% and 8% of the employees basic salary respectively, 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 N1.033 billion (December 2015 : N2.162 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 30 June 2016. 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 Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
At 1 January	185	153	147	153
Additional provisions	13	38	-	-
Used during the period	-	(6)	-	(6)
At 30 June	198	185	147	147
Analysis of total provisions:				
Current	198	185	147	147

34 Borrowings

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
- Central Bank of Nigeria (note 34.1)	42,328	13,642	42,328	13,642
- Bank of Industry (BoI) (note 34.2)	12,011	13,054	12,011	13,054
- Standard Chartered Bank (note 34.3)	-	39,994	-	39,994
- European Investment Bank (EIB) (note 34.4)	2,036	1,590	2,036	1,590
- Syndicated facility (note 34.5)	42,554	41,710	42,554	41,710
- Africa Trade Finance Limited (note 34.6)	28,331	19,906	28,331	19,906
- Afrexim (note 34.7)	28,100	-	28,100	-
	155,360	129,896	155,360	129,896
Current	79,427	73,542	79,427	73,542
Non-current	75,933	56,354	75,933	56,354
	155,360	129,896	155,360	129,896

Movement in borrowings during the year:

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Opening balance	129,896	113,797	129,896	113,797
Additions	67,862	28,724	67,862	28,724
Interest accrued	2,315	3,849	2,315	3,849
Repayments	(92,353)	(22,978)	(92,353)	(22,978)
Exchange difference	47,640	6,504	47,640	6,504
	155,360	129,896	155,360	129,896

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

(a) N15.715billion of this facility represents the outstanding balance on the Commercial Agriculture Credit Scheme granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. Interest on the facility cannot exceed 9% per annum inclusive of all charges and is to be shared between the Bank and CBN at 7% and 2% respectively. The facility will terminate on 30 September 2025. The Bank is the primary obligor to CBN and assumes the risk of default.

(b) N26.613billion of this facility represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to some State Governments. The facility attracts an interest rate of 2% and the Bank is under obligation to lend to participating states at a maximum rate of 9% per annum (inclusive of all charges). The principal is repayable monthly and the tenor of the facility is 20 years.

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. This facility has been paid off on maturity.

34.4 This represents the outstanding balance on a $16.296 million term loan faciliy 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 commenced 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 commenced in August 2015. The facility will expire in August 2017.

34.6 This represents the amount granted under a $100million term loan facility by the Africa Trade Finance Limited, United Kingdom and disbursed in two tranches of $50million 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 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 initially disbursed in November 2015 and matured in April 2016. The facility was rolled over in May 2016 with an interest rate of three months USD LIBOR plus 250 basis points. Interest on the loan is payable quarterly with principal repayment at maturity in November 2016.

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

35 Subordinated liabilities	**Group Jun. 2016**	**Group Dec. 2015**	**Bank Jun. 2016**	**Bank Dec. 2015**
In millions of Nigerian Naira				
Medium term notes - series 1	20,541	20,503	20,541	20,503
Medium term notes - series 2	35,724	35,625	35,724	35,625
Medium term notes - series 3	29,556	29,492	29,556	29,492
	85,821	85,620	85,821	85,620
Current	-	-	-	-
Non-current	85,821	85,620	85,821	85,620
	85,821	85,620	85,821	85,620

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 N35billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. In December 2014, the Bank also offered N30.5 billion fixed rate unsecured notes maturing in 2021. Coupon on the notes are payable semi-annually while principal is payable on maturity.

Movement in subordinated liabilities:

In millions of Nigerian Naira	**Group Jun. 2016**	**Group Dec. 2015**	**Bank Jun. 2016**	**Bank Dec. 2015**
Opening balance	85,620	85,315	85,620	85,315
Interest accrued	6,432	12,834	6,432	12,834
Repayments	(6,231)	(12,529)	(6,231)	(12,529)
	85,821	85,620	85,821	85,620

36 Capital and reserves

(a) **Share capital**

Share capital comprises:

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
(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	18,140	18,140	18,140

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	36,280	32,982	36,280	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	36,280	36,280	36,280

(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:

	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
In millions of Nigerian Naira				
Translation reserve (note (i))	24,018	(5,654)	-	-
Statutory reserve (note (ii))	69,424	65,450	56,330	52,572
Fair value reserve (note (iii))	55,077	31,348	55,685	31,985
Regulatory (Credit) risk reserve (note (iv))	18,773	18,167	15,289	17,260
Treasury shares (note (v))	(31,877)	(32,061)	-	-
	135,415	77,250	127,304	101,817

(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% (2015: 15%) of its profit after taxation to statutory reserves. Also included in statutory reserves is the Bank's Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserves of N2.635 billion as at June 2016 (December 2015: N2.635 billion) . The Bank has since suspended further appropriation to SMEEIS 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 2,261,465,207 units (31 December 2015 : 2,299,978,358 units) held by the Staff Share Investment Trust as at 30 June 2016.

37 Dividends

The Board of Directors have proposed an interim dividend of N0.20 per share (2015: N0.60 per share) from the retained earnings account as at 30 June 2016.
The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 30 June 2016 and 31 December 2015 respectively.
Payment of dividend to shareholders is subject to withholding tax at a rate of 10%.

38 Contingencies

(i) Litigation and claims

The Group, in the ordinary course of business is currently involved in 547 legal cases (2015: 577). The total amount claimed in the cases against the Group is estimated at N490.11 billion (2015: N443.4 billion). The Group has made provisions amounting to N198 million (2015: N185 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 crystalise 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 N1.41 billion.

(ii) Contingent liabilities

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

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

Contingent liabilities:

In millions of Nigerian naira	**Group Jun. 2016**	**Group Dec. 2015**	**Bank Jun. 2016**	**Bank Dec. 2015**
Performance bonds and guarantees	126,367	77,030	119,936	71,319
Letters of credits	209,272	149,488	139,573	107,262
	335,639	226,518	259,509	178,581

(iii) Loan commitments

At the balance sheet date, the Group had loan commitments amounting to N114.7 billion (2015: N123.5 billion) in respect of various loan contracts.

(iv) Capital commitments

At the balance sheet date, the Group had capital commitments amounting to N1.273 billion (2015: N2.307 billion) in respect of authorised and contracted capital projects.

In millions of Nigerian naira	Group Jun. 2016	Group Dec. 2015
Property and equipment	646	1,659
Intangible assets	627	648
	1,273	2,307

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**	**Jun. 2016**	**Dec. 2015**
In millions of Nigerian naira			
UBA Capital Europe	Money market placement	25,439	17,917
UBA Guinea	Money market placement	9,621	-
UBA Ghana	Money market placement	1,783	1,256
UBA Congo Brazzaville	Money market placement	5,747	-
UBA Liberia	Money market placement	198	-
UBA Cameroun	Money market placement	-	5,262
UBA Cote D'Ivoire	Money market placement	-	2,063
UBA Capital Europe	Nostro balance	2,345	806
UBA Ghana	Nostro balance	-	69
		45,133	27,373

(ii) Loan and advances

Name of Subsidiary	**Type of Loan**		
In millions of Nigerian naira			
UBA Tanzania	Term Loans	9,957	7,857
UBA Cameroun	Overdraft	-	48
UBA Senegal	Overdraft	349	37
UBA Chad	Overdraft	125	100
UBA Gabon	Overdraft	143	3
UBA Guinea	Overdraft	3	190
UBA Mozambique	Overdraft	5	1
UBA Liberia	Overdraft	4,337	2,556
UBA Cote D'Ivoire	Overdraft	126	61
UBA Congo Brazzaville	Overdraft	121	-
UBA Benin	Overdraft	17	-
UBA Congo DRC	Overdraft	2	-
		15,185	10,853

(iii) Deposits

Name of Subsidiary	Type of Deposit	Jun. 2016	Dec. 2015
In millions of Nigerian naira			
UBA Benin	Current	5	6
UBA Burkina Faso	Current	7	-
UBA Chad	Current	-	14
UBA Congo DRC	Current	118	575
UBA Cote D'Ivoire	Current	8	31
UBA Congo Brazzaville	Current	2,640	117
UBA FX Mart	Current	637	637
UBA Ghana	Current	304	350
UBA Mozambique	Current	-	1,059
UBA Pension Custodian	Current	5	9
UBA Guinea	Current	-	5
UBA Senegal	Current	7	9
UBA Tanzania	Current	2	4
UBA Uganda	Current	2	4
UBA Gabon	Current	1	3
UBA Liberia	Current	2	4
UBA Sierra Leone	Current	-	11
UBA Cameroon	Current	5	99
UBA Capital Europe	Current	12	-
UBA Burkina Faso	Domicilliary	30	20
UBA Cote D'Ivoire	Domicilliary	14	51
UBA Gabon	Domicilliary	19	7
UBA Cameroon	Domicilliary	91	5
UBA Benin	Domicilliary	91	66
UBA Ghana	Domicilliary	114	221
UBA Senegal	Domicilliary	-	76
UBA Guinea	Domicilliary	397	7
UBA Sierra Leone	Domicilliary	102	529
UBA Tanzania	Domicilliary	77	102
UBA Uganda	Domicilliary	23	206
UBA Kenya	Domicilliary	81	287
UBA Liberia	Domicilliary	4,421	2,593
UBA Pension Custodian	Term deposit	637	740
UBA Capital Europe	Term deposit	25,816	-
		35,668	7,847

(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.

	Jun. 2016	Dec. 2015
Deposit liabilities	32	35
	32	35

(c) Key management personnel

Key management personnel is defined as members of the board of directors of the Bank, including their close family members 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 close family members engaged in the following transactions with the Bank during the year:

In millions of Nigerian Naira

Loans and advances to key management personnel	**Jun. 2016**	**Dec. 2015**
Loans and advances as at year end	196	593
Interest income earned during the year	12	72

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 (2015: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at June 2016:

In millions of Nigerian naira

Name of company/individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Jun. 2016	Dec. 2015
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9.0%	NGN	42	47
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	22,368	20,676
							22,410	20,729
Interest income earned during the year							1,397	2,159

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	**Jun. 2016**	**Dec. 2015**
Deposits as at period end	3,258	3,086
Interest expense during the year	19	74

Compensation

Aggregate remuneration to key management staff during the year is as follows:	**Jun. 2016**	**Dec. 2015**
In millions of Nigerian Naira		
Executive compensation	280	272
Retirement benefit costs	551	8
Short-term employee benefits	831	280

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 Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Group executive directors	6	6	6	6
Management	106	101	87	88
Non-management	12,365	12,659	9,422	9,726
	12,477	12,766	9,515	9,820

Compensation for the above personnel (including executive directors):

In millions of Nigerian Naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Salaries and wages	28,220	28,507	20,222	21,588
Retirement benefit costs:				
Defined contribution plans	1,053	1,002	666	713
	29,273	29,509	20,888	22,301

(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 Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
N300,001 - N2,000,000	6,169	5,762	4,791	4,641
N2,000,001 - N2,800,000	2,065	2,671	1,834	2,176
N2,800,001 - N3,500,000	307	426	14	5
N3,500,001 - N4,000,000	512	511	411	254
N4,000,001 - N5,500,000	973	1,181	650	883
N5,500,001 - N6,500,000	237	110	-	-
N6,500,001 - N7,800,000	681	582	527	519
N7,800,001 - N9,000,000	486	517	432	471
N9,000,001 - above	1,041	1,000	850	865
	12,471	12,760	9,509	9,814

(iii) Directors

In millions of Nigerian naira	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	22	18	22	18
Executive compensation	280	272	280	272
Retirement benefit costs	551	8	551	8
	853	298	853	298
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	2	2	2	2
The highest paid Director	69	58	69	58

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

(In absolute units)	Group Jun. 2016	Group Dec. 2015	Bank Jun. 2016	Bank Dec. 2015
N1,000,001 - N5,000,000	10	10	10	10
N5,500,001 and above	5	6	5	6
	15	16	15	16

41 Compliance with banking regulations

During the year, the Bank paid the following penalties:

In millions of Nigerian Naira

	Description	Amount
1	Penalties for incomplete KYC/AML due diligence in processing customer transactions.	58
2	Penalty for processing remittance for a customer pending receipt of NOTAP approval by the customer	2
	Total	**60**

42 Events after the reporting date

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

43 Condensed result of consolidated subsidiaries

For the period ended 30 June 2016

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
In millions of Nigerian Naira								
Condensed statements of comprehensive income								
Operating income	13,436	628	2,573	2,474	1,084	1,419	1,281	2,751
Total operating expenses	(10,727)	(554)	(2,287)	(1,345)	(962)	(1,143)	(883)	(2,604)
Net impairment gain/(loss) on financial assets	(1,060)	23	23	(36)	(2)	(32)	(13)	24
Profit/(loss) before income tax	**1,649**	**97**	**309**	**1,093**	**120**	**244**	**385**	**171**
Income tax expense	(562)	(21)	(9)	(14)	283	(320)	(158)	(32)
Profit/(loss) for the year	1,087	76	300	1,079	403	(76)	227	139
Condensed statements of financial position								
Assets								
Cash and bank balances	21,889	12,817	5,761	10,847	3,754	8,493	6,381	9,467
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	47,654	6,020	22,116	34,640	7,231	15,424	16,363	14,742
Investment securities	104,130	92	27,944	25,223	4,031	25,007	2,254	58,772
Other assets	1,617	801	2,773	2,430	807	1,946	(235)	1,236
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	973	492	418	859	216	474	265	1,422
Intangible assets	102	12	200	3	-	8	-	6
Deferred tax assets	225	-	-	-	901	-	-	-
	176,590	20,234	59,212	74,002	16,940	51,352	25,028	85,645
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	13,390	-	21,319	6,722	4,219	14,873	0	17,426
Deposits from customers	137,470	14,480	33,051	52,471	5,914	27,252	17,651	61,470
Other liabilities	5,664	1,030	1,986	3,602	3,557	3,231	1,867	3,292
Current tax liabilities	(1,543)	40	240	12	15	320	228	32
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Total Equity	21,607	4,684	2,616	11,195	3,235	5,675	5,283	3,425
	176,588	20,234	59,212	74,002	16,940	51,351	25,029	85,645
Condensed cash flows								
Net cash from operating activities	39,515	5,681	14,477	7,180	(1,953)	5,262	840	28,071
Net cash from financing activities	4,875	2,225	286	3,053	955	941	1,371	434
Net cash from investing activities	(32,381)	374	(12,611)	(10,143)	(1,376)	(3,411)	(1,414)	(21,190)
Increase/(decrease) in cash and cash equivalents	12,009	8,280	2,152	90	(2,374)	2,792	797	7,315
Cash and cash equivalents at beginning of year	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152
Cash and cash equivalents at end of year	21,887	12,817	5,761	10,847	3,754	8,492	6,382	9,467

(2)

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2016

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazza-ville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian
Condensed statements of comprehensive income								
Operating income	908	4,182	1,672	858	3,411	187	4,551	2,369
Total operating expenses	(421)	(3,308)	(1,293)	(691)	(1,603)	(486)	(3,195)	(522)
Net impairment gain/(loss) on financial assets	-	(24)	18	(32)	(227)	-	(253)	-
Profit/(loss) before income tax	**487**	**850**	**397**	**135**	**1,581**	**(299)**	**1,103**	**1,847**
Income tax expense	(79)	(32)	(172)	-	(123)	-	(397)	(496)
Profit/(loss) for the year	**408**	**818**	**225**	**135**	**1,458**	**(299)**	**706**	**1,351**
Condensed statements of financial position								
Assets								
Cash and bank balances	5,568	8,821	5,773	7,794	18,064	3,038	45,323	3
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-					
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	2,096	38,602	20,371	2,012	33,722	724	54,696	-
Investment securities	5,518	105,012	5,243	5,375	2,786	454	36,691	8,290
Other assets	51	3,343	525	394	3,967	166	1,660	746
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	287	3,543	742	358	646	86	816	39
Intangible assets	-	22	17	-	17	24	25	115
Deferred tax assets	-	19	20	-	-	-	-	46
	13,520	**159,362**	**32,691**	**15,933**	**59,202**	**4,492**	**139,211**	**9,239**
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	200	35,997	4,910	-	4,427	-	-	-
Deposits from customers	10,051	111,389	21,172	11,577	38,187	2,781	115,919	-
Other liabilities	322	1,503	692	1,127	5,920	47	11,795	3,344
Current tax liabilities	90	37	246	-	123	-	397	805
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	23	-	-	-	-	-	-	-
Total Equity	2,834	10,436	5,670	3,229	10,545	1,664	11,100	5,091
	13,520	**159,362**	**32,690**	**15,933**	**59,202**	**4,492**	**139,211**	**9,240**
Condensed cash flows								
Net cash from operating activities	(494)	37,929	540	4,455	4,826	(669)	25,550	1,477
Net cash from financing activities	(194)	2,804	1,942	1,915	3,089	1,514	3,362	6
Net cash from investing activities	716	(37,146)	(2,064)	(2,850)	(376)	237	(10,120)	(2,227)
Increase/(decrease) in cash and cash equivalents	**28**	**3,587**	**418**	**3,520**	**7,539**	**1,082**	**18,792**	**(744)**
Cash and cash equivalents at beginning of year	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748
Cash and cash equivalents at end of year	5,568	8,821	5,772	7,794	18,064	3,038	45,323	4

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2016

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	632	823	-	967	655	-	86,413	(17,078)	116,196
Total operating expenses	(781)	(648)	-	(1,063)	(388)	-	(50,374)	16,252	(69,026)
Net impairment gain/(loss) on financial assets	8	51	-	7	-	-	(5,569)	273	(6,821)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(79)	(79)
Profit/loss) before income tax	**(141)**	**226**	**-**	**(89)**	**267**	**-**	**30,470**	**(631)**	**40,270**
Income tax expense	80	(77)	-	(17)	(83)	-	(5,419)	(0)	(7,649)
Profit/(loss) for the year	**(61)**	**149**	**-**	**(106)**	**184**	**-**	**25,051**	**(631)**	**32,621**
Condensed statements of financial position									
Assets									
Cash and bank balances	3,597	3,303	672	3,615	-	455	601,938	(78,128)	709,245
Financial assets held for trading	-	-	-	-	-	-	37,050	-	37,050
Derivative assets	-	-	-	-	-	-	17,533	-	17,533
Loans and Advances to Banks	-	-	-	-	-	-	28,332	(4,327)	24,005
Loans and advances to customers	8,374	3,832	-	33,704	-	2	985,212	(1,177,333)	1,290,675
Investment securities	2,782	-	99	4,456	10,697	-	541,308	(12,108)	964,056
Other assets	228	487	-	416	-	114	90,408	(6,446)	107,434
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	520	2,290
Investments in Subsidiaries	-	-	-	-	-	-	70,702	(70,702)	-
Property and Equipment	44	347	2	316	-	203	77,623	-	90,170
Intangible assets	11	10	-	363	-	-	4,712	8,195	13,842
Deferred tax assets	610	7	-	-	-	-	31,853	-	33,681
	15,646	**7,986**	**773**	**42,870**	**10,697**	**774**	**2,488,441**	**(1,340,329)**	**3,289,981**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	120	-	120
Deposits from banks	7,160	(475)	-	-	-	-	282	(38,580)	91,870
Deposits from customers	6,305	5,688	-	25,848	-	70	1,778,877	(65,608)	2,412,015
Other liabilities	1,279	151	677	3,628	-	36	94,234	(14,605)	134,379
Current tax liabilities	-	132	-	40	-	-	1,277	-	2,492
Subordinated liabilities	-	-	-	-	-	-	85,821	-	85,821
Borrowings	-	-	-	-	30,144	-	155,360	(30,144)	155,360
Deferred tax liabilities	-	-	-	-	-	-	-	-	23
Total Equity	902	2,490	96	13,354	(19,447)	668	372,470	(70,920)	407,901
	15,646	**7,986**	**773**	**42,870**	**10,697**	**774**	**2,488,441**	**(219,857)**	**3,289,981**
Condensed cash flows									
Net cash from operating activities	2,200	888	-	(1,563)	(2,693)	-	(90,684)	(8,387)	72,448
Net cash from financing activities	(43)	(138)	-	3,967	3,040	-	8,637	(34,394)	9,647
Net cash from investing activities	(575)	20	-	(1,580)	(347)	-	43,306	(27,804)	(122,962)
Increase/(decrease) in cash and cash equivalents	**1,582**	**770**	**-**	**824**	**-**	**-**	**(38,741)**	**(70,585)**	**(40,867)**
Effects of exchange rate changes on cash and cash equivalents	(1)	-	-	-	-	-	6,623	34,887	41,508
Cash and cash equivalents at beginning of year	2,015	2,533	672	2,791	0	455	290,586	(59,704)	347,856
Cash and cash equivalents at end of year	**3,596**	**3,303**	**672**	**3,615**	**-**	**455**	**258,468**	**(95,402)**	**348,497**

43 (c) Condensed result of consolidated subsidiaries -contd

For the period ended 30 June 2015

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statements of comprehensive income								
Operating income	8,942	474	1,881	2,093	694	1,221	914	2,182
Total operating expenses	(4,931)	(376)	(1,585)	(1,136)	(767)	(777)	(726)	(1,765)
Net impairment gain/(loss) on financial assets	(290)	(13)	(28)	(39)	(14)	(22)	-	(278)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	**3,721**	**85**	**268**	**918**	**(87)**	**422**	**188**	**139**
Income tax expense	(996)	(8)	(227)	(151)	-	(71)	-	-
Profit/(loss) for the year	2,725	77	41	767	(87)	351	188	139
Condensed statements of financial position								
As at 31 December 2015								
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	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
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								
For the period ended 30 June 2015								
Net cash from operating activities	(19,965)	10,127	857	2,372	5,051	8,213	631	2,470
Net cash from financing activities	(3,121)	(5,684)	2,043	5,761	1,326	3,038	3,222	2,813
Net cash from investing activities	52	(252)	(363)	(419)	(151)	(360)	(185)	(973)
Increase/(decrease) in cash and cash equivalents	(23,034)	4,191	2,537	7,714	6,226	10,891	3,668	4,310
Effects of exchange rate changes on cash and cash equivalents	(3)	-	-	-	1	-	-	-
Cash and cash equivalents at beginning of year	40,980	893	-	-	-	-	-	-
Cash and cash equivalents at end of year	17,943	5,084	2,537	7,714	6,227	10,891	3,668	4,310

Condensed result of consolidated subsidiaries continued

For the period ended 30 June 2015

In millions of Nigerian Naira	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazzaville	UBA Mozambique	UBA Cameroun	UBA Pension Custodians
Condensed statements of comprehensive income								
Operating income	827	4,101	1,408	805	2,247	546	3,593	2,202
Total operating expenses	(427)	(2,927)	(976)	(787)	(1,147)	(632)	(2,473)	(465)
Net impairment gain/(loss) on financial assets	(2)	(446)	3	(11)	(238)	(7)	(66)	-
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	-
Profit/(loss) before income tax	**398**	**728**	**435**	**7**	**862**	**(93)**	**1,054**	**1,737**
Income tax expense	(6)	-	(162)	8	(128)	(0)	(635)	(487)
Profit/(loss) for the year	**392**	**728**	**273**	**15**	**734**	**(93)**	**419**	**1,250**
Condensed statements of financial position								
As at 31 December 2015								
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								
For the period ended 30 June 2015								
Net cash from operating activities	(4,812)	3,550	2,531	4,843	9,191	1,833	12,705	(3,373)
Net cash from financing activities	928	5,850	3,413	1,140	4,339	(84)	6,614	3,551
Net cash from investing activities	(66)	(2,622)	(507)	(240)	(431)	(164)	(654)	(176)
Increase/(decrease) in cash and cash equivalents	**(3,950)**	**6,778**	**5,437**	**5,743**	**13,099**	**1,585**	**18,665**	**2**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	8,296	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	4,346	6,778	5,437	5,743	13,099	1,585	18,665	2

Condensed result of consolidated subsidiaries continued
For the period ended 30 June 2015

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA FX Mart	UBA Capital Europe	SSIT	UBA RFS Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income									
Operating income	867	714	14	757	161	-	83,982	(8,381)	112,244
Total operating expenses	(837)	(658)	(5)	(965)	(105)	-	(53,357)	8,178	(69,646)
Net impairment gain/(loss) on financial assets	-	(0)	-	-	-	-	(2,213)	164	(3,500)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(52)	(52)
Profit/(loss) before income tax	**30**	**56**	**9**	**(208)**	**56**	**-**	**28,412**	**(91)**	**39,046**
Income tax expense	-	(21)	-	(7)	(21)	-	(4,108)	(28)	(7,047)
Profit/(loss) for the year	**30**	**35**	**9**	**(215)**	**35**	**-**	**24,304**	**(119)**	**31,999**
Condensed statements of financial position									
As at 31 December 2015									
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	(41,325)	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**	**(168,226)**	**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									
For the period ended 30 June 2015									
Net cash from operating activities	(1,561)	2,447	95	5,074	(1,506)	-	(60,843)	(50,755)	(70,825)
Net cash from financing activities	(287)	2,484	87	1,872	1,584	-	366	(40,642)	614
Net cash from investing activities	65	(402)	(9)	(239)	(78)	-	(34,629)	30,139	(12,664)
Increase/(decrease) in cash and cash equivalents	**(1,783)**	**4,529**	**173**	**6,706**	**-**	**-**	**(95,106)**	**(61,258)**	**(82,875)**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(1)	-	-	418	(1,259)	(845)
Cash and cash equivalents at beginning of year	3,920	-	-	6,393	-	455	337,200	22,434	420,571
Cash and cash equivalents at end of year	**2,137**	**4,529**	**173**	**13,098**	**-**	**455**	**242,512**	**(40,083)**	**336,851**

UNITED BANK FOR AFRICA PLC

ADDITIONAL DISCLOSURES

Statement of Value Added
For the half year ended 30 June

	2016 N'million	%	2015 N'million	%
Group				
Gross revenue	165,580		165,743	
Interest paid	(43,286)		(50,577)	
	122,294		115,166	
Administrative overheads:				
- local	(40,739)		(39,945)	
- foreign	(1,126)		(414)	
Value added	**80,429**	100	**74,807**	100
Distribution				
Employees				
- Salaries and benefits	29,273	36	29,509	39
Government				
- Taxation	7,649	10	7,047	10
The future				
- Asset replacement (depreciation and amortization)	4,065	5	4,036	5
- Asset replacement (provision for losses)	6,821	8	2,216	3
- Expansion (transfer to reserves and non-controlling interest)	32,621	41	31,999	43
	80,429	**100**	**74,807**	**100**

	2016 N'million	%	2015 N'million	%
Bank				
Gross revenue	121,251		130,691	
Interest paid	(29,924)		(43,386)	
	91,327		87,305	
Administrative overheads:				
- local	(31,233)		(30,366)	
- foreign	(52)		(1,117)	
Value added	**60,042**	**100**	**55,822**	**100**
Distribution				
Employees				
- Salaries and benefits	20,888	35	22,301	40
Government				
- Taxation	5,419	9	4,108	7
The future				
- Asset replacement (depreciation and amortization)	3,115	5	3,217	6
- Asset replacement (provision for losses)	5,569	9	1,892	3
- Expansion (transfer to reserves and non-controlling interest)	25,051	42	24,304	44
	60,042	**100**	**55,822**	**100**

UNITED BANK FOR AFRICA Plc

Group Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira	30 June 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
ASSETS					
Cash and bank balances	709,245	655,371	812,359	716,803	714,115
Financial assets held for trading	37,050	11,249	1,099	784	457
Derivative assets	17,533	1,809	6,534	3,265	-
Loans and advances to banks	24,005	14,600	48,093	26,251	28,513
Loans and advances to customers	1,290,675	1,036,637	1,071,859	937,620	658,922
Investment securities					
- Available-for-sale investments	312,843	275,496	268,752	253,834	128,665
- Held to maturity investments	651,213	581,374	388,771	557,372	552,152
Other assets	107,434	40,488	30,057	30,436	18,598
Investments in equity-accounted investee	2,290	2,236	2,986	2,977	-
Property and equipment	90,170	88,825	89,517	75,409	70,746
Intangible assets	13,842	11,369	9,430	7,356	7,568
Deferred tax assets	33,681	33,168	33,116	30,189	29,624
Non-current assets held for distribution		-			63,563
TOTAL ASSETS	**3,289,981**	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**
LIABILITIES					
Derivative liabilities	120	327	943	31	124
Deposits from banks	91,870	61,066	59,228	60,582	57,780
Deposits from customers	2,412,015	2,081,704	2,169,663	2,161,182	1,720,008
Managed funds	-	-	-	-	-
Other liabilities	134,379	54,885	63,566	78,071	81,438
Current tax liabilities	2,492	6,488	4,615	2,861	1,274
Borrowings	155,360	129,896	113,797	48,866	114,520
Subordinated liabilities	85,821	85,620	85,315	55,653	53,719
Deferred tax liabilities	23	15	40	14	59
Liabilities held for distribution	-	-	-	-	51,534
TOTAL LIABILITIES	**2,882,080**	**2,420,001**	**2,497,167**	**2,407,260**	**2,080,456**
EQUITY					
Share capital and share premium	135,514	135,514	124,423	124,423	124,423
Reserves	262,217	190,313	135,507	103,226	64,683
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	397,731	325,827	259,930	227,649	189,106
Non-controlling interest	10,170	6,794	5,476	7,387	3,361
TOTAL EQUITY	407,901	332,621	265,406	235,036	192,467
TOTAL LIABILITIES AND EQUITY	**3,289,981**	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**

Summarized Statement of Comprehensive Income

In millions of Nigerian Naira	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net operating income	116,196	110,992	92,098	89,728	78,676
Operating expenses	(69,026)	(69,678)	(61,138)	(54,808)	(48,787)
Net impairment loss on loans and receivables	(6,821)	(2,216)	(2,049)	(1,672)	379
Share of profit/(loss) of equity-accounted investee	(79)	(52)	(18)	-	141
Profit before taxation	**40,270**	**39,046**	**28,893**	**33,248**	**30,409**
Taxation	(7,649)	(7,047)	(6,037)	(4,839)	(4,562)
Profit after taxation	32,621	31,999	22,856	28,409	25,847
Profit from discontinued operations	-	-	-	-	1,219
Profit for the period	**32,621**	**31,999**	**22,856**	**28,409**	**27,066**
- Non-controlling interest	616	622	575	690	715
- Equity holders of the parent	32,005	31,377	22,281	27,719	26,351
Other comprehensive income for the year	56,161	2,186	(2,694)	2,315	(831)
Total comprehensive income for the year	**88,782**	**34,185**	**20,162**	**30,724**	**26,235**

UNITED BANK FOR AFRICA Plc

Bank Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira	30 June 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
ASSETS					
Cash and bank balances	601,938	590,774	749,716	620,426	629,481
Financial assets held for trading	37,050	11,249	1,099	777	456
Derivative assets	17,533	1,809	6,534	3,265	-
Loans and advances to banks	28,332	14,591	48,991	26,251	27,878
Loans and advances to customers	985,212	822,694	884,587	796,942	570,714
Investment securities				-	-
- Available-for-sale investments	252,897	270,409	261,741	244,467	126,646
- Held to maturity investments	288,411	297,794	181,168	340,978	401,348
Other assets	90,408	22,528	21,136	19,069	11,159
Investments in subsidiaries	70,702	65,767	65,767	65,767	66,727
Investments in equity-accounted investee	1,770	1,770	1,770	1,770	-
Property and equipment	77,623	80,145	81,050	67,661	63,118
Intangible assets	4,712	4,954	3,446	1,401	1,578
Deferred tax assets	31,853	31,853	31,853	28,643	28,152
Non-current assets held for distribution	-	-	-	-	5,808
TOTAL ASSETS	**2,488,441**	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**
LIABILITIES					
Derivative liabilities	120	327	943	31	124
Deposits from banks	282	350	1,526	-	22,875
Deposits from customers	1,778,877	1,627,060	1,812,277	1,797,376	1,461,131
Current tax liabilities	1,277	634	1,858	1,602	1,325
Subordinated liabilities	85,821	85,620	85,315	55,653	55,474
Borrowings	155,360	129,896	113,797	48,866	114,520
Other liabilities	94,234	34,219	41,209	54,351	57,299
TOTAL LIABILITIES	**2,115,971**	**1,878,106**	**2,056,925**	**1,957,879**	**1,712,748**
EQUITY					
Share capital and share premium	135,514	135,514	124,423	124,423	124,423
Reserves	236,956	202,717	157,510	135,115	95,894
TOTAL EQUITY	372,470	338,231	281,933	259,538	220,317
TOTAL LIABILITIES AND EQUITY	**2,488,441**	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**

Summarized statement of comprehensive income

In millions of Nigerian Naira	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
Net operating income	86,413	83,693	67,324	74,389	61,049
Operating expenses	(50,374)	(53,389)	(47,134)	(41,563)	(36,183)
Net impairment loss on loans and receivables	(5,569)	(1,892)	(1,247)	(610)	(541)
Profit before taxation	**30,470**	**28,412**	**18,943**	**32,216**	**24,325**
Taxation	(5,419)	(4,108)	(4,771)	(4,082)	(3,649)
Profit/(loss) for the year	**25,051**	**24,304**	**14,172**	**28,134**	**20,676**
Other comprehensive income for the year	23,700	4,685	592	(621)	(206)
Total comprehensive income/(loss) for the year	**48,751**	**28,989**	**14,764**	**27,513**	**20,470**