UNITED BANK FOR AFRICA PLC

Consolidated and Separate Financial Statements for the year ended 31 December 2016

United Bank for Africa Plc

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Directors' Report for the year ended 31 December, 2016

The Directors present their report together with the audited financial statements of the Group and independent auditor's report for the year ended 31 December 2016.

1 Legal Form

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

There have been no material changes to the nature and legal form of the group's business from the previous year.

2 Major activities and business review

UBA Plc is engaged in the business of banking and provides Corporate, Commercial, Consumer and International Banking, Trade Services, Treasury and Digital Banking. 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. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the CEO’s report.

The Bank operates in 18 other African countries, outside of Nigeria; Ghana, Republic of Benin, Liberia, Cote d'Ivoire, Burkina Faso, Guinea, Senegal, Sierra Leone, Mozambique, Zambia, Uganda, Tanzania, Kenya, Congo DR, Congo Brazzaville, Cameroon, Chad, Gabon. UBA also operates in United Kingdom, United States and France.

3 Results at a Glance

The group recorded an impressive 22% year-on-year growth in gross earnings and a 32% year-on-year growth in profit before tax to N90.6 billion. Below is the highlight of the Group's operating performance for the year under review;

	Group		Bank	
	2016 (N'Million)	2015 (N'Million)	2016 (N'Million)	2015 (N'Million)
Profit Before Tax	**90,642**	68,454	**57,649**	50,735
Tax	**(18,378)**	(8,800)	**(10,108)**	(3,093)
Profit After Tax	**72,264**	59,654	**47,541**	47,642
Other Comprehensive Income	**65,886**	6,168	**26,896**	8,119
Total Comprehensive Income	**138,150**	65,822	**74,437**	55,761
Total Comprehensive Income attributable to:				
– Equity holders of the Bank	**130,783**	65,108	**74,437**	55,761
– Non-Controlling Interest	**7,367**	714	**-**	-
Total Comprehensive Income	**138,150**	65,822	**74,437**	55,761

4 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, proposed a final dividend of N0.55 per Share (31 December 2015: N0.40 per share), which in addition to the N0.20 per share paid as interim dividend amounts to a total dividend of N0.75 per Share (2015: N0.60). These dividends are paid from the retained earnings account as at 31 December, 2016. This is subject to approval by shareholders at the next Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate.

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. Kennedy Uzoka	Executive Director (GMD/CEO)
4	Mr. Victor Osadolor	Executive Director (DMD)
5	Mr. Dan Okeke	Executive Director
6	Mr. Emeke Iweriebor	Executive Director
7	Mr. Oliver Alawuba	Executive Director
8	Mr. Uche Ike	Executive Director
9	Mr. Ayoku Liadi	Executive Director
10	Mr. Puri Ibrahim	Executive Director
11	Mr. Chukwuma Nweke	Executive Director
12	Chief Kola Jamodu, CFR	Non-Executive Director
13	Mrs. Rose Okwechime	Non-Executive Director
14	Mr. Yahaya Zekeri	Non-Executive Director
15	Mrs. Foluke Abdulrazaq	Non-Executive Director
16	Mrs. Owanari Duke	Non-Executive Director
17	High Chief Samuel Oni	Non-Executive Director
18	Mr. Adekunle Olumide, OON	Non-Executive Director
19	Alhaji Ja'afaru Paki	Non-Executive Director

Note: Mr Femi Olaloku, Ms. Obi Ibekwe and Mr. Phillips Oduoza were on the Board until their retirements on 31 May, 2016, 30 June, 2016 and 31 July, 2016 respectively. Mr. Victor Osadolor was appointed to the Board on 3 August 2016 and Messrs. Uche Ike, Ayoku Liadi, Puri Ibrahim, Chukwuma Nweke and Oliver Alawuba were appointed to the Board on 9 September 2016.

In accordance with Articles 97 of the Articles of Association of the Bank, the following directors will retire by rotation and being eligible, offer themselves for re-election:
1. Alhaji Ja'afaru Paki   2. Mr. Adekunle Olumide, OON   3. Chief Kola Jamodu, CFR

7 **Directors interest in the shares of UBA Plc**

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

		31 Dec 2016		31 Dec 2015	
S/N	Name	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	Amb. Joe Keshi, OON	433,499	-	433,499	-
3	Mr. Kennedy Uzoka	37,173,909	-	37,173,909	-
4	Mr. Victor Osadolor	16,583,126	-	N/A	-
5	Mr. Dan Okeke	30,279,136	-	26,119,627	-
6	Mr. Emeke Iweriebor	5,073,123	-	3,209,871	-
7	Mr. Oliver Alawuba	12,000	-	N/A	-
8	Mr. Uche Ike	10,120,395	-	N/A	-
9	Mr. Ayo Liadi	1,080,000	-	N/A	-
10	Mr. Puri Ibrahim	-	-	-	-
11	Mr. Chukwuma Nweke	1,059,860	-	N/A	-
12	High Chief Samuel Oni, FCA	2,065	-	-	-
13	Mr. Adekunle Olumide, OON	3,282,556	-	3,282,556	-
14	Chief Kola Jamodu, CFR	657,415	64,510	657,415	59,192
15	Alhaji Ja'afaru Paki	-	23,924,983	-	23,924,983
16	Mrs. Foluke Abdulrazaq	10,000,000	11,120,000	10,000,000	11,120,000
17	Mr. Yahaya Zekeri	499,999	-	499,999	-
18	Mrs. Rose Okwechime	-	30,113,961	-	30,113,961
19	Mrs. Owanari Duke	86,062	-	86,062	-

The details of indirect holding of directors in the issued share capital of the Bank is as below

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

7 Directors interest in contracts

For the purpose of section 277 of CAMA, all contracts with related parties during the year were conducted at arms length. Information concerning related parties transactions are disclosed in Note 42 to the financial statements.

8 Analysis of shareholdings

The details of shareholding of the Bank as at 31 December, 2016 is as stated below;

Range	Holdings	Holders %	Cumm	Units	Units %	Units Cumm
1-1000	28,038	10.16	28,038	13,329,563	0.04	13,329,563
1,001-5,000	121,218	43.93	149,256	303,195,262	0.84	316,524,825
5,001-10,000	46,188	16.74	195,444	315,834,982	0.87	632,359,807
10,001-50,000	57,117	20.70	252,561	1,195,852,724	3.30	1,828,212,531
50,001-100,000	11,368	4.12	263,929	767,099,560	2.11	2,595,312,091
100,001-500,000	9,335	3.38	273,264	1,897,438,875	5.23	4,492,750,966
500,001-1,000,000	1,294	0.47	274,558	898,343,030	2.48	5,391,093,996
1,000,001-5,000,000	1,068	0.39	275,626	2,124,813,919	5.86	7,515,907,915
5,000,001-10,000,000	124	0.04	275,750	874,289,721	2.41	8,390,197,636
10,000,001-50,000,000	110	0.04	275,860	2,217,968,686	6.11	10,608,166,322
50,000,001-100,000,000	13	0.00	275,873	882,960,105	2.43	11,491,126,427
100,000,001-500,000,000	37	0.01	275,910	10,560,460,094	29.11	22,051,586,521
500,000,001-1,000,000,000	12	0.00	275,922	7,298,342,949	20.12	29,349,929,470
1,000,000,001 and above	4	0.00	275,926	6,929,596,851	19.10	36,279,526,321
	275,926	100		36,279,526,321	100	

9 Substantial interest in Shares : shareholding of 5% and above

According to the Register of Shareholders as at 31 December, 2016, no shareholder held more than 5% of the share capital of the Bank except the following;

Shareholders	Shareholding	% holding
Stanbic Nominees	4,090,498,886	11.3%
UBA Staff Share Investment Trust	2,231,381,417	6.2%
Mr. Tony O. Elumelu, CON (Direct and Indirect holdings)	2,072,876,000	5.7%

10 Directors responsibilities

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Bank and of the profit or loss for that period and comply with the provisions of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004 and the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, in so doing they ensure that:

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

11 Trading in shares of UBA Plc

A total of 6,460,100,431 units of UBA shares were traded on the Nigerian Stock Exchange in 2016, representing 17.8% of the shares outstanding. The stock gained 33% in the period, closing the year at N4.50 (from N3.38 as at 01 January, 2016).

12 Acquisition of own shares

The Bank did not purchase its own shares during the period.

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's business. In addition, the policy serves to ensure compliance with the local laws and/or regulatory requirements. In accordance with the NSE Rule Book and Amendments to the Listing Rules, UBA observes closed periods, within which affected persons/corporates are restricted from trading on the shares of the Bank.
There was no case of violation within the period under review.

13 Donations

As a part of our commitment to the development of host communities and the broader environment within which we operate, a total of N321,729,616.00 (Three Hundred and Twenty One Million, Seven Hundred and Twenty Nine Thousand, Six Hundred and Fifteen Naira Only) was given out as donations and charitable contributions during the 2016 financial year. The beneficiaries of the donations are as follows;

Beneficiaries	Amount (N)
Nigerian Law School, Lagos Campus Hostel Project	50,000,000
Internally Displaced Persons (IDPs)	50,000,000
Construction of Primary Health Care Centre in Enugu State	35,000,000
Federal Ministry of Solid Minerals Development	30,000,000
University of Lagos	17,634,667
African Economic Policy and Development Initiative	16,812,500
Nigerian Economic Summit Group	15,000,000
University of Benin	15,000,000
Nigerian Police Force	15,158,011
Chartered Institute of Bankers of Nigeria	11,000,000
National Youth Service Corps	10,679,000
National Institute for Policy and Strategic Studies	10,500,000
Kebbi State Central Market Rehabilitation Fund	10,000,000
Enugu State 2016 Investment Summit	10,000,000
Ekiti State Government Road Rehabilitation Project	5,150,000
Performing Arts School of Nigeria	5,000,000
Nigerian Mission to UNESCO	3,310,000
Babcock University	1,500,000
Nigerian Electronic Fraud Forum	1,227,938
Nigerian Bar Association	1,000,000
Institute of Chartered Accountants of Nigeria	1,000,000
Local Government Establishment Pension Office, Lagos State	1,000,000
Others	5,757,500
Total	**321,729,616**

14 Property and equipment

Movements in fixed assets/property and equipment during the year are shown on Note 30. In the opinion of the Directors, the market value of the Bank's property and equipment is not less than the value shown in the financial statement.

15 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 31 December, 2016 and the profit for the year ended that date.

16 Employment and employees

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

Health, Safety at Work and Welfare of Employees
The Bank maintains business premises designed with a view to guaranteeing the safety and healthy working conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. The Bank has a comprehensive health insurance scheme for staff, through which medical needs of staff and their immediate family members are met. In addition, the Bank provides first aid in all business offices and has a medical facility at the Head Office.

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

The Bank operates a contributory pension plan in accordance with the Pension Reform Act 2004, wherein the Bank contributes 10% of employees' basic salary, housing and transport allowance to the designated pension fund administration chosen by each employee. As a part of the scheme, Bank also remit employees' contribution of 8% of the relevant compensation to the same account, as provided by the Pension Reform Act 2004, as amended.

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

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

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

Group Staff distribution by nationality and location during 2016 financial year

Nationality	Location	Head Count
Nigerian	Nigeria	9,360
	Other 18 African Countries	33
	USA	2
	United Kingdom	7
Francophone Africans	Nigeria	12
	Other 18 Africa Countries	1,725
Anglophone Africans	Nigeria	8
	Other 18 Africa Countries	1,123
Mozambique	Mozambique	79
Indians	Nigeria	2
American	New York	28
Europeans	Nigeria	1
Other Nationalities	United Kingdom	1
Total		**12,308**

Staff distribution by gender during 2016 financial year

Description	Gender	Head Count	% of Total
Group	Male	6,632	54%
	Female	5,676	46%
	Total	**12,308**	**100%**
Bank	Male	4,994	53%
	Female	4,389	47%
	Total	**9,383**	**100%**

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

Description	Gender	Head Count	% of Total
Board of Directors	Male	16	84%
	Female	3	16%
	Total	**19**	**100%**
Top Management	Male	59	73%
	Female	22	27%
	Total	**81**	**100%**

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

Description	Male		Female		Total
	Headcount	% of Total	Headcount	% of Total	
Non-Executive Directors	7	70%	3	30%	10
Executive Directors	9	100%	-	-	9
General Managers	16	70%	7	30%	23
Deputy General Managers	16	80%	4	20%	20
Assistant General Managers	27	71%	11	29%	38
Total	**75**	**75%**	**25**	**25%**	**100**

17 Audit Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Act Cap 20 Laws of the Federation of Nigeria 2004, the Bank has an Audit Committee comprising three Non-Executive Directors and three Shareholders 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

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act Cap 20 Laws of the Federation of Nigeria 2004.

18 Auditors

Messrs PricewaterhouseCoopers having indicated their willingness, will continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP 20 Laws of the Federation of Nigeria 2004.
A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

19 Disclosure of customer complaints in the financial statements for the period ended December 31, 2016

	NUMBER		AMOUNT CLAIMED =N=		AMOUNT REFUNDED =N=	
DESCRIPTION	2016	2015	2016 (N'Million)	2015 (N'Million)	2016 (N'Million)	2015 (N'Million)
Pending Complaints B/F	4,252	5,046	3,386	2,333		
Received Complaints	362,511	359,355	41,171	296,273		
Resolved Complaints	360,749	359,959	43,329	290,897	576	777
Unresolved Complaints Escalated to CBN for Intervention	6	190	81.00	4,323.00		
Unresolved Complaints Pending with the bank C/F	6,008	4,252	1,147.00	3,386.00		
% Of Complaint/Transaction Volume	0.27%	0.20%				

Overtime, the Bank refunded the sum of N3,679,878,495.71 in respect of excess COT, monthly charges and negotiable current account maintenance fees to customers.

BY THE ORDER OF THE BOARD

Bili A. Odum
FRC/2013/NBA/00000001954
Group Company Secretary,
57 Marina, Lagos
January 29, 2017

Corporate Governance Report for the Year Ended December 31, 2016

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), 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 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 December 31, 2016, the Board comprised a Non-Executive Chairman, a Non-Executive Vice Chairman, eight (8) other Non-Executive Directors (which includes, three (3) Independent Non-Executive Directors) and nine (9) Executive Directors (which include the GMD/CEO and the Deputy Managing Director), all of whom bring a wide range of skills and experience to the Board.
The Board of Directors carries out its responsibility through its standing Committees. These are the Board Audit Committee, the Board 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 Committee, there are a number of Management Committees, which ensure effective and good corporate governance at the managerial level.

A. THE BOARD

The Board presently consists of 19 members, 9 of whom inclusive of the GMD/CEO are Executive Directors and 10 Non-Executive Directors. The Non-Executive Directors have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

Responsibility

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is primarily responsible for 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 2016 the Board met seven (7) 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 can delegate matters to Directors, Board Committees and the Executive Management Committee.

Appointments & Retirements
During the course of the year, Mr. Victor Osadolor, Mr. Uche Ike, Mr. Oliver Alawuba, Mr. Chukwuma Nweke, Mr. Ayoku Liadi, and Mr. Ibrahim Puri were appointed as Executive Directors to the Board; and Mr. Phillips Oduoza, Mr. Femi Olaloku and Ms Obi Ibekwe retired.

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

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

PricewaterhouseCoopers acted as external auditors to the Group during the 2016 financial year. Their report is contained on pages 20 to 27 of this Annual Report.

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

C. CONTROL ENVIRONMENT
The Board has continued to place emphasis on risk management as an essential tool for achieving the Group's objectives. 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
In order to ensure due attention to certain matters reserved for the Board, the Board carries out its oversight function on such matters through various committee, with the membership drawn from the Board. The Board of UBA Plc has the following Committees; the Board Audit Committee, the Board Risk Management Committee, the Finance and General Purpose Committee, the Nominations and Governance Committee and the Board Credit Committee .

Board Audit Committee

The Board Audit Committee was set up to further strengthen internal controls in the Group. It assists the Board of Directors in fulfilling its audit responsibilities by ensuring that effective systems of Financial and Internal controls are in place within the Group.
Meetings are held at least once a quarter, with Mr. Adekunle Olumide, OON as the Chairman. The Chief Audit Executive of the Bank attends the meetings.

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED BY MEMBERS
1	MR. ADEKUNLE OLUMIDE	5	5
2	MRS. FOLUKE ABDULRAZAQ	5	4
3	CHIEF KOLA JAMODU	5	5
4	MRS. ROSE OKWECHIME	5	5
5	MRS. OWANARI DUKE	5	5
6	HIGH CHIEF SAMUEL ONI	5	5

Board Risk Management Committee

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

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	CHIEF KOLA JAMODU	5	5
2	MR. KENNEDY UZOKA*	5	2
3	ALH. JA'AFARU PAKI	5	5
4	MR. ADEKUNLE OLUMIDE	5	5
5	MR. VICTOR OSADOLOR*	5	1
6	MRS. ROSE OKWECHIME	5	5
7	HIGH CHIEF SAMUEL ONI	5	5
8.	MR. UCHE IKE**	5	1

*Appointed to the Committee in August, 2016. ** Appointed to the Committee in November 2016

Board Credit Committee

The Board Credit Committee is made up of four (4) Non-Executive Directors and one (1) Executive Director. The Committee is responsible for approval of credit facilities in the Bank. It reviews all credits granted by the Bank and meetings are held at least once a quarter.

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

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	MRS. FOLUKE ABDULRAZAQ	7	7
2	ALH. JA'AFARU A. PAKI	7	7
3	MRS. OWANARI DUKE	7	7
4	MR. YAHAYA ZEKERI	7	7
5	MR UCHE IKE*	7	1

*Appointed to the Committee in November 2016

Nominations and Governance Committee

The Nominations and Governance Committee is made up of four (4) non-executive directors and the committee has responsibility for reviewing, considering and determining the appropriate remuneration payable to the Bank's Executive Directors. The Committee meets at least once every quarter and it is chaired by Mrs. Rose Okwechime

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	MRS. ROSE OKWECHIME	5	5
2	MRS. FOLUKE ABDULRAZAQ	5	5
3	MR. YAHAYA ZEKERI	5	5
4	MRS. OWANARI DUKE	5	5

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. The Committee meets at least once every quarter and it is chaired by Mrs. Owanari Duke.

S/N	MEMBERS	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	MRS. OWANARI DUKE	6	6
2	MR.ADEKUNLE OLUMIDE,OON	6	5
3	ALHAJI JA'AFARU PAKI	6	5
4	MR. KENNEDY UZOKA	6	4
5	MR. VICTOR OSADOLOR*	6	3

*Appointed to the Committee in August 2016

Statutory Audit 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.

Members of the Statutory Audit Committee and the attendance of meetings are as follows;

S/N	MEMBERS	Designation	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
1	MR. VALENTINE OZIGBO	Chairman/Shareholder	4	4
2	MR. MATTHEW ESONANJOR	Member/Shareholder	4	4
3	ALHAJI UMAR AL-KASSIM	Member/Shareholder	4	4
4	MRS. FOLUKE ABDULRAZAQ	Member/Non-Executive Director	4	4
5	MR. ADEKUNLE OLUMIDE, OON	Member/Non-Executive Director	4	3
6	MRS. OWANARI DUKE	Member/Non-Executive Director	4	4

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	TONY O. ELUMELU, CON	7	7
2	JOE. C. KESHI, OON	7	7
3	PHILLIPS ODUOZA****	7	4
4	KENNEDY UZOKA	7	7
5	VICTOR OSADOLOR***	7	4
6	FEMI OLALOKU*	7	3
7	DAN OKEKE	7	7
8	EMEKE IWERIEBOR	7	7
9	OBI IBEKWE**	7	3
10	UCHE IKE*****	7	3
11	OLIVER ALAWUBA*****	7	3
12	CHUKWUMA NWEKE*****	7	3
13	AYOKU LIADI*****	7	3
14	PURI IBRAHIM*****	7	3
15	CHIEF KOLA JAMODU, CFR	7	5
16	ALHAJI JA'AFARU PAKI	7	6
17	ADEKUNLE OLUMIDE, OON	7	7
18	MRS. ROSE OKWECHIME	7	7
19	YAHAYA ZEKERI	7	7
20	FOLUKE ABDULRAZAQ	7	6
21	HIGH CHIEF SAMUEL ONI, FCA	7	7
22	OWANARI DUKE	7	7

*Retired in May, 2016; ** Retired in June 2016; ***Appointed to the Board in June 2016; ****Retired in July 2016; *****Appointed to the Board in August, 2016.

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).

REPORT OF THE STATUTORY AUDIT COMMITTEE

TO MEMBERS OF UNITED BANK FOR AFRICA PLC

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

• We confirm that we have seen the audit plan & scope, and the Management Letter on the audit of the Group financial statement and the responses to the said letter.

• In our opinion, the plan & scope of the audit for the period ended 31st December, 2016 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

• We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

•Related party transactions and balances are disclosed in Note 42 to the financial statements as required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements". This disclosure was reviewed and found to be as analysed in the financial statements as at December 31, 2016.

Valentine Ozigbo
FRC/2013/ICAN/00000005347
Chairman
Audit Committee

Members of the Statutory Audit Committee 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

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Building a better working world

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

We have performed the procedures agreed with United Bank for Africa Plc ("UBA") in respect of the evaluation of the Board of UBA for the year ended 31 December, 2016 in accordance with the guidelines of Section 2.8.3 of the Central Bank of Nigeria (CBN) Code of Corporate Governance (CCG) 2014 for Banks and Discount Houses "CBN CCG". Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures' engagements.

The procedures were performed in accordance with the CBN CCG which mandates an annual evaluation of the Board and individual directors with specific focus on the Board structure and composition, responsibilities, proceedings and relationships, individual director's competences and respective roles in the performance of the Board.

The field work was performed based on the statement of work. The evaluation is limited in nature, and as such may not necessarily disclose all significant matters about the company or reveal irregularities, if any, in the underlying information.

Our approach included the review of UBA's Corporate Governance framework, and all relevant policies and procedures. We obtained written representation through questionnaires administered to the Board members and conducted face to face interviews and conference calls with the directors and key personnel of the Company. On the basis of our work, the Board of United Bank for Africa Plc has largely complied with the requirements of the CBN CCG during the year ended December 31, 2016.

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

Bunmi Akinde
Partner Advisory Services
FRC/2012/ICAN/00000000187

March 10, 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, and Sections 24 and 28 of the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for the period ended December 31, 2016 and in so doing they ensure that:

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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Accounting Standards, the requirements of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Central Bank of Nigeria Prudential guidelines and other relevant Circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the 2016 financial statements give a true and fair view of the state of the financial affairs of the Bank and Group.
The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of financial control.
Nothing has come to the attention of the Directors to indicate that the Group will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors;
Kennedy Uzoka
…………………………..
Kennedy Uzoka

FRC/2013/IODN/00000015087

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Independent auditor's report

To the members of United Bank for Africa Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of United Bank for Africa Plc ("the Bank") and its subsidiaries (together "the Group") as at 31 December 2016 and of their consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

pwc

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances to customers We focused on this area because of the significant value of loans and advances and also because the directors make significant and subjective judgements over the timing, estimation and recognition of the related loan loss reserve. The directors make an assessment for impairment on a number of significant loans by assessing the loans for impairment triggers individually. On these category of loans, the directors make assumptions regarding the identification of impairment triggers and the magnitude and timing of future cash flows including those arising from pledged collateral. Loans that are not individually tested for impairment and those that have been tested but unimpaired are assessed collectively on a portfolio basis. This assessment is based on impairment models with significant assumptions including values for probability of default and loss given default. This matter is considered a key audit matter in both the separate and consolidated financial statements. *See Note 25 to the financial statements for further information.*	We understood and tested the design and operating effectiveness of the controls over the estimation of loan loss reserves. We performed our tests along the two broad categories of loans and advances i.e. the "specifically assessed portfolio" comprising a number of high value loans; and the "collectively assessed portfolio" comprising individually low value loans and some high value loans which were assessed to be unimpaired. For the specifically assessed portfolio of loans, we applied a risk based testing approach in selecting a sample of customer loans for testing. We reviewed correspondences included in the customer files, account statements and publicly available information on obligors which were used in determining the existence of impairment triggers. For loans assessed to have impairment triggers, we tested, the calculation of impairment by reviewing the forecasts cash flows used in the impairment calculations. In addition, we challenged the directors' assumptions around the amount and timing of cash flows used in the impairment calculations. We then formed our own view as to the recoverable amounts of the loans by discounting these future cash flows using the individual loan's effective interest rates. For the category of loans assessed collectively, we reviewed the impairment models used by the directors, to confirm consistency with prior periods and with our understanding of the business and industry. We tested collective impairment inputs e.g. the Loss Given Default (LGD) and the Probability of Default (PD) by reviewing against historical data and other client information. We then recalculated the collective impairment reserve amount for the portfolio and compared with the directors' estimate.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred tax asset We focused on this area because of the magnitude of UBA Plc's deferred tax asset and the uncertainties around the directors' judgement in their estimation of the future taxable profits upon which deductible temporary differences or unused tax losses or credits will be applied. This matter is considered a key audit matter in both the separate and consolidated financial statements. *See Note 32 to the financial statements for further information.*	We adopted a substantive approach to testing the recoverability of the Group's deferred tax asset balance. We obtained the cash flow projections and forecast taxable profits used to support the directors' recognition of the deferred tax asset. We then challenged the cash flow forecasts and deferred tax utilization computations. Specifically we, - tested the cashflow forecast provided by the directors by challenging the assumptions on the growth rate of taxable and non- taxable transaction income vis-à-vis the historical trends and current business plan; and - used our tax specialists to challenge the directors' assessment of the relative useful lives of the components of the deferred tax asset in line with the applicable tax laws. This was used to assess the viability of the directors' plan for the recoverability of the deferred tax asset.

Key audit matter	How our audit addressed the key audit matter
Valuation of available for sale unquoted equity financial instruments	
We focused on this area because of the subjective judgments involved in estimating the carrying value of the unquoted equity securities at the year-end date and the relative size of the balance. In particular we focused on UBA Plc's unquoted equity investments where the directors' have applied a discounted cashflow (DCF) valuation technique to determine their fair values. This category of investment securities account for 95% of the total portfolio of unquoted equity securities and there is no active market for them. This matter is considered a key audit matter in both the separate and consolidated financial statements. *See Note 26 to the financial statements for further information.*	We adopted a substantive approach to testing this balance by obtaining and performing audit procedures on the directors' independent valuation of all unquoted equity investment securities performed using the discounted cash flow valuation technique. We challenged the cash flow forecasts used by the directors in their independent valuation of these securities by revalidating with information on the business plans of the investee companies, their historical performance and long term economic outlook. We used our internal valuation experts to test the reasonableness of the discount rates, long term growth rates, applicability of the methodology applied and mathematical accuracy of the valuation models used in the directors' estimate. Our valuation experts also performed an independent valuation to determine if the values ascribed to the investee companies were within an acceptable range of outcomes.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for Goodwill We focused on this area because of the magnitude of the carrying amount of goodwill and because the goodwill is recognized on Cash Generating Units (CGUs) in different economic environments. This increased the level of subjectivity involved in estimating the carrying amount of the goodwill at the year end date. In particular, the directors exercise judgement in: • identifying the CGUs to which goodwill is allocated; and • assessing the "value in use" of the CGUs by estimating future cashflows and making assumptions on the applicable discount rates. This matter is considered a key audit matter in the consolidated financial statements only. *See Note 31 to the financial statements for further information.*	We obtained the directors' assessment of impairment of the Group's goodwill and challenged the assumptions used in the impairment model. We focused on the appropriateness of the directors' identification of CGUs, their estimation of future cash flows and appropriateness of discount rates applied. Specifically, we: - challenged the directors' basis of allocating goodwill to identified CGUs; - obtained the board approved business plans and related cashflow forecasts for the related CGUs to which goodwill is allocated and challenged the forecast by comparing with the historical performance and long term economic outlook; and - used our internal valuation experts to test the reasonableness of the discount rates, long term growth rates, the applicability of the methodology applied and the mathematical accuracy of the impairment model used by the directors.

Other information

The directors are responsible for the other information. The other information comprises the Directors Report, Statement of Directors' Responsibilities, Corporate Governance Report, Audit Committee Report, Statement of Value Added and Five Year Financial Summary, which we obtained prior to the date of this auditor's report. The Group's complete Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

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

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

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

v) except for the contraventions disclosed in Note 47 to the financial statements, there were no penalties for contraventions of relevant circulars issued by the Central Bank of Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A1250096

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria
Engagement Partner: Samuel Abu
FRC/2013/ICAN/00000001495

24 March 2017

Consolidated and Separate Statements of Comprehensive Income

For the year ended 31 December 2016

	Notes	Group		Bank	
In millions of Nigerian Naira		**2016**	**2015**	**2016**	**2015**
Gross earnings		**383,647**	**314,844**	**269,895**	**247,378**
Interest income	10	263,970	229,629	177,313	185,919
Interest expense	11	(98,770)	(96,030)	(68,525)	(83,161)
Net interest income		**165,200**	**133,599**	**108,788**	**102,758**
Net impairment loss on loans and receivables	12	(27,683)	(5,053)	(25,521)	(3,491)
Net interest income after impairment on loans and receivables		**137,517**	**128,546**	**83,267**	**99,267**
Fee and commission income	13	73,199	61,892	49,836	42,103
Fee and commission expense	14	(13,988)	(8,557)	(11,139)	(6,740)
Net trading and foreign exchange income	15	43,820	20,366	32,678	12,615
Other operating income	16	2,658	2,957	10,068	6,741
Employee benefit expenses	17	(64,614)	(57,446)	(43,501)	(42,033)
Depreciation and amortisation	18	(8,650)	(7,968)	(6,281)	(6,281)
Other operating expenses	19	(79,237)	(71,226)	(57,279)	(54,937)
Share of loss of equity-accounted investee	28(c)	(63)	(110)	-	-
Profit before income tax		**90,642**	**68,454**	**57,649**	**50,735**
Income tax expense	20	(18,378)	(8,800)	(10,108)	(3,093)
Profit for the year		**72,264**	**59,654**	**47,541**	**47,642**
Other comprehensive income					
Items that will be reclassified to the income statement:					
Exchange differences on translation of foreign operations		38,960	(1,937)	-	-
Fair value reserve (available-for-sale financial assets):					
Net fair value gain during the year		28,114	7,310	28,084	7,324
Net amount transferred to the income statement		(1,188)	795	(1,188)	795
Other comprehensive income for the year, net of tax		**65,886**	**6,168**	**26,896**	**8,119**
Total comprehensive income for the year		**138,150**	**65,822**	**74,437**	**55,761**
Profit for the year attributable to:					
Owners of Parent		69,404	58,604	47,541	47,642
Non-controlling interest		2,860	1,050	-	-
Profit for the year		**72,264**	**59,654**	**47,541**	**47,642**
Total comprehensive income attributable to:					
Owners of Parent		130,783	65,108	74,437	55,761
Non-controlling interest		7,367	714	-	-
Total comprehensive income for the year		**138,150**	**65,822**	**74,437**	**55,761**
Earnings per share attributable to owners of the parent:					
Basic and diluted earnings per share (Naira)	21	**2.04**	**1.79**	**1.31**	**1.36**

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 Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
In millions of Nigerian Naira					
ASSETS					
Cash and bank balances	22	760,930	655,371	610,910	590,774
Financial assets held for trading	23	52,295	11,249	52,295	11,249
Derivative assets	33(a)	10,642	1,809	10,642	1,809
Loans and advances to banks	24	22,765	14,600	23,850	14,591
Loans and advances to customers	25	1,505,319	1,036,637	1,090,355	822,694
Investment securities	26	970,392	856,870	533,016	568,203
Other assets	27	37,849	40,488	31,192	22,528
Investment in equity-accounted investee	28	2,925	2,236	1,770	1,770
Investment in subsidiaries	29	-	-	70,702	65,767
Property and equipment	30	93,932	88,825	80,252	80,145
Intangible assets	31	14,361	11,369	4,905	4,954
Deferred tax assets	32	33,060	33,168	29,696	31,853
TOTAL ASSETS		**3,504,470**	**2,752,622**	**2,539,585**	**2,216,337**
LIABILITIES					
Derivative liabilities	33(b)	14	327	14	327
Deposits from banks	34	109,080	61,066	30,484	350
Deposits from customers	35	2,485,610	2,081,704	1,698,859	1,627,060
Other liabilities	36	110,596	54,885	72,901	34,219
Current tax liabilities	20	5,134	6,488	522	634
Borrowings	37	259,927	129,896	259,927	129,896
Subordinated liabilities	38	85,978	85,620	85,978	85,620
Deferred tax liabilities	32	62	15	-	-
TOTAL LIABILITIES		**3,056,401**	**2,420,001**	**2,148,685**	**1,878,106**
EQUITY					
Share capital	39	18,140	18,140	18,140	18,140
Share premium	39	117,374	117,374	117,374	117,374
Retained earnings	39	138,623	113,063	110,152	100,900
Other reserves	39	160,714	77,250	145,234	101,817
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		434,851	325,827	390,900	338,231
Non-controlling interest in subsidiaries		13,218	6,794	-	-
TOTAL EQUITY		**448,069**	**332,621**	**390,900**	**338,231**
TOTAL LIABILITIES AND EQUITY		**3,504,470**	**2,752,622**	**2,539,585**	**2,216,337**

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

The financial statements were approved by the directors on January 27, 2017

Kennedy Uzoka

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

United Bank for Africa Plc

Consolidated and Separate Statements of Changes in Equity

Group

In millions of Nigerian Naira	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-Controlling interest	Total equity
	Attributable to equity holders of the parent										
At 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 year	-	-	-	-	-	-	-	58,604	**58,604**	1,050	**59,654**
Exchange differences on translation of foreign operations	-	-	(1,601)	-	-	-	-	-	**(1,601)**	(336)	**(1,937)**
Fair value change in (available-for-sale) financial assets	-	-	-	-	7,310	-	-	-	**7,310**	-	**7,310**
Net amount transferred to income statement	-	-	-	-	795	-	-	-	**795**	-	**795**
Total comprehensive income for the year	-	-	(1,601)	-	8,105	-	-	58,604	**65,108**	714	**65,822**
Transfer between reserves	-	-	-	12,887	-	-	9,159	(22,046)	**-**	-	**-**
Transactions with owners									**-**	-	**-**
Proceeds from rights issue	1,649	9,442	-	-	-	-	-	-	**11,091**	-	**11,091**
Sale of treasury shares	-	-	-	-	-	240	-	-	**240**	-	**240**
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	(776)	**(776)**	776	**-**
Dividends	-	-	-	-	-	-	-	(9,766)	**(9,766)**	(172)	**(9,938)**
At 31 December 2015	**18,140**	**117,374**	**(5,654)**	**18,167**	**31,348**	**(32,061)**	**65,450**	**113,063**	**325,827**	**6,794**	**332,621**
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 year	-	-	-	-	-	-	-	69,404	**69,404**	2,860	**72,264**
Exchange differences on translation of foreign operations	-	-	34,453	-	-	-	-	-	**34,453**	4,507	**38,960**
Fair value change in (available-for-sale) financial assets	-	-	-	-	28,114	-	-	-	**28,114**	-	**28,114**
Net amount transferred to income statement	-	-	-	-	(1,188)	-	-	-	**(1,188)**	-	**(1,188)**
Total comprehensive income for the year	-	-	34,453	-	26,926	-	-	69,404	**130,783**	7,367	**138,150**
Transfer between reserves	-	-	-	13,208	-	-	8,416	(21,624)	**-**	-	**-**
Transactions with owners											
Sale of treasury shares	-	-	-	-	-	461	-	-	**461**	-	**461**
Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	(1,692)	**(1,692)**	(410)	**(2,102)**
Dividends	-	-	-	-	-	-	-	(20,528)	**(20,528)**	(533)	**(21,061)**
At 31 December 2016	**18,140**	**117,374**	**28,799**	**31,375**	**58,274**	**(31,600)**	**73,866**	**138,623**	**434,851**	**13,218**	**448,069**

Consolidated and Separate Statements of Changes in Equity

Bank

In millions of Nigerian Naira	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
At 1 January 2015	**16,491**	**107,932**	**5,206**	**23,866**	**44,208**	**84,230**	**281,933**
Profit for the year	-	-	-	-	-	47,642	**47,642**
Fair value change in (available-for-sale) financial assets	-	-	-	7,324	-	-	**7,324**
Net amount transferred to income statement	-	-	-	795	-	-	**795**
Total comprehensive income for the year	**-**	**-**	**-**	**8,119**	**-**	**47,642**	**55,761**
Transfer between reserves	-	-	12,054	-	8,364	(20,418)	**-**
							-
Transactions with owners							**-**
Proceeds from rights issue	1,649	9,442	-	-	-	-	**11,091**
Dividends	-	-	-	-	-	(10,554)	**(10,554)**
At 31 December 2015	**18,140**	**117,374**	**17,260**	**31,985**	**52,572**	**100,900**	**338,231**
At 1 January 2016	**18,140**	**117,374**	**17,260**	**31,985**	**52,572**	**100,900**	**338,231**
Profit for the year	-	-	-	-	-	**47,541**	**47,541**
Fair value change in (available-for-sale) financial assets	-	-	-	28,084	-		**28,084**
Net amount transferred to income statement	-	-	-	(1,188)	-		**(1,188)**
Total comprehensive income for the year	**-**	**-**	**-**	**26,896**	**-**	**47,541**	**74,437**
Transfer between reserves	-	-	9,390	-	7,131	(16,521)	**-**
Transactions with owners							
Dividends	-	-	-	-	-	(21,768)	**(21,768)**
At 31 December 2016	**18,140**	**117,374**	**26,650**	**58,881**	**59,703**	**110,152**	**390,900**

United Bank for Africa Plc
Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2016	*Notes*	Group 2016	Group 2015	Bank 2016	Bank 2015
In millions of Nigerian Naira					
Cash flows from operating activities					
Profit before income tax		**90,642**	**68,454**	**57,649**	**50,735**
Adjustments for:					
Depreciation of property and equipment	18	7,397	6,896	5,203	5,310
Amortisation of intangible assets	18	1,253	1,072	1,078	971
Specific impairment charge on loans to customers	12	20,896	2,285	16,579	1,941
Portfolio impairment charge on loans to customers	12	4,471	1,213	5,622	589
Portfolio impairment charge/(reversal) on loans to banks	12	167	(96)	171	(112)
Write-off of loans and advances	12	2,340	3,524	2,299	1,250
Impairment charge on other assets	12	2,024	611	1,280	442
Net fair value loss on derivative financial instruments	15	(9,146)	4,109	(9,146)	4,109
Foreign currency revaluation gains	15	(15,139)	(3,164)	(12,373)	(3,133)
Dividend income	16	(1,803)	(2,404)	(9,498)	(6,274)
Loss on disposal of property and equipment	19	190	14	214	14
Write-off of property and equipment	30	-	143	-	143
Write-off of intangible assets	31	135	-	135	-
Net interest income		(165,200)	(137,939)	(108,788)	(107,098)
Share of loss of equity-accounted investee	28	63	110	-	-
		(61,710)	**(55,172)**	**(49,575)**	**(51,113)**
Changes in operating assets and liabilities					
Change in financial assets held for trading		(35,568)	(8,269)	(35,568)	(8,269)
Change in cash reserve balance		(100,021)	34,042	(68,067)	33,882
Change in loans and advances to banks		(8,332)	33,589	(9,430)	34,512
Change in loans and advances to customers		(496,389)	28,200	(292,161)	58,113
Change in other assets		47,882	(9,974)	2,429	1,166
Change in deposits from banks		48,014	1,838	30,134	(1,176)
Change in deposits from customers		403,906	(87,959)	71,799	(185,217)
Change in placement with banks		22,171	48,350	(11,717)	76,565
Change in other liabilities and provisions		55,178	(8,853)	38,682	(6,990)
Interest received		263,970	233,969	177,313	190,259
Interest paid		(89,413)	(91,876)	(59,168)	(79,007)
Income tax paid	20(c)	(19,577)	(7,004)	(8,063)	(4,317)
Net cash provided from/(used in) operating activities		**30,111**	**110,881**	**(213,392)**	**58,408**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities		653,365	426,992	635,324	392,264
Purchase of investment securities		(833,296)	(617,564)	(605,425)	(510,229)
Purchase of property and equipment	30	(15,927)	(6,480)	(7,610)	(5,345)
Purchase of intangible assets	31	(1,359)	(2,287)	(1,036)	(1,749)
Additional investment in subsidiaries		-	-	(4,935)	-
Proceeds from disposal of property and equipment		4,361	63	2,006	63
Dividend received		1,803	2,404	9,498	6,274
Net cash (used in)/provided from investing activities		**(191,053)**	**(196,872)**	**27,822**	**(118,722)**
Cash flows from financing activities					
Proceeds from rights issue		-	11,091	-	11,091
Proceeds from borrowings	37	243,029	35,228	243,029	35,228
Repayment of borrowings	37	(121,997)	(22,978)	(121,997)	(22,978)
Proceeds from sale of treasury shares		461	240	-	-
Dividend paid to owners of the parent		(20,528)	(9,766)	(21,768)	(10,554)
Dividend paid to non-controlling interests*		(172)	-	-	-
Net cash from financing activities		**100,793**	**13,815**	**99,264**	**12,787**
Net decrease in cash and cash equivalents		(60,149)	(72,176)	(86,306)	(47,527)
Effects of exchange rate changes on cash and cash equivalents		93,336	(539)	32,136	913
Cash and cash equivalents at beginning of year	22	347,856	420,571	290,586	337,200
Cash and cash equivalents at end of year	22	381,043	347,856	236,416	290,586

*This amount represents actual cash dividends paid to non-controlling interest holders during the year. This differs from the amount disclosed in the statement of changes in equity which represents accruals for dividends not yet paid.

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

Notes to the Financial Statements

1 General Information

United Bank for Africa Plc (the "Group") is a Nigerian registered company with address at 57 Marina, Lagos, Nigeria. The consolidated financial statements of the Group for the year ended 31 December 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.

The financial statements for the year ended 31 December 2016 were authorised for issue by the Board of Directors on 27 January 2017.

2 Basis of preparation

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

3 Significant accounting policies

3.1 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:

- Derivative financial instruments which are measured at fair value.
- Financial assets held for trading which are measured at fair value.
- Available-for-sale financial instruments which are measured at fair value.

3.2 Functional and presentation currency

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

3.3 Use of estimates and judgements

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. 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 8.

3.4 Basis of consolidation

(a) Subsidiaries

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

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

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

3.4 Basis of consolidation - continued

(b) Business combinations

Business combinations are accounted for using the acquisition method.

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

· the fair value of the consideration transferred; plus

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Transactions eliminated on consolidation

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

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

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

(f) Associates

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

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

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

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

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

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

3.5 Foreign currency

(a) Foreign currency transactions

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

Unrealized exchange differences on non-monetary financial assets are a component of the change in their entire fair value. For 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 assets available-for-sale, unrealized exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

(b) Foreign operations

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

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

3.6 Interest income and interest expense

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

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

3.7 Fees and commissions income and expenses

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

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

Notes to the Financial Statements

3.8 Net trading and foreign exchange income

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

3.9 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.10 Income tax

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

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

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

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

3.11 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:

(a) *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'.

(b) 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'.

(c) 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.

(d) 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 Groups and customers, trade receivables and cash and Group balances.

(e) 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

(a) 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 when 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 Group'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 Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group 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 Groups 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 Group may measure impairment on the basis of an instrument's fair value using an observable market price.

(b) 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 it is determined 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 are 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 for held to maturity investment securities and fair value for available-for-sale investment securities.

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 Groups, 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 Groups 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 Group 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 Group 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.

3.12 Cash and bank balances

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

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

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

3.13 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.

Notes to the Financial Statements

3.14 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.

3.15 Property and equipment

(a) Recognition and measurement

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

(b) Subsequent costs

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

(c) Depreciation

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

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

Land	Not depreciated
Buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Aircraft	Between 16 and 20 years
Motor vehicles	5 years
Furniture and Fittings	5 years
Computer hardware	5 years
Equipment	5 years
Work in progress	Not depreciated
Lifts*	10 years

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

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

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

(d) De-recognition

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

3.16 Intangible assets

(a) Goodwill

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

Subsequent measurement

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

(b) Software

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

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

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.17 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3.18 Repossessed collateral

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

3.19 Deposits and debt securities issued

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

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

3.20 Provisions

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

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

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

3.21 Financial guarantee contracts

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

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the 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.

3.22 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.

Notes to the Financial Statements

3.23 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on ordinary shares

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

(c) Treasury shares

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

3.24 Earnings per share

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

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

3.25 Fiduciary activities

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

3.26 Stock of consumables

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

3.27 Segment reporting

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

3.28 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.

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 impact on the Group's consolidated and separate financial statements as the Group is neither a first time IFRS adopter nor a rate-regulated entity.

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 impact on the Group's consolidated and separate financial statements.

3.29 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective as at 31 December 2016 are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

a) 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.

In 2016, the Group set up a multidisciplinary implementation team with members from its Risk Management, Finance and Operations teams to prepare for IFRS 9 implementation. The Project is sponsored by the Chief Risk and Financial officers, who report to the Board's Finance and General Purpose Committee. The initial assessment and gap analysis phase of the project was completed at the end of 2016.

Based on the initial assessment carried out by the Group, the impact of application of the new standard is as follows:

Classification and Measurement

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Having completed its initial assessment, the Group has concluded that:

• the majority of loans and advances to banks, loans and advances to customers and other financial assets that are classified as loans and receivables under IAS 39 are expected to be measured at amortised cost under IFRS 9.

• Financial assets held for trading are expected to continue to be measured at FVPL.

• The majority of the debt securities classified as available for sale under IAS 39 are expected to be measured at amortised cost or FVOCI.

• Debt securities classified as held to maturity are expected to continue to be measured at amortised cost.

Impairment of financial assets

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Group will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case,the allowance is based on the probability of default over the life of the asset.

The Group will establish a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Bank under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate of the loan.

Notes to the Financial Statements

In comparison to IAS 39, the Group expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances.

The Group will categorize its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

Stage 1 – Performing loans

When loans are first recognised, the Group will recognise an allowance based on 12-month expected credit losses. This will also be applicable to financial assets that are not considered to have suffered a significant increase in their credit risk since the end of the previous reporting period.

Stage 2 – Underperforming loans:

When a loan shows a significant increase in credit risk, the Group will record an allowance for the lifetime expected credit loss. The Group will consider whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. In each case, this assessment will be based on forward-looking assessment that takes into account a number of economic scenarios, in order to recognise the probability of higher losses associated with more negative economic outlooks. In addition, a significant increase in credit risk will be assumed if the borrower falls more than 30 days past due in making its contractual payments.

When estimating lifetime ECLs for undrawn loan commitments, the Group will estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down. For financial guarantee contracts, the Group will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

Stage 3 – Impaired loans:

The Group will recognise the lifetime expected credit losses for these loans. In addition, in Stage 3 the Group will accrue interest income on the amortised cost of the loan net of impairment allowances. Financial assets will be included in Stage 3 when there is objective evidence that the loan is credit impaired. The criteria of such objective evidence are the same as under the current IAS 39 methodology. Accordingly, the Group expects the population to be generally the same under both standards. The impairment calculation will be the same as for Stage 2 loans with the probability of default set to 100%. When forbearance results in the derecognition of the original loan, the new loan will be classified as originated credit-impaired. Other than originated credit-impaired loans, loans will be transferred from out of Stage 3 if they no longer meet the criteria of credit-impaired after a probation period of not more than two years.

Other financial assets

The Group will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost will be recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

For 'low risk' FVOCI debt securities, the Group intends to apply a policy which assumes that the credit risk on the instrument has not increased significantly since initial recognition and will calculate ECL as explained in Stage 1 below. Such instruments will generally include traded, investment grade securities where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group will not consider instruments to have low credit risk simply because of the value of collateral. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Group's other financial instruments.

Forward-looking information

The Group will incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs. Forward-looking information such as macroeconomic factors (e.g., unemployment, GDP growth and interest rates) and economic forecasts will be considered. To evaluate a range of possible outcomes, the Group intends to formulate three scenarios: a base case, a worse case and a better case. The base case scenario represents the more likely outcome resulting from the Group's normal financial planning and budgeting process, while the better and worse case scenarios represent more optimistic or pessimistic outcomes. For each scenario, the Group will derive an ECL and apply a probability weighted approach to determine the impairment allowance.

Hedge accounting

IFRS 9 allows entities to continue with the hedge accounting under IAS 39 even when other elements of IFRS become mandatory on 1 January 2018. The new hedging rules are however not expected to impact the Group.

b) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* , effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

The Group does not anticipate early adopting IFRS 15 and is currently evaluating its impact.

c) IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 *Leases* in January 2016. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

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

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

d) Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Group is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

e) Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g.,gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Group is currently evaluating the impact.

4 Financial Risk Management

4.1 Introduction and overview

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

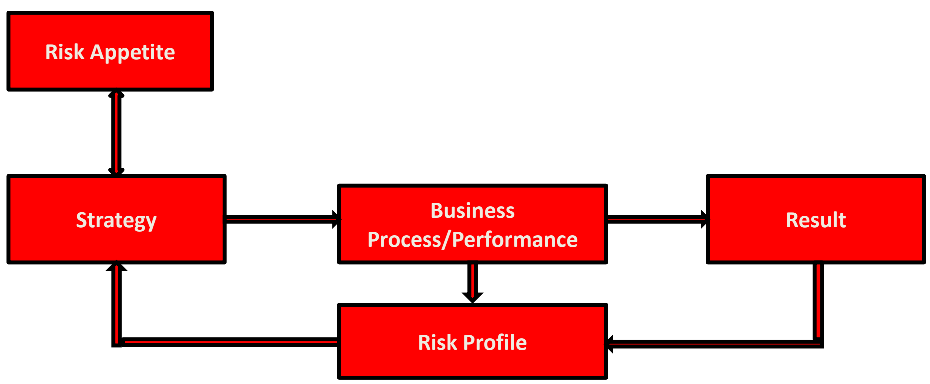
1. meet and exceed best practice global standards as defined by local and international regulatory bodies. We intend to achieve this by adhering to the principles of the Basel II Accords as adopted by the Central Bank of Nigeria (CBN);
2. ensure sustainable profitability and enterprise value protection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

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

(a) Risk Management Strategy

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

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



(b) Risk Management Culture

There is a commitment to ensuring that risk management is enshrined as a culture in the Group, from the Board of Directors to the individual business unit. There is considerable effort to infuse the risk/reward evaluation in the decision making process in order to ensure that there is proper assessment of risk dimension in process design, performance appraisal, limit establishment, portfolio creation, monitoring activities and audit process. The aim is also to encourage a culture of constant re-evaluation of risk profile and prompt risk mitigation action , where required.
In order to do this, there is proper dissemination of information and policies, development of frameworks, and staff training to ensure that all staff are adequately aware of their roles in the risk 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 across the enterprise
- Central oversight of corporate governance across the enterprise
- Ownership of risk managment is at all levels
- Clearly defined risk appetite

4 Financial Risk Management

4.1 Introduction and risk profile (continued)

(c) Role and responsibilities

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

Board of Directors

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

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

Board Committees

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

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

Management Committees

Key Management Committees include:

(i) Executive Management Committee (EMC)

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

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

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

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

(ii) Executive Credit Committee (ECC)

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

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

(iii) Group Asset and Liability Committee

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

4 Financial Risk Management
4.1 Introduction and risk profile (continued)

In playing this role, GALCO does the following:-

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

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

- Develops the framework to reduce the Group's portfolio of risk assets on watch-list as well as delinquent accounts
- Monitor implementation of strategies developed for recoveries and reduction of loan delinquencies
- Ratifies proposed classification of accounts and provisioning levels
- Recommends write-offs for approval through the EMC to the Board

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

(a) To support the EMC in the discharge of its risk management responsibilities which includes but is not limited to the management of risk, determining risk tolerance levels, risk appetite, risk monitoring, risk assurance and risk disclosures for the Group.

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

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

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

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

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

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

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

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

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

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

(l) Review and recommend yearly Risk Management staffing model and manpower development programs.

Group Chief Risk Officer

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

(d) Central Risk Management Functions

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

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

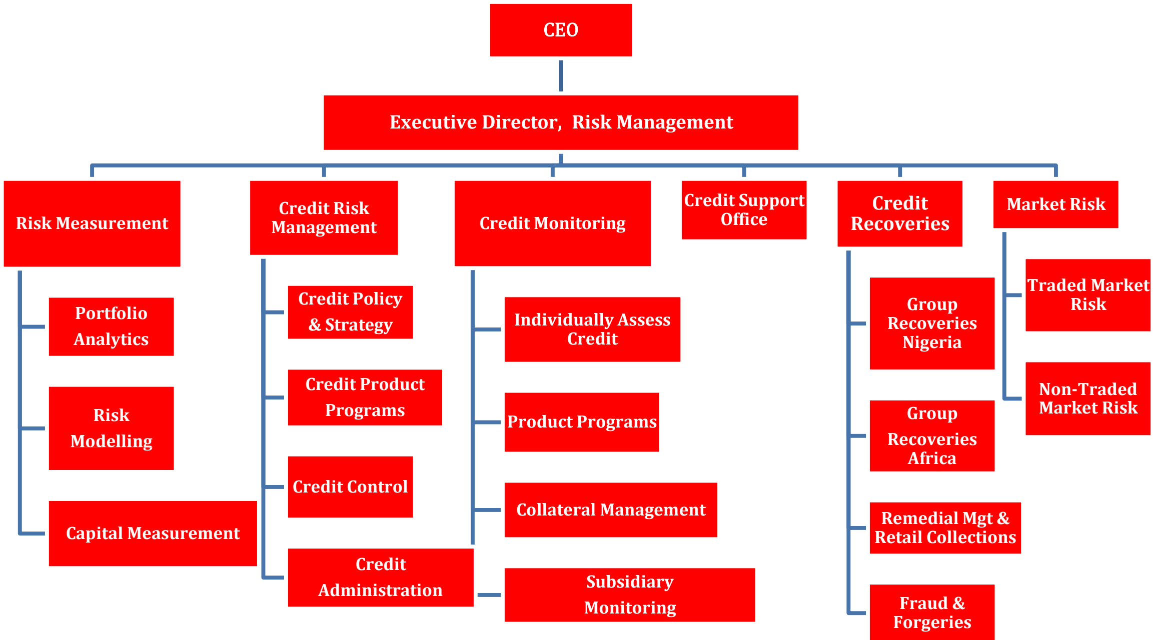
At a strategic level, our risk management objectives are as follows:

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

(e) Risk Management Structure

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

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



(f) Risk Management Policies

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

(i) Risk Appetite

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

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

(ii) Approval Authority

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

(iii) Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.The Group applies a concentration risk management framework that sets exposure limits as a function of capital across all dimensions of its asset portfolio including geography, sector, obligor, product etc. This is closely monitored to ensure diversification of risk.

4.2 Credit Risk

(a) Overview

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

(i) Credit Risk Management (CRM)

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

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

(ii) Credit Risk Governance

The Board through Board Credit Committee (BCC) is responsible for the overall governance of credit risk and the management of the credit portfolio of the Group. It reviews and recommends credit policies to the Board. The Executive Credit Committee (ECC) sets frameworks and guidelines for credit risk management for the Group and reviews and recommends for approval to the BCC all credit related policies for the Group. ECC monitors implementation and compliance with credit policy paying particular attention to the following:
a. Credit concentration
b. Credit portfolio performance
c. Credit quality
With regards to approval of credit facilities, the ECC approves facilities that are above the limit of the GMD, while the BCC approves credit facilities that are above the limit of the ECC. The Board of Directors is the overall approving authority, approving credit facilities that are above the limit of the BCC.

(iii) Credit Monitoring

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

(iv) Credit Concentration Management

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

The Group ensures that:

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

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

(v) Credit Risk Measurement

In measuring credit risk of loans and advances to various counterparties, the Group considers the 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 customers' repayment capacity through quantitative and qualitative evaluation. However we strive to ensure that our loans are backed by collateral to reflect the risk of the obligors and the nature of the facility.

In the estimation of credit risk, the Group estimates the following parameters:
- Probability of Default (PD)
- Loss Given Default(LGD)
- Exposure at Default

Probability of Default

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

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

Exposure at default

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

(vi) General Risk Rating Process

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

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 obligor's financial position while the qualitative factors include:

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

The integrity of the Group's portfolio management process is dependent on accurate and timely risk ratings . Deterioration in credit risks is quickly identified and communicated to facilitate prompt action. The rating is reviewed 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

(vii) Credit Rating of Counterparty/Obligor

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

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 Group does not lend on unsecured basis to obligors that are below investment grade (BB and above). The Group will not lend to obligors in the unacceptable risk range.

4 Financial Risk Management

4.2 Credit risk (continued)

(viii) Remedial Management Process

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

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

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

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

(ix) 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

Notes to the Financial Statements

4.2 Credit risk (continued)

(b) Credit risk Exposure

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

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

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

	Maximum exposure Group		Maximum exposure Bank	
In millions of Nigerian Naira	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Cash and bank balances				
Current balances with banks	180,071	130,255	150,140	113,634
Unrestricted balances with Central Banks	89,721	62,233	27,788	22,241
Money market placements	42,927	150,101	51,101	153,186
Restricted balances with central banks	376,689	276,668	341,656	273,589
Financial assets held for trading				
Treasury bills	47,638	11,121	47,638	11,121
Bonds	4,657	128	4,657	128
Loans and advances to banks:				
Term Loan	22,765	14,600	23,850	14,591
Loans to individuals				
Overdraft	40,082	46,391	33,367	41,982
Term loan	74,815	67,987	25,024	32,144
Loans to corporate entities and others				
Overdraft	278,512	198,587	172,537	139,789
Term Loan	1,095,643	703,525	843,160	588,632
Others	16,267	20,147	16,267	20,147
Available-for-sale investment securities:				
Treasury bills	155,315	193,816	147,153	189,644
Bonds	40,790	32,757	17,233	32,253
Held to maturity investment securities:				
Treasury bills	240,559	150,774	-	-
Promissory notes	281	255	281	255
Bonds	452,794	430,345	288,311	297,539
Other assets	18,095	27,721	20,723	16,320
Total	**3,177,621**	**2,517,411**	**2,210,886**	**1,947,195**
Loans exposure to total exposure	48%	42%	50%	43%
Debt securities exposure to total exposure	30%	33%	23%	27%
Other exposures to total exposure	22%	26%	27%	30%

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

	Group		Bank	
In millions of Nigerian Naira	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Performance bonds and guarantees	388,884	77,030	135,127	71,319
Letters of credits	202,122	149,488	168,600	107,262
	591,006	**226,518**	**303,727**	**178,581**
Bonds and guarantee exposure to total exposure	66%	34%	44%	40%
Letters of credit exposure to total exposure	34%	66%	56%	60%

Credit risk exposures relating to loan commitment are as follows:

	Group		Bank	
In millions of Nigerian naira	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Loan commitment to corporate entities and others				
Term Loan	108,014	123,458	108,014	123,458
	108,014	**123,458**	**108,014**	**123,458**

There are no loan commitments to individuals.

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

Notes to the Financial Statements

4 Credit risk (continued)

(b) Credit risk exposure (continued)

(ii) Credit concentration - location

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

31 December 2016

In millions of Nigerian Naira	Group				Bank			
	Nigeria	Rest of Africa	Rest of the world	Total	Nigeria	Rest of Africa	Rest of the world	Total
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	17,343	162,728	180,071	-	555	149,585	150,140
- Unrestricted balances with Central Banks	27,788	61,933	-	89,721	27,788	-	-	27,788
- Money market placements	8,959	20,472	13,496	42,927	8,959	1,226	40,916	51,101
- Restricted balances with central banks	341,656	35,033	-	376,689	341,656	-	-	341,656
Financial assets held for trading:								
- Treasury bills	47,638	-	-	47,638	47,638	-	-	47,638
- Government bonds	4,657	-	-	4,657	4,657	-	-	4,657
Loans and advances to banks								
- Corporates	22,752	-	13	22,765	22,752	1,098	-	23,850
Loans and advances to customers:								
Individuals:								
- Overdrafts	33,367	6,715	-	40,082	33,367	-	-	33,367
- Term loans	25,024	49,791	-	74,815	25,024	-	-	25,024
Corporates:								
- Overdrafts	172,537	105,975	-	278,512	172,537	-	-	172,537
- Term loans	843,160	252,483	-	1,095,643	843,160	-	-	843,160
- Others	16,267	-	-	16,267	16,267	-	-	16,267
Investment securities:								
- Held-to-maturity								
- Treasury bills	-	240,559	-	240,559	-	-	-	-
- Bonds	264,940	173,466	14,388	452,794	264,940	14,231	9,140	288,311
- Promissory notes	281	-	-	281	281	-	-	281
- Available-for-sale								
- Treasury bills	147,153	8,162	-	155,315	147,153	-	-	147,153
- Bonds	17,233	23,557	-	40,790	17,233			17,233
Other assets	11,609	6,126	360	18,095	11,609	9,114	-	20,723
Total financial assets	**1,985,021**	**1,001,615**	**190,985**	**3,177,621**	**1,985,021**	**26,224**	**199,641**	**2,210,886**
Commitments and guarantees								
- Performance bonds and guarantees	135,127	253,757	-	388,884	135,127	-	-	135,127
- Letters of credits	147,383	14,937	39,802	202,122	147,383	-	21,217	168,600
Total commitments and guarantees	**282,510**	**268,694**	**39,802**	**591,006**	**282,510**	**-**	**21,217**	**303,727**

In millions of Nigerian Naira	Group				Bank			
	Nigeria	Rest of Africa	Rest of the world	Total	Nigeria	Rest of Africa	Rest of the world	Total
Financial assets								
Cash and bank balances:								
- Current balances with banks	-	13,830	116,425	130,255	-	-	113,634	113,634
- Unrestricted balances with Central Banks	22,241	39,992	-	62,233	22,241	-	-	22,241
- Money market placements	117,885	8,658	23,558	150,101	117,885	8,658	26,643	153,186
- Restricted balances with central banks	273,589	3,079	-	276,668	273,589	-	-	273,589
Financial assets held for trading:								
- Treasury bills	11,121	-	-	11,121	11,121	-	-	11,121
- Government bonds	128	-	-	128	128	-	-	128
Loans and advances to banks								
- Corporates	8,182	-	6,418	14,600	8,182	-	6,409	14,591
Loans and advances to customers:								
Individuals:								
- Overdrafts	41,982	4,409	-	46,391	41,982	-	-	41,982
- Term loans	32,144	35,843	-	67,987	32,144	-	-	32,144
Corporates:								
- Overdrafts	139,789	58,798	-	198,587	139,789	-	-	139,789
- Term loans	588,632	114,893	-	703,525	588,632	-	-	588,632
- Others	20,147	-	-	20,147	20,147	-	-	20,147
Investment securities:								
- *Held-to-maturity*								
- Treasury bills	-	150,774	-	150,774	-	-	-	-
- Bonds	282,301	142,083	5,961	430,345	282,301	9,277	5,961	297,539
- Promissory notes	255	-	-	255	255	-	-	255
- *Available-for-sale*								
- Treasury bills	189,644	4,172	-	193,816	189,644	-	-	189,644
- Bonds	32,253	504	-	32,757	32,253	-	-	32,253
Other assets	13,590	14,061	70	27,721	13,590	2,660	70	16,320
Total financial assets	**1,773,883**	**591,096**	**152,432**	**2,517,411**	**1,773,883**	**20,595**	**152,717**	**1,947,195**
Commitments and guarantees								
- Performance bonds and guarantees	71,319	5,711	-	77,030	71,319	-	-	71,319
- Letters of credits	101,077	39,185	9,226	149,488	101,077	-	6,185	107,262
Total commitments and guarantees	**172,396**	**44,896**	**9,226**	**226,518**	**172,396**	**-**	**6,185**	**178,581**

Notes to the Financial Statements

4.2 Credit risk (continued)

(iii) Credit concentration - Industry

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

Group	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2016													
In millions of Nigerian Naira													
Cash and bank balances:							-	-	-	-	-	-	
- Current balances with banks	-	-	-	180,071	-	-	-	-	-	-	-	-	180,071
- Unrestricted balances with Central Banks	-	-	-	89,721	-	-	-	-	-	-	-	-	89,721
- Money market placements	-	-	-	42,927	-	-	-	-	-	-	-	-	42,927
- Restricted balances with central banks	-	-	-	376,689	-	-	-	-	-	-	-	-	376,689
Financial assets held for trading:													
- Treasury bills	-	-	-	-	-	-	47,638	-	-	-	-	-	47,638
- Government bonds	-	-	-	-	-	-	4,657	-	-	-	-	-	4,657
Loans and advances to banks	-	-	-	22,765	-	-	-	-	-	-	-	-	22,765
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	40,082	-	-	-	-	-	-	-	40,082
- Term loans	-	-	-	-	74,815	-	-	-	-	-	-	-	74,815
Corporates													
- Overdrafts	27,548	14,266	1,986	1,908	4,343	37,449	19,706	3,430	58,813	85,838	19,870	3,355	278,512
- Term loans	29,842	140,138	17,057	65,522	22,542	111,835	49,355	92,673	151,098	277,198	137,066	1,317	1,095,643
- Others	145	14	-	-	-	1,847	-	-	14,246	15	-	-	16,267
Investment securities:													
- *Held-to-maturity*													
- Treasury bills	-	-	-	-	-	-	240,559	-	-	-	-	-	240,559
- Bonds	-	-	-	25,701	-	-	426,675	-	209	-	-	209	452,794
- Promissory notes	-	-	-	281	-	-	-	-	-	-	-	-	281
- *Available-for-sale*				-	-	-	-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	155,315	-	-	-	-	-	155,315
- Bonds	-	-	-	-	-	-	40,790	-	-	-	-	-	40,790
Other assets	-	-	-	8,759	9,336	-	-	-	-	-	-	-	18,095
Total financial assets	**57,535**	**154,418**	**19,043**	**814,344**	**151,118**	**151,131**	**984,695**	**96,103**	**224,366**	**363,051**	**156,936**	**4,881**	**3,177,621**
Commitments and guarantees													
- Performance bonds and guarantees	2	139,819	1,678	7	62	94,787	809	15,236	89,803	32,532	13,962	187	388,884
- Letters of credits	584	440	-	130	700	24,061	-	-	166,603	9,250	284	70	202,122
Total commitments and guarantees	**586**	**140,259**	**1,678**	**137**	**762**	**118,848**	**809**	**15,236**	**256,406**	**41,782**	**14,246**	**257**	**591,006**

Credit concentration - Industry (continued)

Bank	Agricultu re	Constructi on and Real Estate	Education	Finance and Insurance	General	General Commerce	Governme nts	Informatio n and Communi cation	Manufact uring	Oil and Gas	Power and Energy	Transport ation and Storage	Total
31 December 2016													
Financial assets													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	150,140	-	-	-	-	-	-	-	-	150,140
- Unrestricted balances with Central Banks	-	-	-	27,788	-	-	-	-	-	-	-	-	27,788
- Money market placements	-	-	-	51,101	-	-	-	-	-	-	-	-	51,101
- Restricted balances with central banks	-	-	-	341,656	-	-		-	-	-	-	-	341,656
Financial assets held for trading:	-	-	-	-	-	-		-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	47,638	-	-	-	-	-	47,638
- Government bonds	-	-	-	-	-	-	4,657	-	-	-	-	-	4,657
Loans and advances to banks	-	-	-	23,850	-	-	-	-	-	-	-	-	23,850
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	33,367	-	-	-	-	-	-	-	33,367
- Term loans	-	-	-	-	25,024	-	-	-	-	-	-	-	25,024
Corporates					-								
- Overdrafts	21,205	11,453	1,540	508	5,155	19,621	18,829	653	39,779	38,134	14,493	1,167	172,537
- Term loans	19,624	51,908	16,662	63,127	21,009	78,793	36,457	82,653	127,887	231,678	112,457	905	843,160
- Others	145	14	-	-	-	1,847			14,246	15	-	-	16,267
Investment securities:					-	-	-						
- *Held-to-maturity*						-	-	-	-	-	-	-	
- Treasury bills	-	-	-		-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	25,701	-	-	262,192	-	209	-	-	209	288,311
- Promissory notes	-	-	-	281	-	-	-	-	-		-	-	281
- *Available-for-sale*					-	-	-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	147,153	-	-	-	-	-	147,153
- Bonds	-	-	-	-	-	-	17,233	-	-	-	-	-	17,233
Other assets	-	-	-	16,496	4,227	-	-		-	-	-	-	20,723
Total financial assets	**40,974**	**63,375**	**18,202**	**700,648**	**88,782**	**100,261**	**534,159**	**83,306**	**182,121**	**269,827**	**126,950**	**2,281**	**2,210,886**
Commitments and guarantees													
- Performance bonds and guarantees	-	53,966	1,677	-	1	29,788	808	588	2,915	31,458	13,798	128	135,127
- Letters of credits	584	440	-	-	701	8,142	-	-	149,129	9,250	284	70	168,600
Total commitments and guarantees	**584**	**54,406**	**1,677**	**-**	**702**	**37,930**	**808**	**588**	**152,044**	**40,708**	**14,082**	**198**	**303,727**

Credit concentration - Industry (continued)

Group	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2015													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	130,255	-	-	-	-	-	-	-	-	130,255
- Unrestricted balances with Central Banks	-	-	-	62,233	-	-	-	-	-	-	-	-	62,233
- Money market placements	-	-	-	150,101	-	-	-	-	-	-	-	-	150,101
- Restricted balances with central banks	-	-	-	276,668	-	-	-	-	-	-	-	-	276,668
Financial assets held for trading:	-	-	-				-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	11,121	-	-	-	-	-	-	11,121
- Government bonds	-	-	-	-	-	128	-	-	-	-	-	-	128
Loans and advances to banks	-	-	-	14,600	-	-	-	-	-	-	-	-	14,600
Loans and advances to customers													
Individuals													
- Overdrafts	-	2,287	-	-	44,104	-	-	-	-	-	-	-	46,391
- Term loans	-	4,201	-	-	63,786								67,987
Corporates													-
- Overdrafts	26,335	12,728	923	1,609	2,642	40,119	6,661	7,382	42,167	46,730	8,195	3,096	198,587
- Term loans	26,703	34,297	15,700	57,221	14,990	51,655	52,894	71,833	116,909	157,729	96,328	7,266	703,525
- Others	-	-	-	-	-	3,534	-	62	16,551	-	-	-	20,147
Investment securities:													
- Held-to-maturity													
- Treasury bills	-	-	-	-	-	-	150,774	-	-	-	-	-	150,774
- Bonds	-	-	-	38,689	-	-	391,038	-	314	-	-	304	430,345
- Promissory notes	-	-	-	-	255	-		-	-	-	-	-	255
- Available-for-sale		-	-	-	-	-		-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	193,816	-	-	-	-	-	193,816
- Bonds	-	-	-	-	-	-	32,757	-	-	-	-	-	32,757
Restricted balances with central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	19,925	7,796	-	-	-	-	-	-	-	27,721
Total financial assets	**53,038**	**53,513**	**16,623**	**751,301**	**133,573**	**106,557**	**827,940**	**79,277**	**175,941**	**204,459**	**104,523**	**10,666**	**2,517,411**
Commitments and guarantees													
- Performance bonds and guarantees	56	23,843	-	5,183	1	6,092	900	733	873	24,467	13,885	997	77,030
- Letters of credits	1,238	8,605	-	65	292	34,423	-	5,891	49,142	49,245	545	42	149,488
Total commitments and guarantees	**1,294**	**32,448**	**-**	**5,248**	**293**	**40,515**	**900**	**6,624**	**50,015**	**73,712**	**14,430**	**1,039**	**226,518**

Credit concentration - Industry (continued)

Bank	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufacturing	Oil and Gas	Power and Energy	Transportation and Storage	Total
31 December 2015													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	113,634	-	-	-	-	-	-	-	-	113,634
- Unrestricted balances with Central Banks	-	-	-	22,241	-	-	-	-	-	-	-	-	22,241
- Money market placements	-	-	-	153,186	-	-	-	-	-	-	-	-	153,186
- Restricted balances with central banks	-	-	-	273,589	-	-	-	-	-	-	-	-	273,589
Financial assets held for trading:	-	-	-	-	-	-		-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	11,121	-	-	-	-	-	11,121
- Government bonds	-	-	-	-	-	-	128	-	-	-	-	-	128
Loans and advances to banks	-	-	-	14,591	-	-							14,591
Loans and advances to customers													
Individuals													
- Overdrafts	-	2,287	-	-	39,695	-	-	-	-	-	-	-	41,982
- Term loans	-	4,201	-	-	27,943	-	-	-	-	-	-	-	32,144
Corporates													-
- Overdrafts	19,259	11,769	893	998	1,049	19,213	4,560	3,126	37,190	34,282	5,305	2,145	139,789
- Term loans	20,006	33,457	15,212	53,669	18,431	29,329	20,851	64,770	106,566	135,776	87,698	2,867	588,632
- Others	-	-	-	-	-	3,534	-	62	16,551	-	-	-	20,147
Investment securities:													
- *Held-to-maturity*													-
- Treasury bills	-	-	-	-	-	-	-	-					-
- Bonds	-	-	-	38,689	-	-	258,232	-	314	-	-	304	297,539
- Promissory notes	-	-	-	255	-	-	-	-	-	-	-	-	255
- *Available-for-sale*				-	-	-	-	-	-	-	-	-	
- Treasury bills	-	-	-	-	-	-	189,644	-	-	-	-	-	189,644
- Bonds	-	-	-	-	-	-	32,253	-	-	-	-	-	32,253
Other assets	-	-	-	15,095	1,225	-	-	-	-	-	-	-	16,320
Total financial assets	**39,265**	**51,714**	**16,105**	**685,947**	**88,343**	**52,076**	**516,789**	**67,958**	**160,621**	**170,058**	**93,003**	**5,316**	**1,947,195**
Commitments and guarantees													
- Performance bonds and guarantees	-	20,635	-	5,183	-	4,527	900	733	867	23,592	13,885	997	71,319
- Letters of credits	1,235	1,304	-	65	249	11,869	-	1,742	48,384	42,334	38	42	107,262
Total commitments and guarantees	**1,235**	**21,939**	**-**	**5,248**	**249**	**16,396**	**900**	**2,475**	**49,251**	**65,926**	**13,923**	**1,039**	**178,581**

4.2 Credit risk (continued)

(c) Credit Quality

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

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

Neither past due nor impaired

These are loans and securities where contractual interest or principal payments are not past due.

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.

Impaired loans and securities

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

Loans with renegotiated terms

The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Group renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. As at 31 December 2016, the carrying amount of loans with renegotiated terms was N22.64 billion (December 2015 : N22.54 billion). There are no other financial assets with renegotiated terms as at 31 December 2016 (December 2015: nil).

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.

a) 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.

b) Individual assessment

The Group reviews and revises impairment triggers for each loan asset portfolio to ensure that a trigger identifies a possible 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.

Credit Quality (continued)

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

31 December 2016	**Group**				**Bank**			
	Neither past due nor impaired	**Past due but not impaired**	**Individually impaired**	**Total**	**Neither past due nor impaired**	**Past due but not impaired**	**Individually impaired**	**Total**
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	180,071	-	-	180,071	150,140	-	-	150,140
- Unrestricted balances with Central Banks	89,721	-	-	89,721	27,788	-	-	27,788
- Money market placements	42,927	-	-	42,927	51,101	-	-	51,101
- Restricted balances with central banks	376,689	-	-	376,689	341,656	-	-	341,656
Financial assets held for trading:								
- Treasury bills	47,638	-	-	47,638	47,638	-	-	47,638
- Government bonds	4,657	-	-	4,657	4,657	-	-	4,657
Loans and advances to banks	23,047	-	-	23,047	24,145	-	-	24,145
Loans and advances to customers								
Individuals								
- Overdrafts	39,158	3,780	5,571	48,509	7,937	2,719	30,530	41,186
- Term loans	73,986	1,771	2,724	78,481	24,456	724	540	25,720
Corporates								
- Overdrafts	231,393	33,581	28,471	293,445	152,603	23,576	3,856	180,035
- Term loans	1,053,624	41,486	23,740	1,118,850	803,853	32,924	19,934	856,711
- Others	16,444	-	-	16,444	16,444	-	-	16,444
Investment securities:								
- Held-to-maturity								
- Treasury bills	240,559	-	-	240,559	-	-	-	-
- Bonds	452,794	-	-	452,794	288,311	-	-	288,311
- Promissory notes	281	-	-	281	281	-	-	281
- Available-for-sale								
- Treasury bills	155,315	-	-	155,315	147,153	-	-	147,153
- Bonds	40,790	-	-	40,790	17,233	-	-	17,233
Other assets	18,095	-	3,555	21,650	20,723	-	2,259	22,982
Gross financial assets	**3,087,189**	**80,618**	**64,061**	**3,231,868**	**2,126,119**	**59,943**	**57,119**	**2,243,181**
Allowance for impairment on financial assets is as follows:								
Specific allowance								
Loans and advances to customers								
- Individuals	-	-	9,019	9,019	-	-	8,291	8,291
- Corporates	-	-	12,802	12,802	-	-	8,816	8,816
Other assets	-	-	3,555	3,555	-	-	2,259	2,259
	-	**-**	**25,376**	**25,376**	**-**	**-**	**19,366**	**19,366**
Portfolio allowance								
Loans and advances to customers								
- Individuals	2,929	145	-	3,074	203	21	-	224
- Corporates	22,566	2,949	-	25,515	11,523	887	-	12,410
Loans and advances to banks	282	-	-	282	295	-	-	295
	25,777	**3,094**	**-**	**28,871**	**12,021**	**908**	**-**	**12,929**
Total impairment allowance on financial assets	**25,777**	**3,094**	**25,376**	**54,247**	**12,021**	**908**	**19,366**	**32,295**
Net amount	**3,061,412**	**77,524**	**38,685**	**3,177,621**	**2,114,098**	**59,035**	**37,753**	**2,210,886**

Credit Quality (continued)

31 December 2015	Group				Bank			
	Neither past due nor impaired	**Past due but not impaired**	**Individually impaired**	**Total**	**Neither past due nor impaired**	**Past due but not impaired**	**Individually impaired**	**Total**
In millions of Nigerian Naira								
Financial assets								
Cash and bank balances:								
- Current balances with banks	130,255	-	-	130,255	113,634	-	-	113,634
- Unrestricted balances with Central Banks	62,233	-	-	62,233	22,241	-	-	22,241
- Money market placements	150,101	-	-	150,101	153,186	-	-	153,186
- Restricted balances with central banks	276,668	-	-	276,668	273,589	-	-	273,589
Financial assets held for trading:								
- Treasury bills	11,121	-	-	11,121	11,121	-	-	11,121
- Government bonds	128	-	-	128	128	-	-	128
Loans and advances to banks	14,632	-	-	14,632	14,632	-	-	14,632
Loans and advances to customers								
Individuals								
- Overdrafts	40,471	3,417	5,791	49,679	38,282	2,756	4,144	45,182
- Term loans	67,068	2,494	1,250	70,812	31,528	757	603	32,888
Corporates								
- Overdrafts	145,575	50,037	10,494	206,106	105,593	36,632	1,831	144,056
- Term loans	689,024	25,302	767	715,093	572,410	20,471	1	592,882
- Others	20,729	-	-	20,729	20,729	-	-	20,729
Investment securities:								
- *Held-to-maturity*								
- Treasury bills	150,774	-	-	150,774	-	-	-	-
- Bonds	430,345	-	-	430,345	297,539	-	-	297,539
- Promissory notes	255	-	-	255	255	-	-	255
- *Available-for-sale*								
- Treasury bills	193,816	-	-	193,816	189,644	-	-	189,644
- Bonds	32,757	-	-	32,757	32,253	-	-	32,253
Other assets	27,721	-	1,267	28,988	16,320	-	1,020	17,340
Gross financial assets	**2,443,673**	**81,250**	**19,569**	**2,544,492**	**1,893,084**	**60,616**	**7,599**	**1,961,299**

Allowance for impairment on financial assets is as follows:

Specific allowance								
Loans and advances to customers								
- Individuals	-	-	3,554	3,554	-	-	3,619	3,619
- Corporates	-	-	3,227	3,227	-	-	2,412	2,412
Other assets	-	-	1,267	1,267	-	-	1,020	1,020
	-	**-**	**8,048**	**8,048**	**-**	**-**	**7,051**	**7,051**
Portfolio allowance								
Loans and advances to customers								
- Individuals	2,409	150	-	2,559	310	15	-	325
- Corporates	14,884	1,558	-	16,442	5,737	950	-	6,687
Loans and advances to banks	32	-	-	32	41	-	-	41
	17,325	**1,708**	**-**	**19,033**	**6,088**	**965**	**-**	**7,053**
Total impairment allowance on financial assets	**17,325**	**1,708**	**8,048**	**27,081**	**6,088**	**965**	**7,051**	**14,104**
Net carrying amount	**2,426,348**	**79,542**	**11,521**	**2,517,411**	**1,886,996**	**59,651**	**548**	**1,947,195**

Credit Quality (continued)

(ii) The internal credit rating of financial assets that are neither past due nor impaired at the reporting date is as follows:

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Group								
31 December 2016								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	180,071	-	-	-	180,071	-	180,071
- Unrestricted balances with Central Banks	89,721	-	-	-	-	89,721	-	89,721
- Money market placements	-	42,927	-	-	-	42,927	-	42,927
- Restricted balances with central banks	376,689	-	-	-	-	376,689	-	376,689
Financial assets held for trading:							-	-
- Treasury bills	47,638	-	-	-	-	47,638	-	47,638
- Government bonds	4,657	-	-	-	-	4,657	-	4,657
Loans and advances to banks	-	23,047	-	-	-	23,047	(282)	22,765
Loans and advances to customers								-
Individuals								-
- Overdrafts	28,965	-	10,193	-	-	39,158	(169)	38,989
- Term loans	-	-	73,986	-	-	73,986	(2,760)	71,226
Corporates								-
- Overdrafts	2,845	27,494	200,961	93	-	231,393	(9,708)	221,685
- Term loans	31,906	91,667	930,051	-	-	1,053,624	(12,681)	1,040,943
- Others	-	7,350	9,094	-	-	16,444	(177)	16,267
Investment securities:								-
- Held-to-maturity								-
- Treasury bills	240,559	-	-	-	-	240,559	-	240,559
- Bonds	408,813	42,540	1,441	-	-	452,794	-	452,794
- Promissory notes	281	-	-	-	-	281	-	281
- Available-for-sale								-
- Treasury bills	155,315	-	-	-	-	155,315	-	155,315
- Bonds	40,790	-	-	-	-	40,790	-	40,790
Other assets	-	-	-	-	18,095	18,095	-	18,095
	1,428,179	**415,096**	**1,225,726**	**93**	**18,095**	**3,087,189**	**(25,777)**	**3,061,412**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Group								
31 December 2015								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	130,255	-	-	-	130,255	-	130,255
- Unrestricted balances with Central Banks	62,233	-	-	-	-	62,233	-	62,233
- Money market placements	-	150,101	-	-	-	150,101	-	150,101
- Restricted balances with central banks	276,668	-	-	-	-	276,668	-	276,668
Financial assets held for trading:							-	-
- Treasury bills	11,121	-	-	-	-	11,121	-	11,121
- Government bonds	128	-	-	-	-	128	-	128
Loans and advances to banks	-	14,632	-	-	-	14,632	(32)	14,600
Loans and advances to customers								-
Individuals								-
- Overdrafts	-	-	40,471	-	-	40,471	(293)	40,178
- Term loans	-	-	67,068	-	-	67,068	(2,116)	64,952
Corporates								-
- Overdrafts	3,911	6,261	124,646	10,757	-	145,575	(4,108)	141,467
- Term loans	29,160	144,758	479,339	35,767	-	689,024	(10,194)	678,830
- Others	-	2,617	17,443	669	-	20,729	(582)	20,147
Investment securities:								-
- Held-to-maturity								-
- Treasury bills	150,774	-	-	-	-	150,774	-	150,774
- Bonds	371,325	56,354	2,666	-	-	430,345	-	430,345
- Promissory notes	255	-	-	-	-	255	-	255
- Available-for-sale								-
- Treasury bills	193,816	-	-	-	-	193,816	-	193,816
- Bonds	32,757	-	-	-	-	32,757	-	32,757
Other assets	-	-	-	-	27,721	27,721	-	27,721
	1,132,148	**504,978**	**731,633**	**47,193**	**27,721**	**2,443,673**	**(17,325)**	**2,426,348**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Bank								
31 December 2016								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	150,140	-	-	-	150,140	-	150,140
- Unrestricted balances with Central Banks	27,788	-	-	-	-	27,788	-	27,788
- Money market placements	-	51,101	-	-	-	51,101	-	51,101
- Restricted balances with central banks	341,656	-	-	-	-	341,656	-	341,656
Financial assets held for trading:						-		-
- Treasury bills	47,638	-	-	-	-	47,638	-	47,638
- Government bonds	4,657	-	-	-	-	4,657	-	4,657
Loans and advances to banks	1,098	23,047	-	-	-	24,145	(295)	23,850
Loans and advances to customers								-
Individuals								-
- Overdrafts	-	-	7,937	-	-	7,937	(51)	7,886
- Term loans	-	-	24,456	-	-	24,456	(152)	24,304
Corporates								-
- Overdrafts	2,855	27,494	122,161	93	-	152,603	(4,889)	147,714
- Term loans	35,213	87,995	680,645	-	-	803,853	(6,457)	797,396
- Others	-	7,350	9,094	-	-	16,444	(177)	16,267
Investment securities:						-		-
- Held-to-maturity						-		-
- Treasury bills	-					-	-	-
- Bonds	244,330	42,540	1,441	-	-	288,311	-	288,311
- Promissory notes	281	-	-	-	-	281	-	281
- Available-for-sale								-
- Treasury bills	147,153	-	-	-	-	147,153	-	147,153
- Bonds	17,233	-	-	-	-	17,233	-	17,233
Other assets	-	-	-	-	20,723	20,723	-	20,723
	869,902	**389,667**	**845,734**	**93**	**20,723**	**2,126,119**	**(12,021)**	**2,114,098**

Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Portfolio Allowance	Carrying amount
Bank								
31 December 2015								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	113,634	-	-	-	113,634	-	113,634
- Unrestricted balances with Central Banks	22,241	-	-	-	-	22,241	-	22,241
- Money market placements	-	153,186	-	-	-	153,186	-	153,186
- Restricted balances with central banks	273,589	-	-	-	-	273,589	-	273,589
Financial assets held for trading:								-
- Treasury bills	11,121	-	-	-	-	11,121	-	11,121
- Government bonds	128	-	-	-	-	128	-	128
Loans and advances to banks	-	14,632	-	-	-	14,632	(41)	14,591
Loans and advances to customers						-		-
Individuals						-		-
- Overdrafts	-	-	38,282	-	-	38,282	(172)	38,110
- Term loans	-	-	31,528	-	-	31,528	(138)	31,390
Corporates								-
- Overdrafts	3,911	6,261	84,664	10,757	-	105,593	(1,579)	104,014
- Term loans	29,679	144,758	362,206	35,767	-	572,410	(3,576)	568,834
- Others	-	2,617	17,443	669	-	20,729	(582)	20,147
Investment securities:						-	-	-
- Held-to-maturity						-	-	-
- Treasury bills	-	-	-	-	-	-	-	-
- Bonds	238,519	56,354	2,666	-	-	297,539	-	297,539
- Promissory notes	255	-	-	-	-	255	-	255
- Available-for-sale			-	-	-	-	-	-
- Treasury bills	189,644	-	-	-	-	189,644	-	189,644
- Bonds	32,253	-	-	-	-	32,253	-	32,253
Other assets	-	-	-	-	16,320	16,320	-	16,320
	801,340	**491,442**	**536,789**	**47,193**	**16,320**	**1,893,084**	**(6,088)**	**1,886,996**

Credit Quality (continued)

(iii) The age analysis of financial assets which are past due but not impaired at the reporting date are shown below.

31 December 2016	**Group**				**Bank**			
	Past due Up to 30 days	**Past due by 30 to 60 days**	**Past due by 60 to 90 days**	**Total**	**Past due Up to 30 days**	**Past due by 30 to 60 days**	**Past due by 60 to 90 days**	**Total**
In millions of Nigerian Naira								
Loans and advances to customers								
Individuals								
- Overdrafts	655	134	2,991	3,780	258	106	2,355	2,719
- Term loans	617	130	1,024	1,771	327	43	354	724
Corporates								
- Overdrafts	20,510	6,878	6,193	33,581	3,616	6,670	13,290	23,576
- Term loans	18,624	22,243	619	41,486	14,350	18,033	541	32,924
Gross amount	**40,406**	**29,385**	**10,827**	**80,618**	**18,551**	**24,852**	**16,540**	**59,943**
Portfolio allowance								
Individuals								
- Overdrafts	(26)	(2)	(47)	(75)	(1)	(1)	(15)	(17)
- Term loans	(18)	(6)	(46)	(70)	(1)	-	(3)	(4)
Corporates								
- Overdrafts	(1,080)	(41)	(1,058)	(2,179)	(80)	(27)	(612)	(719)
- Term loans	(440)	(287)	(43)	(770)	(87)	(66)	(15)	(168)
Net carrying amount	**38,842**	**29,049**	**9,633**	**77,524**	**18,382**	**24,758**	**15,895**	**59,035**

31 December 2015	**Group**				**Bank**			
	Past due Up to 30 days	**Past due by 30 to 60 days**	**Past due by 60 to 90 days**	**Total**	**Past due Up to 30 days**	**Past due by 30 to 60 days**	**Past due by 60 to 90 days**	**Total**
In millions of Nigerian Naira								
Loans and advances to customers								
Individuals								
- Overdrafts	679	229	2,509	3,417	30	219	2,507	2,756
- Term loans	411	488	1,595	2,494	80	437	240	757
Corporates								-
- Overdrafts	15,528	15,517	18,992	50,037	6,307	12,295	18,030	36,632
- Term loans	8,152	6,508	10,642	25,302	6,630	6,508	7,333	20,471
Gross amount	**24,770**	**22,742**	**33,738**	**81,250**	**13,047**	**19,459**	**28,110**	**60,616**
Portfolio allowance								
Individuals								
- Overdrafts	(34)	(2)	(14)	(50)	-	(1)	(11)	(12)
- Term loans	(21)	(2)	(77)	(100)	-	(2)	(1)	(3)
Corporates								
- Overdrafts	(426)	(551)	(336)	(1,313)	(108)	(467)	(282)	(857)
- Term loans	(107)	(42)	(96)	(245)	(21)	(42)	(30)	(93)
Net carrying amount	**24,182**	**22,145**	**33,215**	**79,542**	**12,918**	**18,947**	**27,786**	**59,651**

(d) Statement of Prudential Adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines and the Central Banks of the foreign subsidiaries' regulations. This is at variance with the 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 31 December 2016, the difference between the Prudential provision and IFRS impairment was N31.375 billion for the Group (December 2015: N18.167 billion) and N26.650 billion for the Bank (December 2015: N17.260 billion) requiring a transfer of N13.208 billion from retained earnings to the regulatory risk reserve for the Group and a transfer of N9.390 billion from retained earnings to regulatory risk reserve 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 year end.

In millions of Nigerian Naira	**Group Dec. 2016**	**Group Dec. 2015**	**Bank Dec. 2016**	**Bank Dec. 2015**
Total impairment based on IFRS	50,692	27,085	30,036	14,104
Total impairment based on Prudential Guidelines	82,067	45,252	56,686	31,364
Regulatory credit risk reserve	**(31,375)**	**(18,167)**	**(26,650)**	**(17,260)**

4.2 Credit risk (continued)

(e) Credit Collateral

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and updated periodically. Collateral generally is not held over loans and advances to banks except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral is usually also not held against investment securities.
Irrespective of how well a credit proposal is structured, a second way out in form of adequate collateral coverage for all loans is a major requirement in order to protect the bank from incurring loan losses due to unforeseen events resulting from deterioration of the quality of a loan.
Consequently, the Group issues appropriate guidelines for acceptability of loan collateral from time to time. These articulate acceptable collateral in respect of each credit product including description, required documentation for perfection of collateral and minimum realizable value.
All items pledged as security for loan facilities are insured with the Bank noted as the first loss payee.
Some of the collaterals acceptable to the Bank under appropriate documentations are briefly described as follows:

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

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

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

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

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

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

7. Guarantees
The Bank accepts guarantees from well rated banks as well as acceptable parties (guarantors) as additional comfort and security for her credits. A guarantee is a written promise by one person called the guarantor or surety to be answerable for the debt, default or miscarriage of another person called principal debtor.
UBA also accepts unconditional insurance credit and performance bonds of first class insurance companies and also the guarantee of the Federal and State Governments. Other guarantees must however be supported by tangible assets for them to become valid for lending.

Notes to the Financial Statements

Credit Collateral - continued

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

Loans to individuals

In millions of Nigerian Naira	Group		Bank	
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Against individually impaired				
Property	267	224	8	224
Others	9,676	3,909	11,945	1,616
	9,943	4,133	11,953	1,840
Against past due but not impaired				
Property	2,509	986	2,509	986
Others	4,507	5,210	2,159	2,811
	7,016	6,196	4,668	3,797
Against neither past due nor impaired				
Property	11,973	9,146	11,585	9,146
Others	74,812	104,085	23,152	66,356
	86,785	113,231	34,737	75,502
Total for loans to individuals	**103,744**	**123,560**	**51,358**	**81,139**

Loans to corporates

In millions of Nigerian Naira	Group		Bank	
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Against individually impaired				
Property	28,170	1,416	27,315	4
Others	18,292	9,141	1,819	1,367
	46,462	10,557	29,134	1,371
Against past due but not impaired				
Property	12,838	35,002	12,777	30,364
Others	134,694	80,439	88,253	66,842
	147,532	115,441	101,030	97,206
Against neither past due nor impaired				
Property	350,410	277,849	333,648	264,651
Others	840,081	464,699	506,256	335,619
	1,190,491	742,548	839,904	600,270
Total for loans to corporates	**1,384,485**	**868,546**	**970,068**	**698,847**
Total for loans and advances to customers	**1,488,229**	**992,106**	**1,021,426**	**779,986**

Notes to the Financial Statements

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	
31 December 2016	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
In millions of Nigerian Naira				
Loans and advances to banks				
Unsecured	22,765	-	23,850	-
Loans and advances to customers				
Secured against real estate	299,395	406,167	287,991	387,842
Secured against cash	8,649	6,292	3,626	6,292
Secured against other collateral*	1,122,309	1,075,770	717,920	627,292
Unsecured	74,966	-	80,818	-
	1,505,319	**1,488,229**	**1,090,355**	**1,021,426**

	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 and similar collaterals.

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

Repossessed collateral

During the year, the Group took possession of property amounting to N1.818 billion (2015: N249 million) held as collateral against certain loans. These collaterals have been realised and used in offsetting the affected customers' outstanding obligations.

Details of collaterals realised during the year is as shown below:

	Loans and advances to customers			
In millions of Nigerian Naira	**Group**		**Bank**	
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Property	1,818	249	1,185	158
Equities	3	-	3	-
	1,821	**249**	**1,188**	**158**

4.3 Liquidity risk

(a) Overview

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet maturing obligations or can only access these financial resources at excessive cost. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of cash flows under normal and stress circumstances. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group met all its financial commitments and obligations without any liquidity risk issues in the course of the year.

(i) Liquidity Risk Management

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

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

(ii) Liquidity Risk Governance

The Group Asset and Liability Committee (GALCO) is the responsible governing management body that monitors liquidity management metrics. Liquidity in each country is managed by the country ALCO within pre-defined liquidity limits and in compliance with Group liquidity policies and practices, as well as local regulatory requirements. Group Market Risk and Group Treasury propose and oversee the implementation of policies and other controls relating to the above risks.

(iii) Liquidity Risk Measurement

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

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

(b) Liquidity ratios

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

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

	Dec. 2016	Dec. 2015
At year end	38.57%	52.57%
Average for the year	41.97%	42.61%
Maximum for the year	46.72%	52.57%
Minimum for the year	35.52%	35.70%

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

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

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

Notes to the Financial Statements

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2016 Group	Carrying amount	Gross nominal amount	Less than 1 month	1 - 3 Months	3 - 6 Months	6 - 12 Months	More than 1 year
In millions of Nigerian Naira							
Non-derivative financial liabilities							
Deposits from banks	109,080	109,248	24,576	47,834	36,838	-	-
Deposits from customers							
Retail Customers:							
Term deposits	209,673	211,561	106,636	93,368	10,970	200	387
Current deposits	151,407	151,407	151,407	-	-	-	-
Savings deposits	524,751	526,500	526,500	-	-	-	-
Domiciliary deposits	73,384	73,384	73,384	-	-	-	-
Corporate Customers:							
Term deposits	317,468	320,456	185,643	71,971	62,831	-	11
Current deposits	957,628	957,628	957,628	-	-	-	-
Domiciliary deposits	251,299	251,299	251,299	-	-	-	-
Other liabilities	110,147	104,641	71,971	16,584	11,420	1,334	3,332
Borrowings	259,927	276,841	205	10,889	57,026	109,391	99,330
Subordinated liabilities	85,978	122,986	-	3,750	2,488	26,279	90,469
Total financial liabilities	**3,050,742**	**3,105,951**	**2,349,249**	**244,396**	**181,573**	**137,204**	**193,529**
Derivative liabilities:							
Cross Currency Swap	14	14	14	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	388,884	388,884	24,741	38,147	128,010	139,648	58,338
Letters of credit	202,122	202,122	25,876	30,150	96,077	35,074	14,945
Loan commitments	108,014	108,014	-	4,385	-	29,631	73,998
Assets used to manage liquidity							
Cash and bank balances	760,930	761,223	341,314	43,220	-	-	376,689
Financial assets held for trading							
Treasury bills	47,638	56,444	56,444	-	-	-	-
Bonds	4,657	5,674	5,674	-	-	-	-
Loans and advances to banks	22,765	22,905	21,753	1,152	-	-	-
Loans and advances to customers							
Individual							
Term loans	74,815	83,071	16,091	14,118	13,641	17,989	21,232
Overdrafts	40,082	40,082	40,082	-	-	-	-
Corporates							
Term loans	1,095,643	1,240,086	223,329	102,388	69,519	171,030	673,820
Overdrafts	278,512	278,512	278,512	-	-	-	-
Others	16,267	17,150	1,824	8,783	4,473	1,270	800
Investment securities							
Available for sale							
Treasury bills	155,315	172,702	1,599	24,378	33,352	113,373	-
Bonds	40,790	102,206	802	2,073	133	2,971	96,227
Held to maturity							
Treasury bills	240,559	240,559	7,589	103,440	11,448	38,070	80,012
Bonds	452,794	996,421	14,284	3,849	21,549	71,657	885,082
Other assets	18,095	18,095	18,095	-	-	-	-
Derivative assets	10,642	10,642	1,139	2,614	6,889	-	-
Total financial assets	**3,259,504**	**4,045,772**	**1,028,531**	**306,015**	**161,004**	**416,360**	**2,133,862**
Gap	**(490,272)**	**240,787**	**(1,371,349)**	**(11,063)**	**(244,656)**	**74,803**	**1,793,052**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2016 Bank	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
In millions of Nigerian Naira							
Non-derivative liabilities							
Deposits from banks	30,484	30,531	6,868	13,368	10,295	-	-
Deposits from customers							
Retail Customers:							
Term deposits	182,996	185,298	93,068	81,958	9,739	174	359
Current deposits	83,285	83,285	83,285	-	-	-	-
Savings deposits	434,883	436,333	436,333	-	-	-	-
Domiciliary deposits	51,284	51,284	51,284	-	-	-	-
Corporate Customers:							
Term deposits	214,588	217,618	125,483	48,928	43,200	-	7
Current deposits	524,921	524,921	524,921	-	-	-	-
Domiciliary deposits	206,902	206,902	206,902	-	-	-	-
Other liabilities	72,503	68,878	47,374	10,916	7,517	878	2,193
Borrowings	259,927	276,841	205	10,889	57,026	109,391	99,330
Subordinated liabilities	85,978	122,986	-	3,750	2,488	26,279	90,469
Total financial liabilities	**2,147,751**	**2,204,877**	**1,575,723**	**169,809**	**130,265**	**136,722**	**192,358**
Derivative liabilities							
Cross Currency Swap	14	14	14	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	135,127	135,127	8,597	13,255	44,480	48,524	20,271
Letters of credit	168,600	168,600	21,584	25,150	80,143	29,257	12,466
Loan commitments	108,014	108,014	-	4,385	-	29,631	73,998
Assets used to manage liquidity							
Cash and bank balances	610,910	611,259	218,153	51,450	-	-	341,656
Financial assets held for trading							
Treasury bills	47,638	56,444	56,444	-	-	-	-
Bonds	4,657	5,674	5,674	-	-	-	-
Loans and advances to banks	23,850	23,995	23,030	965	-	-	-
Loans and advances to customers							
Individual :							
Term loans	25,024	28,856	5,382	4,722	4,871	6,779	7,102
Overdrafts	33,367	33,367	33,367	-	-	-	-
Corporates :							
Term loans	843,160	954,316	171,864	78,793	53,499	131,617	518,543
Overdrafts	172,537	172,537	172,537	-	-	-	-
Others	16,267	16,660	1,833	8,663	4,332	1,166	666
Investment securities							
Available for sale							
Treasury bills	147,153	163,626	1,515	23,097	31,599	107,415	-
Bonds	17,233	43,180	339	876	56	1,255	40,654
Held to maturity							
Bonds	288,311	634,459	9,095	2,451	13,721	45,627	563,565
Other assets	20,723	20,723	20,723	-	-	-	-
Derivative asset	10,642	10,642	1,139	2,614	6,889	-	-
Total financial assets	**2,261,472**	**2,775,738**	**721,095**	**173,631**	**114,967**	**293,859**	**1,472,186**
Gap	**(298,034)**	**159,106**	**(884,823)**	**(38,968)**	**(139,921)**	**49,725**	**1,173,093**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2015 **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 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	54,455	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
Total financial liabilities	**2,412,741**	**2,476,222**	**1,927,493**	**215,605**	**115,916**	**60,570**	**156,638**
Derivative liabilities							
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
Other assets	27,721	27,721	27,721	-	-	-	-
Derivative asset	1,809	1,809	1,809	-	-	-	-
Total financial assets	**2,555,079**	**3,381,258**	**883,579**	**387,143**	**151,560**	**314,102**	**1,644,874**
Gap	**(207,965)**	**554,733**	**(1,109,353)**	**75,440**	**(31,861)**	**235,588**	**1,384,919**

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2015 **Bank**	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
In millions of Nigerian Naira							
Non-derivative liabilities							
In millions of Nigerian Naira							
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	33,827	31,098	24,008	3,526	2,138	1,343	83
Borrowings	129,896	133,011	-	6,593	46,920	46,441	33,057
Subordinated liabilities	85,620	149,153	-	-	12,786	12,786	123,581
Total financial liabilities	**1,876,753**	**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
Other assets	16,320	16,320	16,320	-	-	-	-
Derivative asset	1,809	1,809	1,809	-	-	-	-
Total financial assets	**1,976,873**	**2,459,985**	**715,645**	**210,367**	**97,596**	**164,508**	**1,271,869**
Gap	**(202,246)**	**207,896**	**(781,326)**	**(48,188)**	**(63,601)**	**87,638**	**1,013,373**

4.4 Market risk

(a) Overview

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios and manages each of these portfolios separately. The trading portfolios comprise positions arising from market-making and warehousing of customer derived positions while non-trading portfolios comprise positions that primarily arise from the interest rate management of our retail and commercial banking assets and liabilities as well as financial instruments designated as available for sale and held to maturity.

(i) Market Risk Management

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

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

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

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

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

(ii) Market Risk Governance

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

(iii) Market Risk Measurement

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

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

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

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

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

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

Daily Valuation Of Market Risk Positions: Mark to Market (MTM) for relevant products/positions is done in line with International Financial Reporting Standard (IFRS). All market risk financial instruments are categorized into:
1) Trading – valued on fair accounting methodology and MTM daily.
2) Available For Sale (AFS) – valued on fair accounting methodology and MTM monthly.
3) Held to Maturity (HTM) – This portfolio is not MTM because positions are held until maturity.

Marking-to-market is at least the daily valuation of positions at readily available close out prices that are sourced independently. Where marking-to-market is not possible, marking-to-model technique is employed. Marking-to-model is defined as any valuation which has to be benchmarked, extrapolated or otherwise calculated from a market input. Assets that must be marked-to-model either don't have a regular market that provides accurate pricing, or valuations rely on a complex set of reference variables and time frames. E.g. complex financial instruments and derivatives.

Stress Testing: Market risk management complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible. Stress testing provides an indication of the potential losses that could occur under extreme but plausible market conditions including when longer holding periods may be required to exit positions. Consistent stress-testing methodology is applied to trading and non trading books. Stress testing methodology considers both historical market events and forward-looking scenarios. The stress testing scenarios include market and credit scenarios, portfolio specific scenarios and macro economic scenarios. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Factor Sensitivities: Factor sensitivities are expressed as the change in the value of a position for a defined change in a market risk factor, such as a change in the value of Nigerian Government Treasury bill for a one hundred basis point change in interest rates. UBA Group's Market Risk Management, within the Risk organization, works to ensure that factor sensitivities are calculated and monitored for all material risks taken in the trading portfolios.

(v) Approach to Managing Market Risk in the Non-trading Portfolio

Market risk from non-trading portfolios stems from the potential impact of changes in interest rates and foreign exchange rates on UBA's net interest revenues, the changes in accumulated other comprehensive income (loss) from its investment portfolios and capital invested in foreign currencies.

The management of banking book related market risk exposures involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book MTM profit or loss) and economic value of equity. Market risk in the banking book arises as a result of the mismatch between the future yield on assets and their funding cost and also the different repricing characteristics of banking book assets and liabilities. UBA Group uses a variety of tools to track and manage this risk. These tools include;

- Re-pricing gap analysis
- Liquidity gap analysis
- Earnings-at-Risk (EAR)
- Sensitivity Analysis

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

UBA Group's principal measure of risk to net interest revenue is interest rate exposure (IRE). This is the risk that changes in interest rates could have a negative impact on the Bank's margins, earnings and capital. The objective of the Bank's interest rate risk management is to ensure that earnings are stable and predictable over time. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books. Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Group balance sheet, mainly due to different repricing characteristics of banking book assets and liabilities.

Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. There will always be a mis-match between maturing assets and maturing liabilities, and changes in interest rates means that the Net Interest Margin (NIM) is affected on a daily basis by maturing and re-pricing activities. This change is measured through calculation of Earnings at Risk or EaR on a portfolio over the life of its assets and liabilities. EaR is usually calculated at various levels of change to simulate the likely change in the course of normal business or the expected risk where there is an unusual market event.
GALCO has oversight for compliance with these limits and execution of gapping strategy is carried out by Group Treasury.

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

In order to manage changes in interest rates effectively, the Group may modify pricing on new customer loans and deposits, purchase fixed rate securities, issue debt that is either fixed or floating or enter into derivative transactions that have the opposite risk exposures. UBA regularly assesses the viability of these and other strategies to reduce its interest rate risks and implements such strategies when it believes those actions are prudent.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The table below is a summary of the group's interest rate gap position at the reporting date. All assets, liabilities and derivatives instruments are allocated to gap intervals based on either their repricing or maturity characteristics. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of their contractual re-pricing or maturity dates. Assets and liabilities for which no identifiable contractual repricing or maturity dates exist are allocated to gap intervals based on behavioural profiling. Overall non-trading interest rate risk positions are managed by Group Treasury which uses investment securities, advances to other financial institutions (banks and discount houses) to manage the overall position arising from the Group's non-trading activities.

31 December 2016
Group

In millions of Nigerian Naira	Carrying amount	Re-pricing period < 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	760,930	-	42,927	-	-	-	718,003
Financial assets held for trading			-	-	-	-	-
Treasury bills	47,638	47,638					
Bonds	4,657	4,657	-	-	-	-	-
Loans and advances to banks	22,765	21,854	911	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	74,815	4,053	12,503	2,996	5,792	49,471	-
Overdrafts	40,082	40,082	-	-	-	-	-
Corporates							
Term loans	1,095,643	101,372	111,592	62,919	104,978	714,782	-
Overdrafts	278,512	278,512	-	-	-	-	-
Others	16,267	9,400	6,057	608	202	-	-
Investment securities:							
Treasury bills	395,874	4,076	62,136	85,008	244,654	-	-
Bonds and promissory notes	493,865	15,235	5,373	22,248	75,708	375,302	-
Equity	80,653	-	-	-	-	-	80,653
Derivative assets	10,642	-	-	-	-	-	10,642
Other assets	18,095	-	-	-	-	-	18,095
	3,340,438	**526,879**	**241,499**	**173,779**	**431,334**	**1,139,555**	**827,393**
Derivative liability	14	-	-	-	-	-	14
Deposits from banks	109,080	26,680	46,929	35,471	-	-	-
Deposits from customers	2,485,610	610,997	533,196	321,084	178,451	197,636	644,246
Other liabilities	110,147	-	-	-	-	-	110,147
Subordinated liabilities	85,978	-	-	-	20,575	65,403	-
Borrowings	259,927	-	-	45,544	122,025	92,358	-
	3,050,756	**637,677**	**580,125**	**402,099**	**321,051**	**355,397**	**754,407**
Gaps	**289,682**	**(110,798)**	**(338,626)**	**(228,320)**	**110,283**	**784,158**	**72,986**

Interest rate risk (continued)

31 December 2015

Group

In millions of Nigerian Naira	Carrying amount	Re-pricing period < 1 month	1-3 months	3-6 months	6-12 months	More than 1 year	Non-interest bearing
Cash and bank balances	655,371	105,244	22,428	14,018	8,411	-	505,270
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	463,357	-	22,953	576	23,529	416,299	-
Equity	48,923	-	-	-	-	-	48,923
Derivative assets	1,809	26	1,783	-	-	-	-
Other assets	27,721	-	-	-	-	-	27,721
	2,604,257	**401,070**	**364,341**	**152,857**	**260,455**	**843,620**	**581,914**
Derivative liability	327	7	320	-	-	-	-
Deposits from banks	61,066	61,066	-	-	-	-	-
Deposits from customers	2,081,704	1,040,852	895,133	145,719	-	-	-
Other liabilities	54,455	-	-	-	-	-	54,455
Subordinated liabilities	85,620	-	-	-	-	85,620	-
Borrowings	129,896	-	-	49,947	23,595	56,354	-
	2,413,068	**1,101,925**	**895,453**	**195,666**	**23,595**	**141,974**	**54,455**
Gaps	**191,189**	**(700,855)**	**(531,112)**	**(42,809)**	**236,860**	**701,646**	**527,459**

Interest rate risk - continued

31 December 2016 Bank	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
		Re-pricing period					
In millions of Nigerian Naira							
Cash and bank balances	610,910	-	51,101	-	-	-	559,809
Financial assets held for trading	-						
Treasury bills	47,638	47,638	-	-	-	-	-
Bonds	4,657	4,657	-	-	-	-	-
Loans and advances to banks	23,850	22,896	954	-	-	-	-
Loans and advances to customers:							
Individual							
Term loans	25,024	3,144	5,010	2,348	3,478	11,044	-
Overdrafts	33,367	33,367	-	-	-	-	-
Corporates							
Term loans	843,160	84,691	73,225	56,894	76,135	552,215	-
Overdrafts	172,537	172,537	-	-	-	-	-
Others	16,267	9,400	6,057	608	202	-	-
Investment securities:							
Treasury bills	147,153	1,515	23,097	31,599	90,942	-	-
Bonds and promissory notes	305,825	9,434	3,327	13,777	46,882	232,405	-
Equity	80,038	-	-	-	-	-	80,038
Derivative assets	10,642	-	-	-	-	-	10,642
Other assets	20,723	-	-	-	-	-	20,723
	2,341,791	**389,279**	**162,771**	**105,226**	**217,639**	**795,664**	**671,212**
Derivative liability	14	-	-	-	-	-	14
Deposits from banks	30,484	7,456	13,115	9,913	-	-	-
Deposits from customers	1,698,859	416,648	363,606	218,959	121,692	134,775	443,179
Other liabilities	72,503	-	-	-	-	-	72,503
Subordinated liabilities	85,978	-		-	20,575	65,403	-
Borrowings	259,927	-	-	45,544	122,025	92,358	-
	2,147,765	**424,104**	**376,721**	**274,416**	**264,292**	**292,536**	**515,696**
Gaps	**194,026**	**(34,825)**	**(213,950)**	**(169,190)**	**(46,653)**	**503,128**	**155,516**

Interest rate risk - continued

31 December 2015				Re-pricing period			
Bank	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
In millions of Nigerian Naira							
Cash and bank balances	590,774	110,494	21,346	13,341	8,005	-	437,588
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	-	-	-	-
Other assets	16,320	-	-	-	-	-	16,320
	2,025,640	**344,748**	**239,608**	**135,104**	**182,985**	**620,775**	**502,420**
Derivative liability	327	327	-	-	-	-	-
Deposits from banks	350	350	-	-	-	-	-
Deposits from customers	1,627,060	813,530	699,636	113,894	-	-	-
Other liabilities	33,827	-	-	-	-	-	33,827
Subordinated liabilities	85,620	-	-	-	-	85,620	-
Borrowings	129,896	-	-	49,947	23,595	56,354	-
	1,877,080	**814,207**	**699,636**	**163,841**	**23,595**	**141,974**	**33,827**
Gaps	**148,560**	**(469,459)**	**(460,028)**	**(28,737)**	**159,390**	**478,801**	**468,593**

4.4 Market risk

(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% (200 basis points) changes with other variables remaining constant and also assuming there is no asymmetrical movement in yield curve.

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

In millions of Nigerian Naira	Group		Bank	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
Decrease	**(4,968)**	**(4,756)**	**(4,334)**	**(4,663)**
Asset	(4,968)	(4,756)	(4,334)	(4,663)
Liability	-	-	-	-
Increase	**4,968**	**4,756**	**4,334**	**4,663**
Asset	4,968	4,756	4,334	4,663
Liability	-	-	-	-

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

	Group		Bank	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
In million of Nigerian Naira				
Financial assets held for trading				
Treasury bills	47,638	11,121	47,638	11,121
Government bonds	4,657	128	4,657	128
	52,295	**11,249**	**52,295**	**11,249**
Impact on income statement:				
Favourable change @ 2% increase in interest rates	1,046	225	1,046	225
Unfavourable change @ 2% reduction in interest rates	(1,046)	(225)	(1,046)	(225)
Available-for-sale investment securities:				
Treasury bills	155,315	193,816	147,153	189,644
Government bonds	40,790	32,757	17,233	32,253
Total	**196,105**	**226,573**	**164,386**	**221,897**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in interest rates	3,922	4,531	3,288	4,438
Unfavourable change @ 2% reduction in interest rates	(3,922)	(4,531)	(3,288)	(4,438)

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	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
In millions of Nigerian Naira				
- Standard Chartered Bank (note 37.3)	-	39,994	-	39,994
- European Investment Bank (EIB) (note 37.4)	1,951	1,590	1,951	1,590
- Syndicated facility (note 37.5)	27,542	41,710	27,542	41,710
- Africa Trade Finance Limited (note 37.6)	15,145	19,906	15,145	19,906
- Afrexim (note 37.7)	30,399	-	30,399	-
- African Development Bank (note 37.8)	36,204	-	36,204	-
- Credit Suisse (note 37.9)	94,483	-	94,483	-
	205,724	**103,200**	**205,724**	**103,200**

	Group		Bank	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
Impact on income statement:				
Favourable change @ 0.5% increase in prices	(1,029)	(516)	(1,029)	(516)
Unfavourable change @ 0.5% reduction in prices	1,029	516	1,029	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	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
Financial assets held for trading				
Treasury bills	47,638	11,121	47,638	11,121
Government bonds	4,657	128	4,657	128
	52,295	**11,249**	**52,295**	**11,249**
Impact on income statement:				
Favourable change @ 2% increase in prices	(1,046)	(225)	(1,046)	(225)
Unfavourable change @ 2% reduction in prices	1,046	225	1,046	225
Derivative assets	10,642	1,809	10,642	1,809
Impact on income statement:				
Favourable change @ 2% increase in prices	(213)	(36)	(213)	(36)
Unfavourable change @ 2% reduction in prices	213	36	213	36
Derivative liabilities	14	327	14	327
Impact on income statement:				
Favourable change @ 2% increase in prices	0	7	0	7
Unfavourable change @ 2% reduction in prices	(0)	(7)	(0)	(7)

Price sensitivity analysis for available-for-sale financial instruments

The table below shows the impact of price changes (increase / decrease) on the Group's available-for-sale financial instruments and the effect on other comprehensive income. For debt securities which are categorised under level 1 in the fair value hierarchy, a 2% change in prices has been assumed with other variables remaining constant.

	Group		Bank	
In millions of Nigerian Naira	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
Debt securities				
Available-for-sale investment securities:				
Treasury bills	155,315	193,816	147,153	189,644
Government bonds	40,790	32,757	17,233	32,253
Total	**196,105**	**226,573**	**164,386**	**221,897**
Impact on other comprehensive income statement:				
Favourable change @ 2% increase in prices	3,922	4,531	3,288	4,438
Unfavourable change @ 2% reduction in prices	(3,922)	(4,531)	(3,288)	(4,438)

(iii) Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the level of equity indices and individual stocks. The non-trading equity price risk exposure arises from equity securities classified as available-for-sale. Sensitivity analysis for the Group's equity securities is shown below.

Sensitivity analysis for level 1 equity securities is based on average movement in share price index for quoted shares during the year. Price sensitivity analysis for the Group's Level 2 unquoted equities was based on assumptions of a 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).

Level 1 Equity Sensitivities

In millions of Nigerian Naira	Group		Bank	
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Impact on Other comprehensive income:				
Favourable change @ 2% increase in prices	-	1	-	1
Unfavourable change @ 2% reduction in prices	-	(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	57	74	57	74
Unfavourable change @ 2% reduction in prices	(57)	(74)	(57)	(74)

Level 2 Equity Positions

In million of Nigerian Naira				
Available-for-sale investment securities:	2,855	3,684	2,855	3,684
Total	**2,855**	**3,684**	**2,855**	**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:	77,798	45,230	77,183	44,819
Total	**77,798**	**45,230**	**77,183**	**44,819**

Notes to the Financial Statements

4.4 Market risk

(c) Exchange rate exposure limits

FCY sensitivity analysis on foreign exchange rate

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

The tables below show foreign currencies to which the Group had exposure at the end of the reporting period and the sensitivity of the Group's profit before tax and equity to changes in exchange rates. The analysis calculates the effect of reasonably possible movement of the foreign exchange rates against the Nigerian Naira (all other variables being constant) on the income statement due to changes to the carrying amounts of the Group's foreign currency sensitive financial assets and liabilities. A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase. An equivalent decrease in each of the currencies below against the Nigerian Naira would have resulted in an equivalent but opposite impact.
For the purpose of disclosing the sensitivity analysis for foreign currency risk, the Group's foreign currency risk arising from the translation of its foreign operations are not taken into account even though they may have an impact on equity. This is because foreign currency risk can only arise on financial instruments denominated in a currency other than the functional currency in which they are measured and translation exposures arise from financial and non-financial items held by an entity with a functional currency different from the group's presentation currency.

The information disclosed on the net foreign currency (FCY) exposure is representative of the average exposure in the year. The Bank believes that for each foreign currency exposure, it is reasonable to assume 15% depreciation of the Naira holding all other variables constant.

Notes to the Financial Statements

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2016						
Cash and bank balances	435,386	143,287	22,673	7,134	152,450	760,930
Financial assets held for trading	52,295	-	-	-	-	52,295
Derivative assets	-	10,642	-	-	-	10,642
Loans and advances to banks	-	22,765	-	-	-	22,765
Loans and advances to customers	608,810	517,517	2,386	62	376,544	1,505,319
Investment securities	509,491	39,052	-	-	421,849	970,392
Other assets	7,497	5,769	-	-	4,829	18,095
Total financial assets	**1,613,479**	**739,032**	**25,059**	**7,196**	**955,672**	**3,340,438**
Derivative liability	-	-	14	-	-	14
Deposits from banks	214	86,772	1,093	27	20,974	109,080
Deposits from customers	1,276,739	462,403	16,092	6,013	724,363	2,485,610
Other liabilities	42,201	40,575	2,456	1,274	23,641	110,147
Borrowings	54,203	205,724	-	-	-	259,927
Subordinated liabilities	85,978	-	-	-	-	85,978
Total financial liabilities	**1,459,335**	**795,474**	**19,655**	**7,314**	**768,978**	**3,050,756**
Net FCY Exposure		**(56,442)**	**5,404**	**(118)**	**186,694**	
Increase in currency rate (naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(8,466)	811	(18)	28,004	20,331
Effect on equity		-	-	-	-	-

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
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
Investment securities	530,062	46,147	-	-	280,661	856,870
Other assets	13,508	10,204	1,209	-	2,800	27,721
Total financial assets	**1,444,032**	**576,019**	**24,282**	**6,342**	**553,582**	**2,604,257**
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	14,909	13,583	4,211	697	21,055	54,455
Borrowings	46,602	83,294	-	-	-	129,896
Subordinated liabilities	85,620	-	-	-	-	85,620
Total financial liabilities	**1,277,141**	**669,701**	**19,638**	**6,060**	**440,528**	**2,413,068**
Net FCY Exposure		**(93,682)**	**4,644**	**282**	**113,054**	
Increase in currency rate (naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(14,052)	697	42	16,958	3,645
Effect on equity		-	-	-	-	-

Notes to the Financial Statements

4.4 Market risk

(c) Exchange rate exposure limits - continued

In millions of Nigerian Naira

Bank	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2016						
Cash and bank balances	435,386	158,869	9,003	6,548	1,104	610,910
Financial assets held for trading	52,295	-	-	-	-	52,295
Derivative assets	-	10,642	-	-	-	10,642
Loans and advances to banks	-	23,850	-	-	-	23,850
Loans and advances to customers	600,685	487,240	2,371	59	-	1,090,355
Investment securities	499,212	33,804	-	-	-	533,016
Other assets	11,076	9,556	91	-	-	20,723
Total financial assets	**1,598,654**	**723,961**	**11,465**	**6,607**	**1,104**	**2,341,791**
Derivative liability	-	-	14	-	-	14
Deposits from banks	-	30,484	-	-	-	30,484
Deposits from customers	1,276,739	408,043	8,345	5,730	2	1,698,859
Other liabilities	37,803	31,370	1,170	1,063	1,097	72,503
Borrowings	54,203	205,724	-	-	-	259,927
Subordinated liabilities	85,978	-	-	-	-	85,978
Total financial liabilities	**1,454,723**	**675,621**	**9,529**	**6,793**	**1,099**	**2,147,765**
Net FCY Exposure		**48,340**	**1,936**	**(186)**	**5**	
Increase in currency rate (naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		7,251	290	(28)	1	7,514
Effect on equity		-	-	-	-	-
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
Investment securities	525,231	42,972	-	-	-	568,203
Other assets	14,307	2,008	5	-	-	16,320
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	24,158	7,891	1,062	589	127	33,827
Borrowings	46,602	83,294	-	-	-	129,896
Subordinated liabilities	85,620	-	-	-	-	85,620
Total financial liabilities	**1,321,875**	**543,590**	**5,884**	**5,601**	**130**	**1,877,080**
Net FCY Exposure		**(56,192)**	**7,392**	**263**	**621**	
Increase in currency rate (naira depreciation)		15%	15%	15%	15%	
Effect on profit before tax		(8,429)	1,109	39	93	(7,188)
Effect on equity		-	-	-	-	-

5 Capital

The Bank maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of local banking supervisors. The Group's lead regulator, the Central Bank of Nigeria (CBN) sets and monitors capital requirements for the Bank. The parent company and individual banking operations are directly supervised by the Central Bank of Nigeria (CBN) and the respective regulatory authorities in the countries in which the subsidiary banking operations are domiciled.

5.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk of its activities. In order to maintain or adjust its capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. Capital management is overseen by the Board of Directors who have overall responsibility for ensuring adequate capital is maintained for the Group.
The Group has a process of ensuring adequate capital is maintained and this process includes:

- Capital planning
- Prudent portfolio management
- Capital adequacy stress testing
- Contingency Planning

The objective of the capital management process is to:

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

5.2 Regulatory capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.
The group monitors regulatory capital using the capital adequacy ratio. This ratio is calculated as total regulatory capital divided by risk weighted assets. Total regulatory capital and risk weighted assets are calculated as shown in the table below.

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

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

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

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

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

Various limits are applied to elements of the capital base. Elements of Tier 2 capital are limited to a maximum of one-third of Tier 1 capital, after making deductions of goodwill, deferred tax asset and other intangible assets but before deductions of investments.

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

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

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

In millions of Nigeria naira	Bank Dec. 2016	Bank Dec. 2015
Tier 1 capital		
Ordinary share capital	18,140	18,140
Share premium	117,374	117,374
Retained earnings	110,152	102,169
Other reserves	59,703	52,572
Gross Tier 1 capital	305,369	290,255
Less:		
Deferred tax on accumulated losses	20,848	24,666
Intangible assets	4,905	4,954
Staff share investment trust	29,772	30,491
Tier 1 Capital After Regulatory Deduction	**249,844**	**230,144**
Investment in subsidiaries	(35,351)	(32,884)
Eligible Tier 1 Capital	**214,493**	**197,260**
Tier 2 capital		
Fair value reserve for available-for-sale securities	58,881	31,985
Subordinated liabilities	37,500	48,500
Less: limit of tier 2 to tier 1 capital	(13,100)	(3,770)
Qualifying Tier 2 Capital Before Deductions	**83,281**	**76,715**
Less: Investment in subsidiaries	(35,351)	(32,884)
Net Tier 2 Capital	**47,930**	**43,831**
Qualifying capital		
Net Tier I regulatory capital	214,493	197,260
Net Tier II regulatory capital	47,930	43,831
Total qualifying capital	262,423	241,091
Composition of risk-weighted assets:		
Risk-weighted amount for credit risk	1,023,703	939,031
Risk-weighted amount for operational risk	270,281	249,924
Risk-weighted amount for market risk	37,917	19,417
Total Basel II Risk-weighted assets	1,331,901	1,208,372
Basel II Capital ratios		
Risk Weighted Capital Adequacy Ratio	**20%**	**20%**

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

5.3 Capital allocation

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

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives.

6 Fair value measurement

Fair values of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

6.1 Valuation models

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

• Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily quoted equity and debt investments classified as trading securities or available for sale.

• Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
Specific valuation techniques used to value financial instruments include:

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

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

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

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

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

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

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

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

6.2 Valuation framework

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

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

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

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

Fair value measurement - continued

6.3 Financial instruments measured at fair value

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

Group:
31 December 2016
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	23				
Government bonds		4,657	-	-	4,657
Treasury bills		47,638	-	-	47,638
Derivative assets measured at fair value through profit and loss:	33(a)	-	10,642	-	10,642
Available-for-sale investment securities:	26				
Treasury bills		155,315	-	-	155,315
Bonds		40,790	-	-	40,790
Equity investments		-	2,855	77,798	80,653
Total assets		**248,400**	**13,497**	**77,798**	**339,695**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	**-**	**14**	**-**	**14**

Bank:
31 December 2016
In millions of Nigerian Naira

Assets **Financial assets at fair value through profit or loss**	23	**Level 1**	**Level 2**	**Level 3**	**Total**
Government bonds		4,657	-	-	4,657
Treasury bills		47,638	-	-	47,638
					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	10,642	-	10,642
					-
Available-for-sale investment securities:	26				-
Treasury bills		147,153	-	-	147,153
Bonds		17,233	-	-	17,233
Equity investments		-	2,855	77,183	80,038
		216,681	**13,497**	**77,183**	**307,361**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	**-**	**14**	**-**	**14**

Notes to the Financial Statements

Group:

31 December 2015

In millions of Nigerian Naira	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Financial assets at fair value through profit or loss	23				
Government bonds		128	-	-	128
Treasury bills		11,121	-	-	11,121
Equities		-	-	-	-
Derivative assets measured at fair value through profit and loss:	33(a)	-	1,809	-	1,809
Available-for-sale investment securities:	26	-	-	-	-
Treasury bills		193,816	-	-	193,816
Bonds		32,757	-	-	32,757
Equity investments		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	33(b)	**-**	**327**	**-**	**327**

Bank:

31 December 2015

In millions of Nigerian Naira	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Financial assets at fair value through profit or loss	23				
Government bonds		128	-	-	128
Treasury bills		11,121	-	-	11,121
Derivative assets measured at fair value through profit and loss:	33(a)	-	1,809	-	1,809
Available-for-sale investment securities:	26				-
Treasury bills		189,644	-	-	189,644
Bonds		32,253	-	-	32,253
Equity investments		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	33(b)	**-**	**327**	**-**	**327**

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

	Group	**Group**	**Bank**	**Bank**
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
In millions of Nigerian Naira				
Balance, beginning of year	45,230	41,952	44,819	41,952
Transfer out of level 3 (see (i) below)	-	(785)	-	(785)
Gain recognised in other comprehensive income (under fair value gain on available-for-sale)	32,377	3,652	32,377	3,652
Write-off during the year	(13)	-	(13)	-
Translation differences	204	411	-	-
Balance, end of year	77,798	45,230	77,183	44,819

Notes to the financial statements

Fair value measurement (continued)

(i) The fair value of the Group's equity investment in CSCS Limited was previously categorised as level 3 in the fair value hierarchy. This was because the shares was not listed on an exchange and there were no recent observable arm's length transactions in the shares. In 2015 however, CSCS shares became available for over-the-counter (OTC trades). The fair value measurement was therefore transferred from level 3 to level 2. There were no transfers from level 2 to level 3 in 2016.

(ii) Level 2 fair value measurements

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

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

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

The table below sets out information about significant unobservable inputs used as at 31 December 2016 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 December 2016 N'million	Fair value as at 31 December 2015 N'million	Valuation technique	Unobservable input	Range of estimates for unobservable inputs (31 December 2016)	Range of estimates for unobservable inputs (31 December 2015)	Relationship of unobservable inputs to fair value
Unquoted equity securities	76,321	44,208	Income Approach (Discounted cashflow method)	Cost of equity	9.79% - 32.07%	10.16% - 32.3%	Significant increases in cost of equity, in isolation, would result in lower fair values. Significant reduction would result in higher fair values
				Terminal growth rate	2.5%-3%	2% - 3%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values
	570	337	Income Approach (Dividend discount model)	Cost of equity	14.63% - 32.07%	13.9% - 28.8%	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	8.6% - 20.7%	8.8% - 14%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Signiicant reduction would result in lower fair values.

Notes to the financial statements

Fair value measurement (continued)

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

Significant unobservable inputs are developed as follows:

Discounted cashflow

• The Group used the Capital Asset Pricing Model to determine the cost of equities for its various unquoted equities which were fair valued at year end.
• The risk free rate was determined using the yield on 30-year US treasury bond (for unquoted securities denominated in USD) and longest tenored Federal Government of Nigeria bond (for unquoted securities denominated in Nigerian naira).
• Equity risk premium was determined using market returns obtained from PricewaterhouseCoopers and KPMG industry surveys.
• Beta estimates were obtained from Damodaran Online.

Dividend discount model

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

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

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

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	(2,475)	(2,517)	(4,178)	4,562
Terminal Growth Rate	1,848	(1,842)	1,588	(1,348)

Fair value measurement - continued

6.4 Financial instruments not measured at fair value

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

Group	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
In millions of Nigerian Naira					
31 December 2016					
Assets					
Cash and bank balances	-	760,930	-	760,930	760,930
Loans and advances to banks	-	-	23,023	23,023	22,765
Loans and advances to customers					
-Individual					
Term loans	-	-	76,894	76,894	74,815
Overdrafts	-	-	44,691	44,691	40,082
-Corporate					
Term loans	-	-	1,106,093	1,106,093	1,095,643
Overdrafts	-	-	286,643	286,643	278,512
Others		-	16,444	16,444	16,267
Investment Securities - Held to Maturity					
Treasury bills	240,559	-	-	240,559	240,559
Bonds	401,502	-	-	401,502	452,794
Other assets	-	18,095	-	18,095	18,095
Liabilities					
Deposits from banks	-		109,080	109,080	109,080
Deposits from customers	-	-	2,543,500	2,543,500	2,485,610
Subordinated liabilities	-	80,917	-	80,917	85,978
Other liabilities	-	110,147	-	110,147	110,147
Borrowings	-	-	266,853	266,853	259,927
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
Investment Securities - Held to Maturity					
Treasury bills	150,774	-	-	150,774	150,774
Bonds	457,186	-	-	457,186	430,345
Other assets	-	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	-	54,455	-	54,455	54,455
Borrowings	-	-	128,357	128,357	129,896

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
31 December 2016					
Assets					
Cash and bank balances	-	610,910	-	610,910	610,910
Loans and advances to banks	-	-	24,120	24,120	23,850
Loans and advances to customers					
-Individual					
Term loans	-	-	25,719	25,719	25,024
Overdrafts	-	-	37,204	37,204	33,367
-Corporate					
Term loans	-	-	851,202	851,202	843,160
Overdrafts	-	-	177,574	177,574	172,537
Others	-	-	16,444	16,444	16,267
Investment Securities - Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	237,019	-	-	237,019	288,311
Other assets	-	20,723	-	20,723	20,723
Liabilities					
Deposits from banks	-	-	30,484	30,484	30,484
Deposits from customers	-	-	1,744,085	1,744,085	1,698,859
Subordinated liabilities	-	80,917	-	80,917	85,978
Other liabilities	-	72,503	-	72,503	72,503
Borrowings	-	-	266,853	266,853	259,927
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
Investment Securities - Held to Maturity					
Treasury bills	-	-	-	-	-
Bonds	316,097	-	-	316,097	297,539
Other assets	-	16,320	-	16,320	16,320
Liabilities					
Deposits from banks	-	350	-	350	350
Deposits from customers	-	1,696,708	-	1,696,708	1,627,060
Subordinated liabilities	-	94,984	-	94,984	85,620
Other liabilities	-	31,098	-	31,098	33,827
Borrowings	-	128,357	-	128,357	129,896

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

i) Cash and bank balances

The carrying amount of cash and cash equivalents is a reasonable approximation of fair value.

ii) Loans and advances

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

iii) Investment securities

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

iv) Other assets

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

v) Deposits from banks and customers

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

vi) Other liabilities

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

vii) Interest bearing loans and borrowings

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

viii) Subordinated liabilities

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

7 Offsetting of financial instruments

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

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

Group
31 December 2016

	Amounts offset		
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	32,164	(23,853)	8,311
Financial liabilities			
- Creditors and payables (note 36) (a)	72,484	(23,853)	48,631

Group
31 December 2015

	Amounts offset		
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	42,142	(22,577)	19,565
Financial liabilities			
- Creditors (note 36) (a)	50,825	(22,577)	28,248

Bank
31 December 2016

	Amounts offset		
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	28,835	(23,853)	4,982
Financial liabilities			
- Creditors (note 36) (a)	53,591	(23,853)	29,738

Bank
31 December 2015

	Amounts offset		
In millions of Nigerian Naira	**Gross amounts**	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	31,932	(22,577)	9,355
Financial liabilities			
- Creditors (note 36) (a)	42,673	(22,577)	20,096

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

8 Critical accounting estimates and judgments

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group’s accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group’s control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below.

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

(a) Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 3.11.

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 3.11. Further disclosures on the Group's valuation methodology have been made on note 6.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Group's recognised and unrecognised deferred tax assets and liabilities are as disclosed in note 32.

(iv) Valuation of derivative contracts

The fair value of the Group's derivatives is determined by using valuation techniques. Inputs to the valuation models are all based on market conditions existing at the end of each reporting period. The Group has used interest rate parity method discounted for passage of time in the valuation of its foreign exchange derivative contracts. These derivative contracts are not traded in active markets.
The table below shows the fair value of the Group's derivatives if there is 5% change in interest rates or a 15% change in foreign currency exchange rates.

	Interest rates		**Exchange rates**	
	5% decrease	**5% increase**	**15% decrease**	**15% increase**
In millions of Nigerian Naira				
Derivative assets	9,797	9,577	8,697	10,676
Derivative liabilities	(14)	(14)	(12)	(16)

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

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

(i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see the Group's accounting policy on valuation of financial instruments in note 3.11.

(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.

	31 December 2016		31 December 2015	
	Probability of Default -PD	**Loss Given Default-LGD**	**Probability of Default - PD**	**Loss Given Default-LGD**
In millions of Nigerian Naira				
Increase/decrease				
1% increase	122	122	30	24
1% decrease	(122)	(122)	(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 31.

(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 other comprehensive income are shown in note 6(v).

(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.

Notes to the financial statements

9 Operating segments

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Group Managing Director 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 are deemed to 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 is seen as a potential growth segment which is expected to materially contribute to group revenue in the future. The entities within this reporting segment have been aggregated into one reportable segment as they have similar economic characteristics.

Business segments

The Group operates in the following 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. Transfer prices between operating segments are based on the Group's internal pricing framework.

Notes to the financial statements

(a) Geographical segments

The following tables show the distribution of the Group's operating income, assets and liabilities based on the location of the customers and assets respectively for the years ended 31 December 2016 and 31 December 2015:

(i) 31 December 2016

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	255,404	121,941	9,794	(3,492)	**383,647**
Derived from other geographic segments	13,392	-	-	(13,392)	**-**
Total revenue	**268,796**	**121,941**	**9,794**	**(16,884)**	**383,647**
Profit before tax	**58,503**	**31,397**	**3,413**	**(2,671)**	**90,642**
Interest income	171,435	88,998	8,770	(5,233)	**263,970**
Interest expenses	(68,355)	(34,491)	(1,159)	5,235	**(98,770)**
Share of loss in equity-accounted investee	-	(63)	-	-	**(63)**
Impairment loss recognised in profit or loss	(24,626)	(8,499)	(896)	6,338	**(27,683)**
Income tax expenses	(11,267)	(7,074)	(37)	-	**(18,378)**
Profit for the year	**47,236**	**24,323**	**3,376**	**(2,671)**	**72,264**
Total segment assets [i]	2,601,765	1,144,933	101,979	(344,207)	**3,504,470**
Total segment liabilities	2,229,739	1,021,354	83,123	(277,815)	**3,056,401**

[i] Includes:

Investments in associate accounted for by using the equity method	-	2,925	-	-	**2,925**
Expenditure for reportable segment:					
Depreciation	5,185	2,124	88	-	**7,397**
Amortisation	1,110	125	18	-	**1,253**

(ii) 31 December 2015

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
External revenues	244,096	67,715	6,012	(2,979)	**314,844**
Derived from other geographic segments	4,032	-	-	(4,032)	-
Total revenue	**248,128**	**67,715**	**6,012**	**(7,011)**	**314,844**
Profit before tax	**52,291**	**18,801**	**1,950**	**(4,588)**	**68,454**
Interest income	182,928	43,059	5,078	(1,436)	**229,629**
Interest expenses	(83,021)	(13,571)	(874)	1,436	**(96,030)**
Share of profit/(loss) in equity-accounted investee	-	(110)	-	-	**(110)**
Impairment loss recognised in profit or loss	(3,470)	(1,612)	45	(16)	**(5,053)**
Income tax expenses	(4,134)	(4,666)	-	-	**(8,800)**
Profit for the year	**48,157**	**14,135**	**1,950**	**(4,588)**	**59,654**
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 accounted for by using the equity method	-	2,236	-	-	**2,236**
Expenditure for reportable segment:					
Depreciation	5,304	1,547	45	-	**6,896**
Amortisation	999	73	-	-	**1,072**

9 Operating segments

(b) Business reporting

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

(i) **31 December 2016**

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	146,863	163,838	72,946	383,647
Derived from other business segments	(30,238)	63,734	(33,496)	-
Total revenue	**116,625**	**227,572**	**39,450**	**383,647**
Interest expenses	(65,415)	(28,094)	(5,261)	(98,770)
Fee and commission expense	(69)	(13,913)	(6)	(13,988)
Net impairment loss on financial assets	(981)	(25,647)	(1,055)	(27,683)
Operating expenses	(6,612)	(121,857)	(15,382)	(143,851)
Depreciation and amortisation	(88)	(8,556)	(6)	(8,650)
Share of loss of equity-accounted investee	-	(63)	-	(63)
Profit before income tax	**43,460**	**29,442**	**17,740**	**90,642**
Taxation	(5,774)	(9,390)	(3,214)	(18,378)
Profit for the year	**37,686**	**20,052**	**14,526**	**72,264**
Loans and advances	1,115,713	266,380	145,991	1,528,084
Deposits from customers and banks	439,117	1,971,185	184,388	2,594,690
Total segment assets	1,097,483	1,731,463	675,524	3,504,470
Total segment liabilities	955,928	1,512,079	588,394	3,056,401

(ii) **31 December 2015**

In millions of Nigerian Naira	Corporate	Retail and commercial	Treasury and financial markets	Total
Revenue:				
Derived from external customers	108,257	126,374	80,213	314,844
Derived from other business segments	(7,185)	58,817	(51,632)	-
Total revenue	**101,072**	**185,191**	**28,581**	**314,844**
Interest expenses	(62,874)	(27,754)	(5,402)	(96,030)
Fee and commission expense	(39)	(8,514)	(4)	(8,557)
Net impairment loss on financial assets	(1,782)	(3,271)	-	(5,053)
Operating expenses	(7,293)	(111,108)	(10,271)	(128,672)
Depreciation and amortisation	(44)	(7,917)	(7)	(7,968)
Share of loss of equity-accounted investee		(110)		(110)
Profit before income tax	**29,040**	**26,517**	**12,897**	**68,454**
Taxation	(3,733)	(3,409)	(1,658)	(8,800)
Profit for the year	**25,307**	**23,108**	**11,239**	**59,654**
Loans and advances	731,945	215,667	103,625	1,051,237
Deposits from customers and banks	497,522	1,507,510	137,738	2,142,770
Total segment assets	841,216	1,177,716	733,690	2,752,622
Total segment liabilities	737,121	1,039,980	642,900	2,420,001

Notes to the financial statements

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
10 Interest income				
In millions of Nigerian Naira				
Cash and bank balances	7,827	13,030	7,035	12,360
Loans and advances to banks	1,838	1,223	1,982	1,223
Loans and advances to customers:				
- To individuals				
Term loans	6,105	5,024	4,389	4,163
Overdrafts	1,902	1,966	1,211	1,629
- To corporates				
Term loans	126,129	108,711	86,538	91,226
Overdrafts	30,809	30,531	27,411	25,299
Others	516	201	239	167
Investment securities				
- Treasury bills	45,755	36,737	15,629	29,794
- Bonds	43,063	32,129	32,853	19,981
- Promissory notes	26	77	26	77
	263,970	**229,629**	**177,313**	**185,919**

(i) Interest income includes accrued interest on impaired loans of N2.904 billion for the Group (Bank: N369 million) for the year ended 31 December 2016 and N1.290 billion for the Group (Bank: N897 million) for the year ended 31 December 2015.

(ii) Certain items classified under interest income in the comparative period were reclassified to net trading and foreign exchange income in order to align with current year presentation. Details of the amounts reclassified are disclosed in Note 46.

11 Interest expense *In millions of Nigerian Naira*	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Deposits from banks	11,252	6,837	6,333	2,509
Deposits from customers	65,639	72,510	40,313	63,969
Borrowings	8,999	3,849	8,999	3,849
Subordinated liabilities	12,880	12,834	12,880	12,834
	98,770	**96,030**	**68,525**	**83,161**

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
12 Impairment loss on loans and receivables				
In millions of Nigerian Naira				
Impairment losses on loans and advances to customers:				
- specific impairment (Note 25(d))	20,896	2,285	16,579	1,941
- portfolio impairment (Note 25(d))	4,471	1,213	5,622	589
Portfolio impairment charge/(reversal) on loans to banks (Note 24)	167	(96)	171	(112)
Write-off on loans and advances	2,340	3,524	2,299	1,250
Recoveries on loans written-off	(2,215)	(2,484)	(430)	(619)
Impairment loss on accounts receivable (Note 27(a))	2,024	611	1,280	442
	27,683	**5,053**	**25,521**	**3,491**
13 Fee and commission income				
In millions of Nigerian Naira				
Credit-related fees and commissions	8,703	10,119	6,057	7,014
Commission on turnover	907	11,303	-	9,890
Account maintenance fee	4,206	-	4,206	-
Electronic banking income	30,466	17,188	25,571	14,065
Funds transfer fees	4,721	2,176	542	899
Trade transactions income	7,729	7,852	3,817	3,570
Remittance fee	3,746	3,261	2,525	1,704
Commissions on transactional services	8,568	6,190	4,481	4,002
Pension funds custody fees	4,153	3,803	-	-
Internal transfer pricing charges (note(i) below)	-	-	2,637	959
	73,199	**61,892**	**49,836**	**42,103**

Notes to the financial statements

(i) This represents charges for royalty, Executive Management service, intra-group support and information technology support services provided by the Bank to the subsidiaries.

14 Fee and commission expense

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
E-Banking related expenses	13,090	7,820	10,290	6,014
Trade related expenses	277	202	268	202
Funds transfer expenses	621	535	581	524
	13,988	**8,557**	**11,139**	**6,740**

15 Net trading and foreign exchange income

In millions of Nigerian Naira				
Fixed income securities (note (i))	5,329	4,349	5,329	4,349
Foreign exchange trading income	14,206	16,962	5,830	9,242
Foreign currency revaluation gain	15,139	3,164	12,373	3,133
Fair value gain/(loss) on derivatives (see note 33 (c))	9,146	(4,109)	9,146	(4,109)
	43,820	**20,366**	**32,678**	**12,615**

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

16 Other operating income

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Dividend income (note (i) below)	1,803	2,404	9,498	6,274
Rental income (note (ii) below)	393	384	383	384
Income on cash handling	462	169	187	83
	2,658	**2,957**	**10,068**	**6,741**

(i) Included in dividend income for the Bank is the sum of N7.77 billion (December 2015: N4.35 billion) being dividend received from subsidiaries. This amount has been eliminated in the Group results.

(ii) Rental income relates to income earned from tenants occupying excess space on the Bank's premises. These premises do not qualify for classification as investment property as they are held neither to earn rentals nor for capital appreciation, but as owner-occupied property.

17 Employee benefit expenses

In millions of Nigerian Naira				
Wages and salaries	62,385	55,394	42,193	40,635
Defined contribution plans	2,229	2,052	1,308	1,398
	64,614	**57,446**	**43,501**	**42,033**

18 Depreciation and amortisation

In millions of Nigerian Naira				
Depreciation of property and equipment (note 30)	7,397	6,896	5,203	5,310
Amortisation of intangible assets (note 31)	1,253	1,072	1,078	971
	8,650	**7,968**	**6,281**	**6,281**

Notes to the financial statements

19	Other operating expenses	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
	In millions of Nigerian Naira				
	Directors' fees	40	40	40	40
	Banking sector resolution cost	11,082	11,694	11,082	11,694
	Deposit insurance premium	6,976	7,868	6,562	7,808
	Non-deposit insurance costs	1,954	1,594	904	670
	Auditors' remuneration	490	450	319	290
	Occupancy and premises maintenance costs	8,545	8,414	3,056	4,126
	Business travels	4,846	3,558	3,583	2,654
	Advertising,promotions and branding	3,630	4,015	3,082	3,513
	Contract services	9,609	6,528	7,275	5,551
	Communication	3,693	3,095	1,332	1,543
	IT support and related expenses	4,901	2,055	4,638	1,867
	Printing, stationery and subscriptions	3,185	2,771	2,362	1,828
	Security and cash handling expenses	2,659	3,566	1,619	1,577
	Fuel, repairs and maintenance	12,333	9,601	8,645	7,456
	Bank charges	133	284	24	162
	Donations	669	320	322	117
	Training and human capital development	3,724	1,378	1,680	890
	Penalties	246	2,969	209	2,969
	Loan recovery expenses	332	1,012	331	168
	Loss on disposal of property and equipment (note 19 (i))	190	14	214	14
		79,237	**71,226**	**57,279**	**54,937**

(i) Loss on disposal of property and equipment was classified under "other operating income" in the prior year financial statements. This amount was reclassified to "other operating expenses" in the current year to align with current year presentation. Details of the amounts reclassified are disclosed in Note 46.

20	**Taxation**	Group	Group	Bank	Bank
	Recognised in the statement of comprehensive income	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
	In millions of Nigerian Naira				
(a)	Current tax expense				
	Current year	13,999	8,877	3,827	3,093
	Adjustment for current tax of prior period	4,224	-	4,124	-
		18,223	8,877	7,951	3,093
(b)	Deferred tax expense/(credit)				
	Origination and reversal of temporary differences (Note 32)	155	(77)	2,157	-
	Total income tax expense	**18,378**	**8,800**	**10,108**	**3,093**

(c)	**Current tax liabilities**	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
	Balance, beginning of year	6,488	4,615	634	1,858
	Tax paid	(19,577)	(7,004)	(8,063)	(4,317)
	Income tax charge	18,223	8,877	7,951	3,093
	Balance, end of year	**5,134**	**6,488**	**522**	**634**

Notes to the financial statements

(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 Dec. 2016**	**Group Dec. 2015**	**Bank Dec. 2016**	**Bank Dec. 2015**
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	90,642	68,454	57,649	50,735
Income tax using the domestic corporation tax rate	27,193	20,536	17,295	15,221
Tax effects of :				
Capital Gains tax	-	1	-	-
Withholding tax on dividend	789	585	720	418
Information Technology Levy	609	884	571	502
Education tax	62	334	-	130
Minimum tax/excess dividend tax adjustment	4,587	-	4,487	-
Interim dividend tax adjustment - current year	2,177	2,043	2,177	2,043
Effect of permanent differences - income not subject to tax	(19,234)	(20,358)	(17,337)	(17,224)
Effect of permanent differences - expenses not deductible	127	4,775	127	2,003
Effect of excess deferred tax recognised	2,068	-	2,068	-
Total income tax expense in comprehensive income	**18,378**	**8,800**	**10,108**	**3,093**

Income tax payable for the parent is based on the minimum tax provisions in the Nigerian tax law, which is applicable to companies that do not have taxable profits.

21 Earnings per share

The calculation of basic earnings per share as at 31 December 2016 was based on the profit attributable to ordinary shareholders of N69.404 billion (Bank: N47.541 billion) and the weighted average number of ordinary shares outstanding of 34,053,857,094 (Bank: 36,279,526,321). The 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 year end (December 2015 : nil). Hence the basic and diluted earnings per share are equal.

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Profit attributable to equity holders of the parent	69,404	58,604	47,541	47,642
Weighted average number of ordinary shares outstanding	34,054	32,777	36,280	35,093
Basic and diluted earnings per share (Naira)	**2.04**	**1.79**	**1.31**	**1.36**

22 Cash and bank balances

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Cash	71,522	36,114	40,225	28,124
Current balances with banks	180,071	130,255	150,140	113,634
Unrestricted balances with central banks	89,721	62,233	27,788	22,241
Money market placements	42,927	150,101	51,101	153,186
Restricted balances with central banks (note (i) below)	376,689	276,668	341,656	273,589
	760,930	**655,371**	**610,910**	**590,774**

(i) Restricted balances with central banks comprise:

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Mandatory reserve deposits with central banks (note (a) below)	321,971	276,668	286,938	273,589
Special Intervention Reserve (note (b) below)	54,718	-	54,718	-
	376,689	276,668	341,656	273,589

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

(b) This represents the Bank's contribution to the Central Bank of Nigeria's (CBN) Real Sector Support Facility (RSSF), warehoused in the Special Intervention Reserve held with the CBN. The Real Sector Support Facility is to be channeled towards increasing credit to priority sectors of the Nigerian economy. As stipulated by the CBN, the Bank's contribution is 5% of its total naira deposits.

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

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Cash and current balances with banks	251,593	166,369	190,365	141,758
Unrestricted balances with central banks	89,721	62,233	27,788	22,241
Money market placements (less than 90 days)	31,656	116,659	10,190	123,992
Financial assets held for trading (less than 90 days)	8,073	2,595	8,073	2,595
Cash and cash equivalents	**381,043**	**347,856**	**236,416**	**290,586**

23 Financial assets held for trading

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Government bonds	4,657	128	4,657	128
Treasury bills (less than 90 days maturity) (note (i) below)	8,073	2,595	8,073	2,595
Treasury bills (above 90 days maturity)	39,565	8,526	39,565	8,526
	52,295	**11,249**	**52,295**	**11,249**
Current	52,295	11,249	52,295	11,249

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

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

24 Loans and advances to banks

In millions of Nigerian Naira

Term loans:

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Gross amount	23,047	14,632	24,145	14,632
Portfolio impairment	(282)	(32)	(295)	(41)
	22,765	**14,600**	**23,850**	**14,591**
Current	4,378	14,600	5,463	14,591
Non-current	18,387	-	18,387	-
Current	22,765	14,600	23,850	14,591

Impairment allowance on loans and advances to banks

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Portfolio impairment				
Balance, beginning of year	32	106	41	131
Net impairment charge/(reversal) in the year	167	(96)	171	(112)
Exchange difference	83	22	83	22
Balance, end of year	**282**	**32**	**295**	**41**

25 Loans and advances to customers

In millions of Nigerian Naira

(a) ***31 December 2016***

(i) **Group**

	Gross Amount	Specific impairment	Portfolio impairment	Total impairment	Carrying amount
Loans to individuals	126,990	(9,019)	(3,074)	(12,093)	114,897
Loans to corporate entities and other organizations	1,428,739	(12,802)	(25,515)	(38,317)	1,390,422
	1,555,729	(21,821)	(28,589)	(50,410)	1,505,319
Loans to individuals					
Overdraft	48,509	(8,183)	(244)	(8,427)	40,082
Term Loans	78,481	(836)	(2,830)	(3,666)	74,815
	126,990	(9,019)	(3,074)	(12,093)	114,897
Loans to corporate entities and other organizations					
Overdraft	293,445	(3,046)	(11,887)	(14,933)	278,512
Term Loans	1,118,850	(9,756)	(13,451)	(23,207)	1,095,643
Others	16,444	-	(177)	(177)	16,267
	1,428,739	(12,802)	(25,515)	(38,317)	1,390,422

	Bank	**Gross Amount**	**Specific impairment**	**Portfolio impairment**	**Total impairment**	**Carrying amount**
(ii)	Loans to individuals	66,906	(8,291)	(224)	(8,515)	58,391
	Loans to corporate entities and other organizations	1,053,190	(8,816)	(12,410)	(21,226)	1,031,964
		1,120,096	(17,107)	(12,634)	(29,741)	1,090,355
	Loans to individuals					
	Overdraft	41,186	(7,751)	(68)	(7,819)	33,367
	Term Loan	25,720	(540)	(156)	(696)	25,024
		66,906	(8,291)	(224)	(8,515)	58,391
	Loans to corporate entities and other organizations					
	Overdraft	180,035	(1,890)	(5,608)	(7,498)	172,537
	Term Loan	856,711	(6,926)	(6,625)	(13,551)	843,160
	Others	16,444	-	(177)	(177)	16,267
		1,053,190	(8,816)	(12,410)	(21,226)	1,031,964
(b)	***31 December 2015***					
(i)	**Group**					
	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
(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 Dec. 2016	**Group Dec. 2015**	**Bank Dec. 2016**	**Bank Dec. 2015**
(c)	Current	597,591	288,455	432,856	227,669
	Non-current	907,728	748,182	657,499	595,025
		1,505,319	1,036,637	1,090,355	822,694

Notes to the financial statements

(d) Impairment allowance on loans and advances to customers

(i) Specific impairment

Group *In millions of Nigerian Naira* *31 December 2016*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	2,945	609	2,098	1,129	-	6,781
Net impairment charge for the year (Note 12)	9,030	311	3,202	8,353	-	20,896
Loans written off	(4,508)	(232)	(2,764)	-	-	(7,504)
Exchange difference	716	148	510	274	-	1,648
Balance, end of year	**8,183**	**836**	**3,046**	**9,756**	-	**21,821**

Bank *31 December 2016*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	3,016	603	1,831	581	-	6,031
Net impairment charge for the year (Note 12)	8,739	-	1,754	6,086	-	16,579
Loans written off	(4,004)	(63)	(1,695)	-	-	(5,762)
Exchange difference	-	-	-	259	-	259
Balance, end of year	**7,751**	**540**	**1,890**	**6,926**	-	**17,107**

Group *31 December 2015*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	771	786	2,190	1,976	-	5,723
Net impairment charge for the year (Note 12)	2,252	-	459	(426)	-	2,285
Loans written off	(9)	(106)	(355)	(244)	-	(714)
Exchange difference	(69)	(71)	(196)	(177)	-	(513)
Balance, end of year	**2,945**	**609**	**2,098**	**1,129**	**-**	**6,781**

Bank *31 December 2015*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	603	458	1,106	1,932	-	4,099
Net impairment charge for the year (Note 12)	2,413	145	733	(1,350)	-	1,941
Loans written off	-	-	(8)	(1)	-	(9)
Balance, end of year	**3,016**	**603**	**1,831**	**581**	**-**	**6,031**

(ii) Portfolio impairment

Group *31 December 2016*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	343	2,216	5,421	10,439	582	19,001
Net impairment charge for the year (Note 12)	(191)	17	5,006	44	(405)	4,471
Exchange difference	92	597	1,460	2,968	-	5,117
Balance, end of year	**244**	**2,830**	**11,887**	**13,451**	**177**	**28,589**

Bank *31 December 2016*	Loans to individuals		Loans to corporates			
	Overdrafts	Term loans	Overdrafts	Term loans	Others	Total
Balance, beginning of year	184	141	2,436	3,669	582	7,012
Net impairment charge for the year (Note 12)	(116)	15	3,172	2,956	(405)	5,622
Balance, end of year	**68**	**156**	**5,608**	**6,625**	**177**	**12,634**

Group *31 December 2015*	Loans to individuals Overdrafts	 Term loans	Loans to corporates Overdrafts	 Term loans	 Others	 Total
Balance, beginning of year	270	693	2,297	14,501	27	17,788
Net impairment charge for the year (Note 12)	73	1,523	3,124	(4,062)	555	1,213
Balance, end of year	**343**	**2,216**	**5,421**	**10,439**	**582**	**19,001**

Bank *31 December 2015*	Loans to individuals Overdrafts	 Term loans	Loans to corporates Overdrafts	 Term loans	 Others	 Total
Balance, beginning of year	249	211	1,718	4,218	27	6,423
Net impairment charge for the year (Note 12)	(65)	(70)	718	(549)	555	589
Balance, end of year	**184**	**141**	**2,436**	**3,669**	**582**	**7,012**

26 Investment securities

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Available-for-sale investment securities comprise (see note (i)):				
Treasury bills	155,315	193,816	147,153	189,644
Bonds	40,790	32,757	17,233	32,253
Equity investments	80,653	48,923	80,038	48,512
	276,758	275,496	244,424	270,409
Held to maturity investment securities comprise (see note (i)):				
Treasury bills	240,559	150,774	-	-
FGN Promissory notes	281	255	281	255
Bonds	452,794	430,345	288,311	297,539
	693,634	581,374	288,592	297,794
Carrying amount	**970,392**	**856,870**	**533,016**	**568,203**
Current	339,612	588,895	188,647	230,579
Non-current	630,780	267,975	344,369	337,624
	970,392	856,870	533,016	568,203

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

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Bonds (available-for-sale)	14,178	5,409	14,178	5,409
Treasury bills (available-for-sale)	62,566	-	62,566	-
Bonds (held-to-maturity)	283,070	94,260	215,750	94,260
Treasury bills (held-to-maturity)	43,640	-	-	-
	403,454	**99,669**	**292,494**	**99,669**

27 Other assets

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Financial assets				
Electronic payments receivables	8,311	19,565	4,982	9,355
Accounts receivable	12,891	9,063	6,486	2,245
Intercompany receivables	-	-	3,085	1,323
Dividends receivable	-	-	8,429	4,417
Pension custody fees receivable	448	360	-	-
	21,650	**28,988**	**22,982**	**17,340**
Non-financial assets				
Prepayments	15,097	8,589	6,881	4,643
Recoverable taxes	587	591	78	-
Stock of consumables	4,070	3,587	3,510	1,565
	19,754	**12,767**	**10,469**	**6,208**
Allowance for impairment on accounts receivable	(3,555)	(1,267)	(2,259)	(1,020)
Carrying amount	**37,849**	**40,488**	**31,192**	**22,528**
(a) *Movement in impairment on accounts receivable*				
At start of year	1,267	1,898	1,020	1,221
Charge for the year (Note 12)	2,024	611	1,280	442
Balances written off	(41)	(1,226)	(41)	(643)
Exchange difference	305	(16)	-	-
Balance, end of year	**3,555**	**1,267**	**2,259**	**1,020**
(b) Current	33,945	38,199	30,881	21,566
Non-current	7,459	3,556	2,570	1,982
	41,404	41,755	33,451	23,548

28 Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investee as at 31 December 2016. The Associate Company (UBA Zambia Limited) has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of the Group's ownership interest is the same as the proportion of voting rights held.

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

(a) Nature of investment in associates

Name of entity	Country of incorporation	Place of business	Nature of business	% of ownership interest	Measurement method
UBA Zambia Bank Limited	Zambia	Zambia	Banking	49	Equity method

(b) Summarised financial information for associate

(i) Summarised balance sheet

In millions of Nigerian Naira	Dec. 2016	Dec. 2015
Assets		
Cash and cash equivalents	8,868	3,087
Other current assets	6,939	3,376
Non-current assets	983	627
Total assets	**16,790**	**7,090**
Financial liabilities	12,901	4,460
Other current liabilities	337	484
Total liabilities	**13,238**	**4,944**
Net assets	**3,552**	**2,146**

(ii) Summarised statement of comprehensive income

	Dec. 2016	Dec. 2015
Operating income	2,062	1,798
Operating expense	(1,947)	(1,765)
Net impairment loss on financial assets	(243)	(254)
Losss before tax	**(128)**	**(221)**
Income tax expense	-	-
Loss for the year	**(128)**	**(221)**
Other comprehensive income	-	-
Total comprehensive income	**(128)**	**(221)**

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

(c) Movement in investment in equity-accounted investee

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Balance, beginning of year	2,236	2,986	1,770	1,770
Share of current year's result	(63)	(110)	-	-
Foreign currency translation differences	752	(640)	-	-
Balance, end of year	**2,925**	**2,236**	**1,770**	**1,770**

(d) Reconciliation of summarised financial information

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

In millions of Nigerian Naira	Dec. 2016	Dec. 2015
Opening net assets	2,146	3,674
Loss for the year	(128)	(221)
Foreign currency translation differences	1,534	(1,307)
Closing net assets	**3,552**	**2,146**
Group's interest in associate (49%)	1,739	1,050
Notional goodwill	1,186	1,186
Carrying amount	**2,925**	**2,236**

29 Investment in subsidiaries

(a) Holding in subsidiaries

Bank subsidiaries	Year of acquisition / Commencement	Holding	Non-controlling interest	Country	Industry	Bank Dec. 2016	Bank Dec. 2015
In millions of Nigerian Naira							
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	74%	26%	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 Brazzaville (SA)	2011	100%	-	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	85%	15%	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
UBA Retail Financial Services Limited (see (v) below)	2008	100%	-	Nigeria	Banking	-	-
						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.

The movement in investment in subsidiaries during the year is as follows:

	Bank Dec. 2016	Bank Dec. 2015
In millions of Nigerian Naira		
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 been reflected in the subsidiaries' capital as at 31 December 2016.

Notes to the financial statements

(i) UBA Ghana, UBA Cameroon SA, UBA Cote d'ivoire, UBA Liberia, UBA Uganda, UBA Burkina Faso, UBA Chad SA, UBA Senegal SA, UBA Benin, UBA Kenya, UBA Tanzania, UBA Gabon, UBA Guinea, UBA Sierra Leone, UBA Mozambique, UBA Congo DRC and UBA Congo Brazzaville are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(ii) UBA Pension Custodian Limited obtained an operating license on 20 February 2006 and commenced operations in Nigeria on 3 May 2006. It principally operates as a custodian of pension assets, to hold and deal in such assets as directed by the Pension Fund Administrators and in line with regulations of the National Pension Commission in conformity with the Pensions Reforms Act 2004 and as amended in 2014.

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

(iv) UBA Capital Europe Limited is a London-based investment banking company which was incorporated on September 25, 1995. It is primarily engaged in brokerage, trade finance and wealth management businesses.

(v) UBA Retail Financial Services Limited was established in 2008 to provide a wide range of financial services targeting non-bank customers through non-branch channels such as direct sales agents, telemarketing, internet, consumer outlets, dealers and microfinance banks. The Company ceased operations in 2012 and is currently undergoing liquidation.

(vi) Significant restrictions:
There are no significant restrictions on the Group’s ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the Group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity .

(b) Non-controlling interests

(i) The total non-controlling interest at the end of the year of N13.218 billion (2015: N6.794 billion) is attributed to the following non-fully owned subsidiaries:

In millions of Nigerian Naira	**Dec. 2016**	**Dec. 2015**
UBA Ghana Limited	2,205	1,272
UBA Burkina Faso	4,364	2,471
UBA Benin	940	670
UBA Uganda Limited	1,364	349
UBA Kenya Bank Limited	1,332	357
UBA Senegal (SA)	1,612	954
UBA Mozambique (SA)	222	135
UBA Chad (SA)	734	385
UBA Tanzania Limited	445	201
	13,218	**6,794**

Transactions with non-controlling interests

During the year, UBA Kenya, UBA Uganda, UBA Mozambique and UBA Tanzania issued additional shares. These additional shares were acquired by both UBA Plc (the Parent) and existing non-controlling interests. The amounts invested by UBA Plc and the non-controlling interests in each of these subsidiaries during the year and the effect on the carrying amount of non-controlling interests is as follows:

In millions of Nigerian Naira	**Investment by UBA Plc**	**Investment by non-controlling interests**	**Total investment in the year**	**Additional interest acquired by UBA Plc (%)**	**Decrease in non-controlling interest**
UBA Kenya Bank Limited	1,974	458	2,432	0%	-
UBA Uganda Limited	987	305	1,292	4%	188
UBA Mozambique Limited	987	1,678	2,665	15%	222
UBA Tanzania Limited	987	392	1,379	0%	-
	4,935	**2,833**	**7,768**		**410**

Notes to the financial statements

The changes in UBA Plc's interest in these subsidiaries did not result in a loss of control and was thus accounted for as an equity transaction. The effect of these transactions with non-controlling interests on the equity attributable to the owners of UBA Plc is as follows:

In millions of Nigerian Naira	Dec. 2016	Dec. 2015
Consideration received from non-controlling interests for additional interest in subsidiaries	2,833	-
Carrying amount of non-controlling interest acquired by UBA Plc	410	-
Consideration paid by UBA Plc for additional interest in subsidiaries	(4,935)	-
Effect of transactions with non-controlling interests on equity attributable to the Parent	**(1,692)**	**-**

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 31 December 2016. The amounts disclosed for each subsidiary are before inter-company eliminations.

	UBA Ghana Limited		UBA Burkina Faso		UBA Benin	
In millions of Nigerian Naira	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
Summarized balance sheet						
Cash and bank balances	51,197	9,878	10,048	5,234	7,863	2,152
Other financial assets	218,811	117,261	152,678	96,741	87,089	54,468
Non-financial assets	1,210	687	3,576	2,475	2,001	948
Total assets	**271,218**	**127,826**	**166,302**	**104,450**	**96,953**	**57,568**
Financial liabilities	236,274	108,001	152,810	96,932	91,032	51,896
Other liabilities	11,050	4,180	1,458	703	1,941	2,852
Total liabilities	**247,324**	**112,181**	**154,268**	**97,635**	**92,973**	**54,748**
Net assets	**23,894**	**15,645**	**12,034**	**6,815**	**3,980**	**2,820**
Summarized statement of comprehensive income						
Revenue	**49,617**	**17,082**	**10,549**	**8,069**	**7,419**	**4,360**
Profit for the year	10,283	4,828	2,293	1,341	536	594
Other comprehensive income	-	-	-	-		-
Total comprehensive income	**10,283**	**4,828**	**2,293**	**1,341**	**536**	**594**
Total comprehensive income allocated to non-controlling interest	949	446	831	496	127	140
Dividends paid to non-controlling interests	533	172	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	55,190	(28,126)	43,248	(1,017)	35,929	(10,541)
Cash flows from financing activities	(1,681)	(2,939)	-	(674)	-	(534)
Cash flows from investing activities	(12,190)	(34)	(38,434)	(233)	(30,218)	68
Net increase/(decrease) in cash and cash equivalents	**41,319**	**(31,099)**	**4,814**	**(1,924)**	**5,711**	**(11,007)**

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

In millions of Nigerian Naira	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
	Dec. 2016	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Summarized balance sheet						
Cash and bank balances	4,920	4,274	1,153	6,128	24,827	10,757
Other financial assets	8,099	4,834	14,992	8,114	74,031	36,850
Non-financial assets	2,081	247	1,127	760	874	501
Total assets	**15,100**	**9,355**	**17,272**	**15,002**	**99,732**	**48,108**
Financial liabilities	7,418	6,878	10,134	12,635	83,935	37,720
Other liabilities	2,436	1,298	127	490	3,866	3,325
Total liabilities	**9,854**	**8,176**	**10,261**	**13,125**	**87,801**	**41,045**
Net assets	**5,246**	**1,179**	**7,011**	**1,877**	**11,931**	**7,063**
Summarized statement of comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Revenue	**2,149**	**1,470**	**1,467**	**1,341**	**5,947**	**4,387**
Profit/(loss) for the year	2,315	(141)	363	(518)	2,045	1,705
Other comprehensive income	-	(2)	-	-		
Total comprehensive income	**2,315**	**(143)**	**363**	**(518)**	**2,045**	**1,705**
Total comprehensive income allocated to non-controlling interest	695	(42)	69	(98)	276	239
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	1,241	(1,727)	(2,391)	880	28,428	146
Cash flows from financing activities	987	(42)	1,974	1,019	-	(523)
Cash flows from investing activities	(1,582)	8	(4,558)	38	(14,358)	(163)
Net increase/(decrease) in cash and cash equivalents	**646**	**(1,761)**	**(4,975)**	**1,937**	**14,070**	**(540)**

Notes to the financial statements

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

	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**	**Dec. 2016**	**Dec. 2015**
Summarized balance sheet						
Cash and bank balances	3,986	1,956	29,506	5,354	2,804	2,015
Other financial assets	1,646	2,745	29,172	14,587	8,014	11,544
Non-financial assets	91	112	730	529	386	580
Total assets	**5,723**	**4,813**	**59,408**	**20,470**	**11,204**	**14,139**
Financial liabilities	4,228	3,230	51,747	16,197	8,893	12,745
Other liabilities	18	1,134	986	770	86	388
Total liabilities	**4,246**	**4,364**	**52,733**	**16,967**	**8,979**	**13,133**
Net assets	**1,477**	**449**	**6,675**	**3,503**	**2,225**	**1,006**
Summarized statement of comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Revenue	**352**	**836**	**4,072**	**2,400**	**647**	**1,446**
Profit/(loss) for the year	(431)	(448)	1,281	335	(491)	(160)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(431)**	**(448)**	**1,281**	**335**	**(491)**	**(160)**
Total comprehensive income allocated to non-controlling interest	(129)	(135)	141	37	(98)	(32)
Dividends paid to non-controlling interests	-	-	-	-	-	-
Summarized cash flows						
Cash flows from operating activities	1,139	409	26,486	(1,908)	912	(956)
Cash flows from financing activities	987	852	-	159	987	358
Cash flows from investing activities	(96)	77	(2,334)	(5)	(1,110)	25
Net increase/(decrease) in cash and cash equivalents	**2,030**	**1,338**	**24,152**	**(1,754)**	**789**	**(573)**

30 (a) Property and equipment
As at 31 December 2016
Group

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2016	31,967	29,287	7,715	11,750	11,601	7,309	29,105	29,722	2,925	161,381
Additions	174	1,653	1,966	-	1,151	2,306	1,501	2,774	4,402	15,927
Reclassifications (note i)	(101)	490	467	-	138	12	3	736	(1,745)	-
Disposals	(43)	(642)	(142)	(3,186)	(869)	(1,100)	(1,074)	(1,246)	(192)	(8,494)
Transfers (note ii)	-	-	-	-	-	-	17	-	(129)	(112)
Exchange difference (note iii)	255	1,330	1,956	-	1,116	1,085	1,551	1,481	203	8,977
Balance at 31 December 2016	**32,252**	**32,118**	**11,962**	**8,564**	**13,137**	**9,612**	**31,103**	**33,467**	**5,464**	**177,679**
Accumulated depreciation										
Balance at 1 January 2016	-	10,668	3,659	1,822	9,124	5,895	22,486	18,902	-	72,556
Charge for the year	-	645	596	460	726	736	1,819	2,415	-	7,397
Reclassifications (note i)	-	(18)	18	-	-	-	(11)	11	-	-
Disposals	-	(173)	(78)	(1,432)	(645)	(395)	(628)	(592)	-	(3,943)
Transfers (note ii)	-	-	-	-	-	-	17	-	-	17
Exchange difference (note iii)	-	1,511	1,478	-	764	1,039	1,465	1,463	-	7,720
Balance at 31 December 2016	**-**	**12,633**	**5,673**	**850**	**9,969**	**7,275**	**25,148**	**22,199**	**-**	**83,747**
Carrying amounts										
Balance at 31 December 2016	**32,252**	**19,485**	**6,289**	**7,714**	**3,168**	**2,337**	**5,955**	**11,268**	**5,464**	**93,932**
Balance at 31 December 2015	**31,967**	**18,619**	**4,056**	**9,928**	**2,477**	**1,414**	**6,619**	**10,820**	**2,925**	**88,825**

(i) During the year, certain items of property and equipment were reclassified in between asset classes in seeking to achieve more granularity. As a result, the notes to the financial statements for property and equipment was represented. Further details are disclosed in Notes 30(b) and 30(c).

(ii) 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 31.

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

(iv) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2015: nil)

Bank

As at 31 December 2016

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost										
Balance at 1 January 2016	31,425	24,200	2,799	11,750	9,481	5,218	26,008	25,574	2,537	138,992
Additions	148	151	36	-	843	1,422	284	763	3,963	7,610
Reclassifications (note i)	(101)	232	395	-	138	12	3	736	(1,415)	-
Disposals	(43)	(18)	-	(3,186)	(599)	(32)	(403)	(331)	(192)	(4,804)
Transfers (note ii)	-	-	-	-	-	-	17	-	(129)	(112)
Exchange difference (note iii)	-	-	103	-	5	46	47	2	-	203
Balance at 31 December 2016	**31,429**	**24,565**	**3,333**	**8,564**	**9,868**	**6,666**	**25,956**	**26,744**	**4,764**	**141,889**
Accumulated depreciation										
Balance at 1 January 2016	-	7,952	1,252	1,822	7,534	4,426	19,790	16,071	-	58,847
Charge for the year	-	371	91	460	482	296	1,520	1,983	-	5,203
Reclassifications (note i)	-	(18)	18	-	-	-	(11)	11	-	-
Disposals	-	(3)	-	(1,432)	(413)	(32)	(391)	(313)	-	(2,584)
Transfers (note ii)	-	-	-	-	-	-	17	-	-	17
Exchange difference (note iii)	-	-	60	-	3	45	45	1	-	154
Balance at 31 December 2016	**-**	**8,302**	**1,421**	**850**	**7,606**	**4,735**	**20,970**	**17,753**	**-**	**61,637**
Carrying amounts										
Balance at 31 December 2016	**31,429**	**16,263**	**1,912**	**7,714**	**2,262**	**1,931**	**4,986**	**8,991**	**4,764**	**80,252**
Balance at 31 December 2015	**31,425**	**16,248**	**1,547**	**9,928**	**1,947**	**792**	**6,218**	**9,503**	**2,537**	**80,145**

(i) During the year, certain items of property and equipment were reclassified in between asset classes in seeking to achieve more granularity. As a result, the notes to the financial statements for property and equipment was represented. Further details are disclosed in Notes 30(b) and 30(c).

(ii) 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 31.

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

(iv) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2015: nil)

Group
As at 31 December 2015

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Other transportation equipment	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost											
Balance at 1 January 2015	31,970	27,582	7,136	12,521	-	10,553	7,048	26,422	25,388	9,201	157,821
Additions	14	235	375	-	-	1,042	205	1,081	1,225	2,303	6,480
Reclassifications (note i)	-	1,477	109	(12,521)	11,750	346	162	1,935	4,677	(7,935)	-
Disposals	-	(200)	(673)	-	-	(477)	(249)	(548)	(770)	-	(2,917)
Transfers (note ii)	-	-	-	-	-	-	-	2	-	(757)	(755)
Write-off	-	-	-	-	-	(3)	-	-	(91)	(105)	(199)
Exchange difference (note iii)	(17)	193	768	-	-	140	143	213	(707)	218	951
Balance at 31 December 2015	**31,967**	**29,287**	**7,715**	**-**	**11,750**	**11,601**	**7,309**	**29,105**	**29,722**	**2,925**	**161,381**
Accumulated depreciation											
Balance at 1 January 2015	-	9,954	3,472	1,615	-	8,627	5,549	20,378	18,710	-	68,305
Charge for the year	-	659	321	-	533	658	346	2,441	1,938	-	6,896
Reclassifications (note i)	-	149	4	(1,615)	1,289	175	97	25	(124)	-	-
Disposals	-	(266)	(336)	-	-	(385)	(191)	(539)	(675)	-	(2,392)
Transfers (note ii)	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	(1)	-	-	-	(3)	-	-	(80)	-	(84)
Exchange difference (note iii)	-	173	198	-	-	52	94	181	(867)	-	(169)
Balance at 31 December 2015	**-**	**10,668**	**3,659**	**-**	**1,822**	**9,124**	**5,895**	**22,486**	**18,902**	**-**	**72,556**
Carrying amounts											
Balance at 31 December 2015	**31,967**	**18,619**	**4,056**	**-**	**9,928**	**2,477**	**1,414**	**6,619**	**10,820**	**2,925**	**88,825**
Balance at 31 December 2014	**31,970**	**17,628**	**3,664**	**10,906**	**-**	**1,926**	**1,499**	**6,044**	**6,678**	**9,201**	**89,516**

(i) During the year, certain items of property and equipment were reclassified in between asset classes in seeking to achieve more granularity. As a result, the notes to the financial statements for property and equipment was represented. Further details of are disclosed in Notes 30(b) and 30(c).

(ii) 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 31.

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

As at 31 December 2015
Bank

In millions of Nigerian Naira	Land	Buildings	Leasehold improvements	Other transportation equipment	Aircraft	Motor vehicles	Furniture and fittings	Computer hardware	Equipment	Work in progress	Total
Cost											
Balance at 1 January 2015	31,411	22,610	2,763	12,521	-	8,495	4,952	23,386	20,320	9,013	135,471
Additions	14	113	10	-	-	962	150	935	1,084	2,077	5,345
Reclassifications (note i)	-	1,477	109	(12,521)	11,750	252	127	1,883	4,614	(7,691)	-
Disposals	-	-	(103)	-	-	(226)	(17)	(210)	(353)	-	(909)
Transfers (note ii)	-	-	-	-	-	-	-	2	-	(757)	(755)
Write-off	-	-	-	-	-	(3)	-	-	(91)	(105)	(199)
Exchange difference (note iii)	-	-	20	-	-	1	6	12	-	-	39
Balance at 31 December 2015	**31,425**	**24,200**	**2,799**	**-**	**11,750**	**9,481**	**5,218**	**26,008**	**25,574**	**2,537**	**138,992**
Accumulated depreciation											
Balance at 1 January 2015	-	7,433	1,280	1,615	-	7,088	4,164	17,845	14,996	-	54,421
Charge for the year	-	371	58	-	533	447	177	2,113	1,611	-	5,310
Reclassifications (note i)	-	149	4	(1,615)	1,289	175	97	25	(126)	-	(2)
Disposals	-	-	(103)	-	-	(173)	(17)	(209)	(330)	-	(832)
Transfers (note ii)	-	-	-	-	-	-	-	3	-	-	3
Write-off	-	(1)	-	-	-	(3)	-	-	(80)	-	(84)
Exchange difference (note iii)	-	-	13	-	-	-	5	13	-	-	31
Balance at 31 December 2015	**-**	**7,952**	**1,252**	**-**	**1,822**	**7,534**	**4,426**	**19,790**	**16,071**	**-**	**58,847**
Carrying amounts											
Balance at 31 December 2015	**31,425**	**16,248**	**1,547**	**-**	**9,928**	**1,947**	**792**	**6,218**	**9,503**	**2,537**	**80,145**
Balance at 31 December 2014	**31,411**	**15,177**	**1,483**	**10,906**	**-**	**1,407**	**788**	**5,541**	**5,324**	**9,013**	**81,050**

(i) During the year, certain items of property and equipment were reclassified in between asset classes in seeking to achieve more granularity. As a result, the notes to the financial statements for property and equipment was represented. Further details of are disclosed in Notes 30(b) and 30(c).

(ii) 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 31.

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

Notes to the financial statements

30 Property and equipment (continued)

(b) During the year, the Group discontinued the presentation of "Other Transportation Equipment" as a separate class of property and equipment in order to provide information that is more relevant to users of the financial statements. As a result, items previously presented in "other transportation equipment" were reclassified to other classes of property and equipment. The comparative notes were thus represented to reflect the reclassification. The reclassifications are as follows:

Other transportation equipment	**Cost**		**Accumulated depreciation**	
In millions of Nigerian Naira	**Group Dec. 2015**	**Bank Dec. 2015**	**Group Dec. 2015**	**Bank Dec. 2015**
Opening balance (1 January 2015)	12,521	12,521	1,615	1,615
Reclassification to aircraft	(11,750)	(11,750)	(1,289)	(1,289)
Reclassification to motor vehicles	(251)	(251)	(174)	(174)
Reclassification to buildings	(520)	(520)	(152)	(152)
Closing balance (31 December 2015)	-	-	-	-

(c) Certain classes of property and equipment disclosed in the notes to the financial statements in prior year were disaggregated in the current year. Buildings and leasehold improvement are now presented as separate classes of property and equipment while "Furniture and Office Equipment" has been disaggregated into Furniture and Fittings, Computer Hardware and Equipment respectively. The comparative notes have also been represented to reflect the disaggregation. The current year presentation is deemed to provide information that is more relevant to users of the financial statements, and the revised presentation is likely to continue, so that comparability is not impaired.
The classes disaggregated are as follows:

i) Buildings and leasehold improvements

Balance at 1 January 2015 (as previously reported under this heading)	35,277	25,373	13,426	8,713
Reclassified to Buildings (note ii)	(27,582)	(22,610)	(9,954)	(7,433)
Reclassified to Land (note vi)	(559)	-	-	-
Reclassified to Leasehold Improvements (note iii)	(7,136)	(2,763)	(3,472)	(1,280)
Amount as represented (1 January 2015)	-	-	-	-

ii) Buildings

Balance at 1 January 2015 (as previously reported under this heading)	-	-	-	-
Reclassified from Buildings and Leasehold Improvements (note i)	27,582	22,610	9,954	7,433
Amount as represented (1 January 2015)	**27,582**	**22,610**	**9,954**	**7,433**

30 Property and Equipment (continued)

iii) Leasehold Improvements *In millions of Nigerian Naira*	Cost Group Dec. 2015	Cost Bank Dec. 2015	Accumulated depreciation Group Dec. 2015	Accumulated depreciation Bank Dec. 2015
Balance at 1 January 2015 (as previously reported under this heading)	-	-	-	-
Reclassified from Buildings and Leasehold Improvements (note i)	7,136	2,763	3,472	1,280
Amount as represented (1 January 2015)	**7,136**	**2,763**	**3,472**	**1,280**
iv) Furniture and office equipment				
Balance at 1 January 2015 (as previously reported under this heading)	58,858	48,658	44,637	37,005
Reclassified to Furniture and Fittings (note v)	(7,048)	(4,952)	(5,549)	(4,164)
Reclassified to Computer Hardware (note vi)	(26,422)	(23,386)	(20,378)	(17,845)
Reclassified to Equipment (note vii)	(25,388)	(20,320)	(18,710)	(14,996)
Amount as represented (1 January 2015)	**-**	**-**	**-**	**-**
v) Furniture and Fittings				
Balance at 1 January 2015 (as previously reported under this heading)	-	-	-	-
Reclassified from furniture and office equipment (note iv)	7,048	4,952	5,549	4,164
Amount as represented (1 January 2015)	**7,048**	**4,952**	**5,549**	**4,164**
vi) Computer Hardware				
Balance at 1 January 2015 (as previously reported under this heading)	-	-	-	-
Reclassified from furniture and office equipment (note e)	26,422	23,386	20,378	17,845
Amount as represented (1 January 2015)	**26,422**	**23,386**	**20,378**	**17,845**
vii) Equipment				
Balance at 1 January 2015 (as previously reported under this heading)	-	-	-	-
Reclassified from furniture and office equipment (note e)	25,388	20,320	18,710	14,996
Amount as represented (1 January 2015)	**25,388**	**20,320**	**18,710**	**14,996**
viii) Land				
Balance at 1 January 2015 (as previously reported under this heading)	31,411	31,411	-	-
Reclassified from buildings and leasehold improvements (note b)	559	-		
Amount as represented (1 January 2015)	**31,970**	**31,411**	**-**	**-**

31 Intangible assets

(a) (i) As at 31 December 2016

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2016	5,673	14,308	1,210	21,191
Additions	-	500	859	1,359
Reclassifications	-	927	(927)	-
Transfers*	-	112	-	112
Write-off	-	(180)	-	(180)
Exchange difference	2,849	924	-	3,773
Balance at 31 December 2016	8,522	16,591	1,142	26,255
Amortization				
Balance at 1 January 2016	-	9,822	-	9,822
Amortisation for the year	-	1,253	-	1,253
Transfers*	-	(17)	-	(17)
Write-off		(45)		(45)
Exchange difference	-	881	-	881
Balance at 31 December 2016	-	11,894	-	11,894
Carrying amounts				
Balance at 31 December 2016	**8,522**	**4,697**	**1,142**	**14,361**
Balance at 31 December 2015	**5,673**	**4,486**	**1,210**	**11,369**

(ii) Bank

Bank	Purchased software	Work in progress	Total
Cost			
Balance at 1 January 2016	11,839	1,210	13,049
Additions	177	859	1,036
Reclassifications	927	(927)	-
Transfers*	112	-	112
Write-off	(180)	-	(180)
Exchange difference	9	-	9
Balance at 31 December 2016	12,884	1,142	14,026
Amortization			
Balance at 1 January 2016	8,095	-	8,095
Amortisation for the year	1,078	-	1,078
Transfers*	(17)	-	(17)
Write-off	(45)	-	(45)
Exchange difference	10	-	10
Balance at 31 December 2016	9,121	-	9,121
Carrying amounts			
Balance at 31 December 2016	**3,763**	**1,142**	**4,905**
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	-	496	(496)	-
Disposal	-	(770)	(28)	(798)
Transfers*	-	1,794	757	2,551
Exchange difference	-	32	-	32
Balance at 31 December 2015	5,673	14,308	1,210	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**	**4,486**	**1,210**	**11,369**
Balance at 31 December 2014	**5,673**	**3,757**	**-**	**9,430**

(ii) **Bank**

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

There were no capitalised borrowing costs related to the internal development of software during the year (December 2015: nil). Computer software has a definite useful life of not more than five years while goodwill has an indefinite useful life and is annually assessed for impairment.

* Transfers represents reclassification of items from property and equipment (work in progress) to intangible assets - purchased software (work in progress) during the year as disclosed in Note 30.

(c) **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 have been identified as 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. These growth rates are consistent with forecasts included in industry reports specific to the economic environment in which each of the CGU's operates.

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

	UBA Benin		UBA Capital Europe Limited	
	Dec.2016	**Dec.2015**	**Dec.2016**	**Dec.2015**
Gross earnings (% annual growth rate)	12.0	10.0	12.0	17.0
Deposits (% annual growth rate)	10.0	17.0	10.0	16.0
Loans and advances (% annual growth rate)	20.0	17.0	12.0	17.0
Operating expenses (% annual growth rate)	11.0	10.0	7.0	10.0
Terminal growth rate (%)	1.5	1.5	2.0	1.0
Discount rate (pre-tax) (%)	16.2	18.0	5.0	5.0

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

Assumption	**Approach used in determining values**
Gross earnings	This is the average annual growth rate over the five-year period. Based on past performance, expectations of market development and the expected positive impact of deposits and loan growth in the forecast period.
Deposits	This is the average annual growth rate over the five-year period. Deposits have been determined to be the key value driver for the CGUs. Projected deposits growth is based on past performance of the CGUs.
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. It is 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 the systematic risk of the specific CGU.

Below is the result of the impairment test as at 31 December 2016:

	UBA Benin		UBA Capital Europe Limited	
	Dec.2016	**Dec.2015**	**Dec.2016**	**Dec.2015**
In millions of Nigerian Naira				
Recoverable amount	22,260	19,116	23,829	16,860
Less: Carrying amount				
Goodwill	(5,159)	(3,479)	(3,363)	(2,194)
Net assets	(3,980)	(2,154)	(14,833)	(9,495)
Total carrying amount	(9,139)	(5,633)	(18,196)	(11,689)
Excess of recoverable amount over carrying amount	**13,121**	**13,483**	**5,633**	**5,171**

The key assumptions described above may change as economic and market conditions change. The results of the value-in-use calculations are most sensitive to changes in the deposit growth rates, terminal growth rates and discount rates applied. The recoverable amounts of the respective CGUs would equal their carrying amounts if these key assumptions were to change as follows:

	2016		2015	
UBA Benin	**From**	**To**	**From**	**To**
Deposit growth rate	10%	4%	17%	7%
UBA Capital Europe				
Deposit growth rate	10%	5%	17%	5%
Terminal growth rate	2%	5%	1%	5%
Discount rate	5%	6%	5%	8%

Management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the respective CGUs to exceed their recoverable amounts.

32 Deferred tax assets and liabilities

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In millions of Nigerian Naira		Group			Bank	
31 December 2016	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, equipment, and software	13,629	62	13,567	10,249	-	10,249
Allowances for loan losses	3,879	-	3,879	3,879	-	3,879
Accounts receivable	678	-	678	678	-	678
Tax losses carried forward	20,848	-	20,848	20,848	-	20,848
Exchange difference on monetary items	-	3,712	(3,712)	-	3,712	(3,712)
Fair value gain on derivatives	-	2,744	(2,744)	-	2,744	(2,744)
Others	482	-	482	498	-	498
Net deferred tax assets /liabilities	39,516	6,518	32,998	36,152	6,456	29,696

In millions of Nigerian Naira		Group			Bank	
31 December 2015	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, equipment, and software	7,562	15	7,547	6,247	-	6,247
Allowances for loan losses	1,966	-	1,966	1,966	-	1,966
Account receivable	366	-	366	366	-	366
Tax losses carried forward	24,666	-	24,666	24,666	-	24,666
Exchange difference on monetary items	-	1,715	(1,715)	-	1,715	(1,715)
Others	323	-	323	323	-	323
Net deferred tax assets /liabilities	34,883	1,730	33,153	33,568	1,715	31,853

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

(i) Deferred tax assets

In millions of Nigerian Naira	**Group Dec. 2016**	**Group Dec. 2015**	**Bank Dec. 2016**	**Bank Dec. 2015**
Recognised deferred tax assets	39,516	34,883	36,152	33,568
Amounts offset*:				
- Exchange differences on monetary items	(3,712)	(1,715)	(3,712)	(1,715)
-Fair value gain on derivatives	(2,744)	-	(2,744)	-
Deferred tax assets in the statement of financial position	33,060	33,168	29,696	31,853

(ii) Deferred tax liabilities

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Recognised deferred tax liabilities	6,518	1,730	6,456	1,715
Amounts offset*:				
- Exchange differences on monetary items	(3,712)	(1,715)	(3,712)	(1,715)
-Fair value gain on derivatives	(2,744)	-	(2,744)	-
Deferred tax liabilities in the statement of financial position	62	15	-	-

*The amounts offset relate to deferred tax liabilities attributable to the parent only. The amounts have been offset as the Bank has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same tax authority.

(c) Movements in temporary differences during the year

31 December 2016

Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment and software	7,547	6,020	-	13,567
Allowances for loan losses	1,966	1,913	-	3,879
Account receivable	366	312	-	678
Tax losses carried forward	24,666	(3,818)	-	20,848
Exchange difference on monetary items	-	(3,712)	-	(3,712)
Tax losses on fair value gain on derivatives	(1,715)	(1,029)	-	(2,744)
Others	323	159	-	482
	33,153	(155)	-	32,998
Deferred tax assets:				
To be recovered within 12 months	8,967	4,178	-	13,145
To be recovered after more than 12 months	25,901	408	-	26,309
Deferred tax liabilities				
To be recovered within 12 months	(1,715)	(1,029)		(2,744)
To be recovered after more than 12 months	-	(3,712)	-	(3,712)
	33,153	(155)	-	32,998

Bank

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment and software	6,247	4,002	-	10,249
Allowances for loan losses	1,966	1,913	-	3,879
Account receivable	366	312	-	678
Tax losses carried forward	24,666	(3,818)	-	20,848
Exchange difference on monetary items	-	(3,712)	-	(3,712)
Tax losses on fair value gain on derivatives	(1,715)	(1,029)	-	(2,744)
Others	323	175	-	498
	31,853	(2,157)	-	29,696
Deferred tax assets:				
To be recovered within 12 months	12,179	2,584	-	14,763
To be recovered after more than 12 months	21,389	-	-	21,389
Deferred tax liabilities				
To be recovered within 12 months	(1,715)	(1,029)		(2,744)
To be recovered after more than 12 months	-	(3,712)	-	(3,712)
	31,853	(2,157)	-	29,696

31 December 2015

Group *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss**	**Recognised in equity**	**Closing balance**
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
Tax losses on fair value gain on derivatives	(1,715)	-	-	(1,715)
Others	323	-	-	323
	33,076	77	-	33,153
Deferred tax assets:				
To be recovered within 12 months	12,179	(3,212)	-	8,967
To be recovered after more than 12 months	22,612	3,289	-	25,901
Deferred tax liabilities				
To be recovered within 12 months	-	-	-	-
To be recovered after more than 12 months	(1,715)	-	-	(1,715)
	33,076	77	-	33,153

Bank *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss**	**Recognised in equity**	**Closing balance**
Property, equipment and software	6,247	-	-	6,247
Allowances for loan losses	1,966	-	-	1,966
Account receivable	366	-	-	366
Tax losses carried forward	24,666	-	-	24,666
Tax losses on fair value gain on derivatives	(1,715)	-	-	(1,715)
Others	323	-	-	323
	31,853	-	-	31,853
Deferred tax assets:				
To be recovered within 12 months	12,179	-	-	12,179
To be recovered after more than 12 months	21,389	-	-	21,389
Deferred tax liabilities				
To be recovered within 12 months	-	-	-	-
To be recovered after more than 12 months	(1,715)	-	-	(1,715)
	31,853	-	-	31,853

(d) 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. Unused tax losses for which no deferred tax asset has been recognised was N56.348 billion (2015: N76.504 billion).

Temporary difference relating to the Group's investment in subsidiaries is N92.058 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 will not be recognised.

33 Derivative financial instruments

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

In millions of Nigerian Naira

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Derivative assets				
Carrying value	10,642	1,809	10,642	1,809
Notional amount	62,725	46,610	62,725	46,610
Derivative liabilities				
Carrying value	14	327	14	327
Notional amount	1,413	60,809	1,413	60,809

(a) Derivative assets

In millions of Nigerian Naira

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Instrument type:				
Cross-currency swaps	1,134	1,809	1,134	1,809
Foreign exchange forward contracts	9,508	-	9,508	-
	10,642	1,809	10,642	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 in the year	(18,765)	(16,712)	(18,765)	(16,712)
Fair value of derivatives acquired and remeasured in the year	27,598	11,987	27,598	11,987
Balance, end of year	**10,642**	**1,809**	**10,642**	**1,809**

Derivative assets are current in nature

(b) Derivative liabilities

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Instrument type:				
Cross-currency swap	14	327	14	327
	14	327	14	327
The movement in derivative liability is as follows:				
Balance, beginning of year	327	943	327	943
Fair value of derivatives derecognised in the year	(505)	(953)	(505)	(953)
Fair value of derivatives acquired and remeasured in the year	192	337	192	337
Balance, end of year	**14**	**327**	**14**	**327**

Derivative liabilities are current in nature

(c) Fair value gain on derivatives	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Derivative assets :				
Fair value gain on additions in the year	27,598	11,987	27,598	11,987
Fair value loss on maturities in the year	(18,765)	(16,712)	(18,765)	(16,712)
Net fair value gain/(loss) on derivative assets	8,833	(4,725)	8,833	(4,725)
Derivative liabilities:				
Fair value loss on additions in the year	(192)	(337)	(192)	(337)
Fair value gain on maturities in the year	505	953	505	953
Net fair value gain on derivative liabilities	313	616	313	616
Net fair value gain/(loss) on derivative assets and liabilities (See note 12)	**9,146**	**(4,109)**	**9,146**	**(4,109)**

34 Deposits from banks

In millions of Nigerian Naira

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Money market deposits	108,217	60,312	30,484	350
Due to other banks	863	754	-	-
	109,080	**61,066**	**30,484**	**350**
Current	**109,080**	**61,066**	**30,484**	**350**

35 Deposits from customers

In millions of Nigerian Naira

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Retail customers:				
Term deposits	209,673	160,967	182,996	142,811
Current deposits	151,407	126,931	83,285	89,150
Savings deposits	524,751	407,036	434,883	351,982
Domiciliary deposits*	73,384	34,507	51,284	31,462
Corporate customers:				
Term deposits	317,468	384,015	214,588	303,597
Current deposits	957,628	673,358	524,921	452,550
Domiciliary deposits*	251,299	294,890	206,902	255,508
	2,485,610	**2,081,704**	**1,698,859**	**1,627,060**
Current	2,485,273	2,081,704	1,698,522	1,627,060
Non-current	337	-	337	-
	2,485,610	2,081,704	1,698,859	1,627,060

*Domiciliary deposits represents foreign currency denominated current and savings accounts only.

36 Other liabilities

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Financial liabilities				
Creditors and payables	48,631	28,248	29,738	20,096
Managers cheques	6,722	6,386	4,372	3,954
Unclaimed dividends (note (i)	4,222	-	4,222	-
Accrued expenses	12,483	11,137	3,625	2,974
Customers' deposit for foreign trade (note (ii))	38,089	8,684	30,546	6,803
	110,147	**54,455**	**72,503**	**33,827**
Non-financial liabilities				
Provisions (note (iii))	198	185	147	147
Deferred income	251	245	251	245
	449	**430**	**398**	**392**
Total other liabilities	**110,596**	**54,885**	**72,901**	**34,219**
Current	110,596	54,885	72,901	34,219

(i) The amount represents unclaimed dividends due to UBA Plc's shareholders which have been returned by the Bank's Registrar.

(ii) Customers' deposit for foreign trade represents the naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in current balances with banks in note 22.

(iii) The amount represents a provision for certain legal claims. The provision charge is recognised in profit or loss within 'other operating expenses'. In the directors' opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided at 31 December 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 Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
At 1 January	185	153	147	153
Additional provisions	13	38	-	-
Used during the year	-	(6)	-	(6)
At 31 December	198	185	147	147
Analysis of total provisions:				
Current	198	185	147	147

37 Borrowings

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
- Central Bank of Nigeria (note 37.1)	43,174	13,642	43,174	13,642
- Bank of Industry (BoI) (note 37.2)	11,029	13,054	11,029	13,054
- Standard Chartered Bank (note 37.3)	-	39,994	-	39,994
- European Investment Bank (EIB) (note 37.4)	1,951	1,590	1,951	1,590
- Syndicated facility (note 37.5)	27,542	41,710	27,542	41,710
- Africa Trade Finance Limited (note 37.6)	15,145	19,906	15,145	19,906
- Afrexim (note 37.7)	30,399	-	30,399	-
- African Development Bank (note 37.8)	36,204	-	36,204	-
- Credit Suisse (note 37.9)	94,483	-	94,483	-
	259,927	**129,896**	**259,927**	**129,896**
Current	167,569	73,542	167,569	73,542
Non-current	92,358	56,354	92,358	56,354
	259,927	129,896	259,927	129,896

Movement in borrowings during the year:	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
In millions of Nigerian Naira				
Opening balance	129,896	113,797	129,896	113,797
Additions	243,029	35,228	243,029	35,228
Interest expense	8,999	3,849	8,999	3,849
Repayments	(121,997)	(22,978)	(121,997)	(22,978)
	259,927	129,896	259,927	129,896

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

(a) N16.995 billion of this facility represents the outstanding balance on the Commercial Agriculture Credit Scheme granted to the Bank for the sole purpose of granting loans, at subsidised rates, to the agricultural sector. Interest on the facility cannot exceed 9% per annum inclusive of all charges and is to be shared between the Bank and CBN at 7% and 2% respectively. The facility will terminate on 30 September 2025. The Bank is the primary obligor to CBN and assumes the risk of default.

(b) N26.176billion 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.

37.2 This represents an intervention credit granted to the Bank by the **Bank of Industry (BOI)** for the purpose of refinancing/restructuring existing loans to Small and Medium Scale Enterprises (SMEs), manufacturing companies and companies in the power and aviation industries. The maximum tenor of term loans under the programme is 15 years while the tenor for working capital is one year, renewable annually subject to a maximum tenor of five years. A management fee of 1% per annum deductible at source in the first year, and quarterly in arrears thereafter is paid by the Bank under the intervention programme and the Bank is under obligation to on-lend to customers at an all-interest rate of 7% per annum. The Bank is the primary obligor to CBN/BOI and assumes the risk of default.

37.3 This represents the amount granted under a $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. The facility was fully paid down on maturity in April 2016.

37.4 This represents the outstanding balance on a $16.296 million term loan facility granted by **European Investment Bank** in October 2013. The purpose of the facility is to support lending to small and medium sized enterprises in Nigeria and through its regional subsidiaries. The facility is for a tenor of 7 years. Of the initial amount granted, $ 8.079 million was liquidated in June 2014. Interest rate on the facility is six (6) months USD LIBOR plus 350 basis points. Interest on the loan is payable semi-annually while principal repayment commenced in April 2016. The facility will expire in October 2020.

37.5 This represents the amount granted under a $270 million 3-year syndicated term loan facility arranged by **Citi Bank** 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.

37.6 This represents the amount granted under a $50million term loan facility by the **Africa Trade Finance Limited**, United Kingdom. The facility is a trade related term loan with a tenor of 6 months and interest rate of three months USD LIBOR plus 350 basis points. Interest on the loan is payable quarterly with principal repayment at maturity in June 2017.

37.7 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

37.8 This represents the amount granted under a $150million line of credit by **African Development Bank**, Cote d'Ivoire in November 2016. The first tranche of $120million was disbursed to the Bank in December 2016. The facility is for a tenor of 8 years and is to be used for medium term financing and on-lending to infrastructure projects, small and medium sized enterprises and women-owned enterprises in the Federal Republic of Nigeria. The interest rate on the facility is six months USD LIBOR plus 440 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 2 years.

37.9 This represents the amount granted under a $300million term loan facility by **Credit Suisse International,** United Kingdom and disbursed in three tranches of $100million each. Tranche A of this facility was disbursed in July 2016 and has a tenor of 13 months with interest rate of 12 months USD LIBOR plus 550 basis points. Interest payment and principal repayment are due at maturity in August 2017. Tranche B and Tranche C were disbursed in September 2016 and have tenors of 12 months each with the same interest rate of 12 months USD LIBOR plus 550 basis points. Interest payment and principal repayment are due at maturity in September 2017.

38 Subordinated liabilities

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Medium term notes maturing 2017	20,575	20,503	20,575	20,503
Medium term notes maturing 2018	35,805	35,625	35,805	35,625
Medium term notes maturing 2021	29,598	29,492	29,598	29,492
	85,978	**85,620**	**85,978**	**85,620**
Current	20,575	-	20,575	-
Non-current	65,403	85,620	65,403	85,620
	85,978	85,620	85,978	85,620

Subordinated liabilities represent medium-term bonds issued by the Bank. In September 2010, the Bank offered for subscription N20 billion fixed rate subordinated unsecured notes, maturing in 2017 with a coupon of 13%. In September 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 with a coupon of 16.45%. Coupon on the notes are payable semi-annually while principal is payable on maturity.

Movement in subordinated liabilities:

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Opening balance	85,620	85,315	85,620	85,315
Interest expense	12,880	12,834	12,880	12,834
Coupon payments	(12,522)	(12,529)	(12,522)	(12,529)
	85,978	85,620	85,978	85,620

39 Capital and reserves

(a) Share capital

Share capital comprises:

	Group Dec. 2016	Group Dec. 2015	Bank Dec. 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 - 36,279,526,321 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	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
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:

In millions of Nigerian Naira	Group Dec. 2016	Group Dec. 2015	Bank Dec. 2016	Bank Dec. 2015
Translation reserve (note (i))	28,799	(5,654)	-	-
Statutory reserve (note (ii))	73,866	65,450	59,703	52,572
Fair value reserve (note (iii))	58,274	31,348	58,881	31,985
Regulatory (Credit) risk reserve (note (iv))	31,375	18,167	26,650	17,260
Treasury shares (note (v))	(31,600)	(32,061)	-	-
	160,714	77,250	145,234	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 December 2016 (December 2015: N2.635 billion) . The Bank has since suspended further appropriation to SMEEIS reserve in line with the directives of the Central Bank of Nigeria.

(iii) Fair value reserve

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

(iv) Regulatory (Credit) risk reserve

The regulatory (credit) risk reserve represents the difference between the impairment on loans and advances determined using the prudential guidelines issued by the various Central Banks of the various operating jurisdictions compared with the incurred loss model used in determining the impairment loss under IFRSs.
Where the loan loss impairment determined using the prudential guidelines is greater than the loan loss impairment determined using the incurred loss model under IFRSs, the difference is transferred to regulatory credit risk reserve and it is non-distributable to owners of the parent. When the prudential provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory reserve to retained earnings to the extent of the non-distributable reserve previously recognised.

(v) **Treasury shares**

Treasury shares represent the Bank's shares of 2,225,669,230 units (December 2015: 2,299,978,358 units) held by the Staff Share Investment Trust.

40 Dividends

The Board of Directors have proposed a final dividend of N0.55 per share which in addition to the N0.20 per share paid as interim dividend amounts to a total dividend of N0.75 per share (2015: N0.60 per share) from the retained earnings account as at 31 December 2016.
The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2016 and 31 December 2015 respectively.
Payment of dividend to shareholders is subject to withholding tax at a rate of 10%.

41 Contingencies

(i) Litigation and claims

The Bank, in the ordinary course of business is currently involved in 650 legal cases (2015: 577). The total amount claimed in the cases against the Bank is estimated at N486.92 billion (2015: N443.4 billion). The directors having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements.

(ii) Contingent liabilities

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

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

In millions of Nigerian naira	**Group Dec. 2016**	**Group Dec. 2015**	**Bank Dec. 2016**	**Bank Dec. 2015**
Performance bonds and guarantees	388,884	77,030	135,127	71,319
Letters of credits	202,122	149,488	168,600	107,262
	591,006	226,518	303,727	178,581

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

(iii) Loan commitments

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions. The Group's loan commitments are usually conditioned on the maintenance of a satisfactory financial standing by the customer and absence of defaults on other covenants. At the balance sheet date, the Group had loan commitments amounting to N108 billion (2015: N123.5 billion) in respect of various loan contracts.

(iv) Capital commitments

Capital commitments are irrevocable contractual commitments for the acquisition of items of property and equipment or intangible assets. At the balance sheet date, the Group had capital commitments amounting to N3.166 billion (2015: N2.307 billion) in respect of authorised and contracted capital projects.

In millions of Nigerian naira	**Group Dec. 2016**	**Group Dec. 2015**
Property and equipment	1,867	1,659
Intangible assets	1,299	648
	3,166	2,307

42 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 significant influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

(a) Subsidiaries

Transactions between United Bank for Africa Plc and the subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements but are disclosed in the books of the Bank. The Bank's transactions and balances with its subsidiaries during the year and at year end are as follows:

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

Name of Subsidiary	Nature of Balance	Dec. 2016	Dec. 2015
In millions of Nigerian naira			
UBA Uganda	Money market placement	921	-
UBA Kenya	Money market placement	3,053	-
UBA Ghana	Money market placement	-	1,256
UBA Cameroun	Money market placement	-	5,262
UBA Cote D'Ivoire	Money market placement	-	2,063
UBA Capital Europe	Money market placement	27,695	17,917
UBA Capital Europe	Nostro balance	6,384	806
UBA Ghana	Nostro balance	-	69
		38,053	27,373

(ii) Loan and advances to the following subsidiaries are:

Name of Subsidiary	Type of Loan	Dec. 2016	Dec. 2015
In millions of Nigerian naira			
UBA Tanzania	Term Loans	3,224	7,857
UBA Liberia	Term Loans	1,144	-
UBA Cameroun	Overdraft	-	48
UBA Senegal	Overdraft	110	37
UBA Chad	Overdraft	-	100
UBA Gabon	Overdraft	-	3
UBA Guinea	Overdraft	2	190
UBA Ghana	Overdraft	116	-
UBA Mozambique	Overdraft	-	1
UBA Liberia	Overdraft	-	2,556
UBA Cote D'Ivoire	Overdraft	130	61
UBA Congo Brazzaville	Overdraft	689	-
UBA Benin	Overdraft	15	-
UBA Congo DRC	Overdraft	38	-
		5,468	10,853

(iii) Deposits from the following subsidiaries are:

Name of Subsidiary	Type of Deposit	Dec. 2016	Dec. 2015
UBA Benin	Current	1	6
UBA Burkina Faso	Current	1	-
UBA Chad	Current	3	14
UBA Congo DRC	Current	-	575
UBA Cote D'Ivoire	Current	27	31
UBA Congo Brazzaville	Current	-	117
UBA FX Mart	Current	637	637
UBA Ghana	Current	117	350
UBA Mozambique	Current	6	1,059
UBA Pension Custodian	Current	1	9
UBA Kenya	Current	24	-
UBA Guinea	Current	-	5
UBA Senegal	Current	13	9
UBA Tanzania	Current	15	4
UBA Uganda	Current	46	4
UBA Gabon	Current	12	3
UBA Liberia	Current	2	4
UBA Sierra Leone	Current	6	11
UBA Cameroon	Current	21	99
UBA Capital Europe	Current	2	-
UBA Burkina Faso	Domiciliary	49	20
UBA Cote D'Ivoire	Domiciliary	24	51
UBA Gabon	Domiciliary	100	7
UBA Cameroon	Domiciliary	112	5
UBA Benin	Domiciliary	9	66
UBA Ghana	Domiciliary	125	221
UBA Senegal	Domiciliary	110	76
UBA Guinea	Domiciliary	352	7
UBA Sierra Leone	Domiciliary	188	529
UBA Tanzania	Domiciliary	56	102
UBA Uganda	Domiciliary	42	206
UBA Kenya	Domiciliary	29	287
UBA Liberia	Domiciliary	2,035	2,593
UBA Congo Brazzaville	Domiciliary	20	-
UBA Mozambique	Domiciliary	2	-
UBA Chad	Domiciliary	84	-
UBA Pension Custodian	Term deposit	-	740
UBA Capital Europe	Term deposit	21,977	-
UBA Benin	Money market deposit	930	-
UBA Chad	Money market deposit	4,002	-
UBA Ghana	Money market deposit	15,819	-
UBA Mozambique	Money market deposit	1,529	-
UBA Tanzania	Money market deposit	619	-
UBA Uganda	Money market deposit	930	-
UBA Sierra Leone	Money market deposit	1,084	-
UBA Cameroon	Money market deposit	925	-
		52,083	7,847

(iv) Accounts receivable from the following subsidiaries are:			
UBA Ghana	Accounts receivable	1,668	209
UBA Congo Brazzaville	Accounts receivable	720	83
UBA Gabon	Accounts receivable	154	-
UBA Guinea	Accounts receivable	225	-
UBA Senegal	Accounts receivable	296	-
UBA Chad	Accounts receivable	82	82
UBA Retail Financial Serv	Accounts receivable	131	131
UBA Sierra Leone	Accounts receivable	97	39
UBA Liberia	Accounts receivable	141	8
UBA Pension Custodian	Accounts receivable	-	210
UBA Cameroun	Accounts receivable	-	87
UBA Cote D'Ivoire	Accounts receivable	-	95
		3,514	944

In millions of Nigerian naira	**Dec. 2016**	**Dec. 2015**
(v) Dividend receivable from the following subsidiaries are:		
UBA Ghana	6,029	1,845
UBA Pension Custodian	2,400	2,500
	8,429	4,345
(vi) Interest income from the following subsidiaries are:		
UBA Congo DRC	1	-
UBA Congo Brazzaville	219	11
UBA Guinea	754	393
UBA Tanzania	590	205
UBA Uganda	12	-
UBA Liberia	86	25
UBA Cameroon	86	-
UBA Capital Europe	1,115	315
UBA Cote D'Ivoire	-	33
	2,863	982
(vii) Interest expense to the following subsidiaries are:		
UBA Benin	21	-
UBA Chad	38	-
UBA Kenya	6	-
UBA Ghana	331	-
UBA Mozambique	35	-
UBA Tanzania	19	-
UBA Uganda	15	-
UBA Sierra Leone	17	-
UBA Cameroon	10	-
UBA Capital Europe	1,489	-
	1,981	-
(viii) Dividend income from the following subsidiaries are:		
UBA Ghana	5,158	1,845
UBA Pension Custodian	2,400	2,500
UBA Cameroon	216	-
	7,774	4,345

	Dec. 2016	Dec. 2015
(ix) Internal transfer pricing charges from the following subsidiaries are:		
UBA Ghana	1,095	430
UBA Congo Brazzaville	439	83
UBA Sierra Leone	153	-
UBA Cameroun	155	87
UBA Gabon	77	19
UBA Liberia	133	-
UBA Chad	130	47
UBA Senegal	124	83
UBA Guinea Conakry	225	-
UBA Congo DRC	31	-
UBA Pension	75	210
	2,637	959

(b) Investment in equity accounted investee

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

In millions of Nigerian naira	Dec. 2016	Dec. 2015
Interest expense	11	-
Money market deposits	3,366	-
Current deposits	-	35
	3,366	35

(c) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of UBA Plc, directly or indirectly, including any director (whether executive or otherwise) of the Bank, and their close family members. Close family members are those family who may be expected to influence, or be influenced by that individual in their dealings with UBA Plc and its subsidiaries.

Key management personnel and their close family members engaged in the following transactions with the Bank during the year:

Loans and advances to key management personnel *In millions of Nigerian Naira*	**Dec. 2016**	**Dec. 2015**
Loans and advances as at year end	241	593
Interest income earned during the year	33	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 31 December 2016 is as follows:

In millions of Nigerian naira

Name of company/individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Dec 2016	Dec 2015
Bridge House College	Mrs. Foluke Abdulrazaq	Term loan (Under CBN MSMEDF)	Real Estate	Performing	9%*	NGN	37	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	9,928	20,676
							9,965	20,729
Interest income earned during the year							1,779	2,159

*Under the Central Bank of Nigeria's (CBN) Micro, Small and Medium Scale Enterprises Development Fund (MSMEDF) scheme, interest rate chargeable to customers is 9% as the scheme is funded by the CBN at 2%.

Deposit liabilities

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

In millions of Nigerian Naira	**Dec 2016**	**Dec 2015**
Deposits as at year end	1,674	3,086
Interest expense during the year	33	74

Compensation

Aggregate remuneration to key management personnel during the year is as follows:	**Dec 2016**	**Dec 2015**
In millions of Nigerian Naira		
Executive compensation	645	547
Termination benefits	884	-
Defined contribution plan	19	16
Total benefits cost	1,548	563

43 Compensation to Employees and Directors

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

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
Group executive directors	9	6	9	6
Management	104	99	79	81
Non-management	12,181	12,671	9,208	9,714
	12,294	12,776	9,296	9,801

Compensation for the above personnel (including executive directors):

In millions of Nigerian Naira

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
Salaries and wages	62,385	55,394	42,193	40,635
Retirement benefit costs:				
Defined contribution plans	2,229	2,052	1,308	1,398
	64,614	57,446	43,501	42,033

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

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
N300,001 - N2,000,000	5,928	6,100	4,507	4,779
N2,000,001 - N2,800,000	2,414	2,282	1,993	1,923
N2,800,001 - N3,500,000	237	357	13	14
N3,500,001 - N4,000,000	630	727	396	430
N4,000,001 - N5,500,000	872	1,006	636	725
N5,500,001 - N6,500,000	170	106	-	-
N6,500,001 - N7,800,000	631	666	524	561
N7,800,001 - N9,000,000	476	509	425	464
N9,000,001 - above	927	1,017	793	899
	12,285	12,770	9,287	9,795

(iii) Directors

In millions of Nigerian naira

Remuneration paid to the Group's Directors was:

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
Fees and sitting allowances	40	40	40	40
Executive compensation	645	547	645	547
Termination benefits	884	-	884	-
Retirement benefit costs	19	16	19	16
	1,588	603	1,588	603

Fees and other emoluments disclosed above includes amounts paid to:

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
The Chairman	2	3	2	3
The highest paid sitting Director	119	125	119	125

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

	Group Dec 2016	Group Dec 2015	Bank Dec 2016	Bank Dec 2015
N1,000,001 - N3,000,000	-	1	-	1
N3,000,001 - N5,000,000	10	8	10	8
N5,500,001 and above	9	7	9	7
	19	16	19	16

Notes to the financial statements

44 Transactions requiring regulatory approval

The rules of the Financial Reporting Council of Nigeria require that transactions or agreements requiring registration by regulatory bodies in Nigeria shall only be recognised in the financial statements to the extent that approval is obtained. For transactions recognised, the relevant registration details are required to be disclosed. The Bank obtained the approval of the National Office for Technology and Promotion (NOTAP) for some information technology transactions, the cost of which have been recognised in these financial statements. Details of transactions for which regulatory approval was sought and obtained as well as payments made during the year are as disclosed below:

S/n	Transaction involved	Registration certificate number	Approved basis and amount ($'000)	Certificate validity	2016	2015
					N'million	N'million
1	Actimize End User License Agreement between Mint Crest Corporation (Panama) and United Bank for Africa Plc	NOTAP/AG/FI/873 /74/44	$ 518.92	04 Jan 2016 to 03 Jan 2017	158	-
2	Addendum to Software License & Services Agreement between Edgeverve Systems Limited (India) and United Bank for Africa Plc	NOTAP/AG/FI/873 /75/93	$ 805.20	06 Aug, 2016 to 05 Aug, 2017	246	-
3	Entrust e-Tokens Provision and End User License Agreement between Mint Crest Corporation (Panama) and United Bank for Africa Plc	NOTAP/AG/FI/873 /76/64	$ 3,520.00	22 Aug, 2016 to 21 Aug, 2017	1,074	-
4	Software License Agreement between Thomson Reuters Limited (USA) and United Bank for Africa Plc	NOTAP/AG/FI/873 /72/66	$ 163.75	15 Dec, 2014 to 14 Dec, 2017	-	33
5	Enterprise Software Agreement between Microsoft Ireland Operations (Dublin) and United Bank for Africa Plc	NOTAP/AG/FI/873 /69/194	$ 7,159.09	30 Jun, 2014 to 29 Jun, 2017	-	428
					1,478	**461**

1 NOTAP approval was received for one year, effective January 2016, for an Actimize end user license agreement with Mint Crest Corporation. The approval expires in January 2017.

2 NOTAP issued an approval for one year for payment of the use of Finacle software. A total payment of N246million was made to Edgeverve Systems for this service. The license agreement expires in August 2017.

3 The entrust e-Tokens license agreement with Mint Crest Corporation was approved by NOTAP in 2016 for a validity period of 1 year.

4 NOTAP approval was received for a period of 3 years, effective December 2014, for a software license agreement with Thomson Reuters Limited. During this period, a total amount of N33million was paid to Thomson Reuters. The approval expires in 2017.

5 The software agreement with Microsoft was approved by NOTAP in 2014 for a validity period of 3 years. A total payment of N1,206million was made between 2014 and 2015 to Microsoft Limited with N428million paid in 2015. The approval expires in 2017.

45 Non-audit services

During the year, the Bank's external auditors (PricewaterhouseCoopers) rendered non-audit services to the Bank. The non-audit services related to training of selected UBA Plc employees on transfer pricing. The total amount paid by UBA Plc for this service was N1.47 million. This amount is included as part of Training and human capital development expense in "other operating expenses" in note 19.

Notes to the financial statements

46 Restatement of comparatives

Certain items in the statement of comprehensive income for the comparative period were reclassified in other to align with current year presentation which is deemed to provide information that is more relevant to users of the financial statements. The revised presentation is likely to continue, so that comparability is not impaired. The amounts reclassified and the affected lines in the statement of comprehensive income are as shown below:

In millions of Nigerian Naira	Group Dec. 2015	Bank Dec. 2015
(i) Interest income		
Amount as previously presented	233,969	190,259
Reclassified to net trading and foreign exchange income (note ii)	(4,340)	(4,340)
Amount as re-presented	229,629	185,919
(ii) Net trading and foreign exchange income		
Amount as previously presented	16,026	8,275
Reclassified from interest income (note i)	4,340	4,340
Amount as re-presented	20,366	12,615
(iii) Other operating income		
Amount as previously presented	2,943	6,727
Reclassified to other operating expenses (note iv)	14	14
Amount as re-presented	2,957	6,741
(iii) Other operating expenses		
Amount as previously presented	71,212	54,923
Reclassified to other operating expenses (note iii)	14	14
Amount as re-presented	71,226	54,937

47 Compliance with banking regulations

During the year, the Bank paid the following penalties in relation to non-compliance with banking regulations:

In millions of Nigerian Naira

Description	Amount
Penalty in respect of customer using ATM cards issued to other customers related to him	48.00
Penalty for failing to file timely reports on suspicious transactions of some customers	30.00
Penalty for omission of an updated means of identification in the customer's file	4.00
Penalty for infractions on late processing of monthly pension payments on behalf of various organizations	2.49
Penalty for processing payment for software license for a customer prior to receipt of NOTAP/NCC approved agreement	2.00
Penalty for errors in charges applied to PFA accounts which were not reversed within the agreed turnaround time	1.15
Total	**87.64**

48 Events after the reporting date

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

49 Condensed result of consolidated subsidiaries

For the year ended 31 December 2016

In millions of Nigerian Naira	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
Condensed statement of comprehensive income								
Operating income	30,833	1,952	4,738	5,947	1,467	2,169	2,630	3,633
Total operating expenses	(9,371)	(1,538)	(3,706)	(3,017)	(1,380)	(1,687)	(1,870)	(3,486)
Net impairment gain/(loss) on financial assets	(6,413)	18	(428)	(416)	(30)	(49)	(47)	436
Profit before income tax	**15,049**	**432**	**604**	**2,514**	**57**	**433**	**713**	**583**
Income tax expense	(4,766)	(43)	-	(469)	306	(112)	(294)	(47)
Profit for the year	10,283	389	604	2,045	363	321	419	536
Condensed statements of financial position								
Assets								
Cash and bank balances	51,197	12,959	6,266	24,827	1,153	14,503	9,218	7,863
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	133,846	7,261	29,565	39,143	9,422	17,663	18,528	18,659
Investment securities	81,879	3,709	29,660	32,249	5,252	18,758	1,973	67,804
Other assets	3,086	699	1,261	2,639	318	3,031	138	626
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	1,015	572	584	872	160	475	207	1,997
Intangible assets	86	-	14	2	43	4	35	4
Deferred tax assets	109	-	-	-	924	-	-	-
	271,218	25,200	67,350	99,732	17,272	54,434	30,099	96,953
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	20,628	-	24,754	20,936	4,239	7,577	-	17,049
Deposits from customers	215,646	18,373	37,080	62,999	5,895	39,497	22,069	73,983
Other liabilities	11,050	1,591	2,333	3,854	127	926	2,201	1,894
Current tax liabilities	-	43	-	12	-	112	294	47
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Total Equity	23,894	5,193	3,183	11,931	7,011	6,322	5,535	3,980
	271,218	25,200	67,350	99,732	17,272	54,434	30,099	96,953
Condensed cash flows								
Net cash from operating activities	55,190	11,733	16,415	28,428	(2,391)	4,563	3,448	35,929
Net cash from financing activities	(1,681)	-	-	-	1,974	-	-	-
Net cash from investing activities	(12,190)	(3,311)	(13,758)	(14,358)	(4,558)	4,240	185	(30,218)
Increase/(decrease) in cash and cash equivalents	41,319	8,422	2,657	14,070	(4,975)	8,803	3,633	5,711
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	51,197	12,959	6,266	24,827	1,153	14,503	9,218	7,863

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 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	2,081	7,034	4,072	2,149	7,221	352	8,716	4,967
Total operating expenses	(919)	(4,779)	(2,035)	(1,703)	(3,784)	(780)	(4,977)	(1,159)
Net impairment gain/(loss) on financial assets	3	92	(193)	(55)	(13)	(2)	(1,468)	-
Profit/(loss) before income tax	**1,165**	**2,347**	**1,844**	**391**	**3,424**	**(430)**	**2,271**	**3,808**
Income tax expense	(405)	(54)	(563)	1,924	(1,008)	-	(1,076)	(1,035)
Profit/(loss) for the year	**760**	**2,293**	**1,281**	**2,315**	**2,416**	**(430)**	**1,195**	**2,773**
Condensed statements of financial position								
Assets								
Cash and bank balances	7,110	10,048	29,506	4,920	11,993	3,986	42,490	1
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	2,510	41,946	21,057	1,560	29,977	666	57,485	67
Investment securities	7,536	109,235	7,453	6,060	12,808	806	38,133	6,742
Other assets	180	1,497	662	479	528	174	1,843	909
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	451	3,528	699	123	818	71	1,040	43
Intangible assets	-	28	11	34	23	20	24	98
Deferred tax assets	-	20	20	1,924	-	-	-	36
	17,787	**166,302**	**59,408**	**15,100**	**56,147**	**5,723**	**141,015**	**7,896**
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	-	35,565	3,802	549	9,497	-	3,160	97
Deposits from customers	12,901	117,245	47,945	6,869	31,561	4,228	116,612	-
Other liabilities	486	1,446	416	2,436	3,022	18	9,555	2,697
Current tax liabilities	242	12	570	-	1,006	-	1,076	1,028
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	25	-	-	-	-	-	-	-
Total Equity	4,133	12,034	6,675	5,246	11,061	1,477	10,612	4,074
	17,787	**166,302**	**59,408**	**15,100**	**56,147**	**5,723**	**141,015**	**7,896**
Condensed cash flows								
Net cash from operating activities	1,931	43,248	26,486	1,241	9,397	1,139	27,960	(81)
Net cash from financing activities	-	-	-	987	-	987	(216)	-
Net cash from investing activities	(361)	(38,434)	(2,334)	(1,582)	(7,929)	(96)	(11,785)	(666)
Increase/(decrease) in cash and cash equivalents	**1,570**	**4,814**	**24,152**	**646**	**1,468**	**2,030**	**15,959**	**(747)**
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	7,110	10,048	29,506	4,920	11,993	3,986	42,490	1

Condensed result of consolidated subsidiaries continued
For the year ended 31 December 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	647	1,834	-	1,503	1,240	-	190,231	(14,527)	270,889
Total operating expenses	(940)	(1,541)	-	(1,593)	(685)	-	(107,061)	5,510	(152,501)
Net impairment gain/(loss) on financial assets	21	42	-	-	-	-	(25,521)	6,340	(27,683)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(63)	(63)
Profit/loss) before income tax	**(272)**	**335**	**-**	**(90)**	**555**	**-**	**57,649**	**(2,740)**	**90,642**
Income tax expense	(219)	(248)	-	(37)	(124)	-	(10,108)	-	(18,378)
Profit/(loss) for the year	**(491)**	**87**	**-**	**(127)**	**431**	**-**	**47,541**	**(2,740)**	**72,264**
Condensed statements of financial position									
Assets									
Cash and bank balances	2,804	4,436	672	13,143	-	455	610,910	(109,530)	760,930
Financial assets held for trading	-	-	-	-	-	-	52,295	-	52,295
Derivative assets	-	-	-	-	-	-	10,642	-	10,642
Loans and advances to banks	-	-	-	-	-	-	23,850	(1,085)	22,765
Loans and advances to customers	4,284	3,885	-	27,305	-	2	1,090,355	(49,867)	1,505,319
Investment securities	3,300	777	99	5,248	10,082	-	533,016	(12,187)	970,392
Other assets	430	427	-	449	-	114	31,192	(12,833)	37,849
Investments in equity-accounted investee	-	-	-	-	-	-	1,770	1,155	2,925
Investments in subsidiaries	-	-	-	-	-	-	70,702	(70,702)	-
Property and Equipment	59	437	2	325	-	203	80,252	-	93,932
Intangible assets	13	11	-	482	-	-	4,905	8,524	14,361
Deferred tax assets	314	17	-	-	-	-	29,696	-	33,060
	11,204	**9,990**	**773**	**46,952**	**10,082**	**774**	**2,539,585**	**(246,525)**	**3,504,470**
Financed by:									
Derivative liabilities	-	-	-	-	-	-	14	-	14
Deposits from banks	4,111	4	-	25,869	-	-	30,484	(99,241)	109,080
Deposits from customers	4,782	6,547	-	284	-	70	1,698,859	(37,835)	2,485,610
Other liabilities	83	209	677	5,929	-	36	72,901	(13,291)	110,596
Current tax liabilities	3	168	-	-	-	-	522	-	5,134
Subordinated liabilities	-	-	-	-	-	-	85,978	-	85,978
Borrowings	-	-	-	-	29,772	-	259,927	(29,772)	259,927
Deferred tax liabilities	-	-	-	37	-	-	-	-	62
Total Equity	2,225	3,062	96	14,833	(19,690)	668	390,900	(66,386)	448,069
	11,204	**9,990**	**773**	**46,952**	**10,082**	**774**	**2,539,585**	**(246,525)**	**3,504,470**
Condensed cash flows									
Net cash from operating activities	912	2,255	-	7,385	(1,831)	-	(213,392)	(29,854)	30,111
Net cash from financing activities	987	-	-	-	-	-	99,264	(1,509)	100,793
Net cash from investing activities	(1,110)	(352)	-	2,967	1,831	-	27,822	(85,056)	(191,053)
Increase/(decrease) in cash and cash equivalents	**789**	**1,903**	**-**	**10,352**	**-**	**-**	**(86,306)**	**(116,419)**	**(60,149)**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	32,136	61,200	93,336
Cash and cash equivalents at beginning of year	2,015	2,533	672	2,791	-	455	290,586	(59,704)	347,856
Cash and cash equivalents at end of year	**2,804**	**4,436**	**672**	**13,143**	**-**	**455**	**236,416**	**(114,923)**	**381,043**

49 Condensed result of consolidated subsidiaries

For the year ended 31 December 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	17,082	969	3,615	4,387	1,341	4,620	2,001	4,360
Total operating expenses	(9,860)	(777)	(3,228)	(2,527)	(1,691)	(1,872)	(1,545)	(3,634)
Net impairment gain/(loss) on financial assets	(344)	(24)	174	70	(243)	(385)	(53)	(92)
Profit/(loss) before income tax	**6,878**	**168**	**561**	**1,930**	**(593)**	**2,363**	**403**	**634**
Income tax expense	(2,050)	(20)	(4)	(225)	75	(938)	(70)	(40)
Profit/(loss) for the year	4,828	148	557	1,705	(518)	1,425	333	594
Condensed statements of financial position								
Assets								
Cash and bank balances	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	42,584	3,590	14,342	20,763	5,189	6,108	10,634	15,461
Investment securities	72,228	707	15,587	15,441	2,729	21,725	901	38,062
Other assets	2,449	388	8,567	646	196	607	77	945
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	542	255	237	499	106	325	184	941
Intangible assets	54	8	127	2	36	28	20	7
Deferred tax assets	91	-	-	-	618	-	-	-
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	14,494	-	20,940	6,409	4,651	1,839	-	4,989
Deposits from customers	93,507	6,442	17,891	31,311	7,984	26,322	12,486	46,907
Other liabilities	2,222	640	1,378	3,100	473	898	1,318	2,812
Current tax liabilities	1,958	20	230	225	17	938	70	40
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Total Equity	15,645	2,383	2,030	7,063	1,877	4,496	3,527	2,820
	127,826	9,485	42,469	48,108	15,002	34,493	17,401	57,568
Condensed cash flows								
Net cash from operating activities	(28,126)	(1,929)	2,398	146	880	(2,918)	(56)	(10,541)
Net cash from financing activities	(2,939)	181	(1,461)	(523)	1,019	(848)	76	(534)
Net cash from investing activities	(34)	(22)	34	(163)	38	(16)	(6)	68
Increase/(decrease) in cash and cash equivalents	(31,099)	(1,770)	971	(540)	1,937	(3,782)	14	(11,007)
Effects of exchange rate changes on cash and cash equivalents	(3)	-	-	-	(1)	-	(1)	-
Cash and cash equivalents at beginning of year	40,980	6,307	2,638	11,297	4,192	9,482	5,572	13,159
Cash and cash equivalents at end of year	9,878	4,537	3,609	10,757	6,128	5,700	5,585	2,152

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

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	1,778	7,444	2,400	1,470	4,866	836	7,481	4,712
Total operating expenses	(910)	(5,734)	(1,667)	(1,469)	(2,638)	(1,225)	(5,320)	(1,050)
Net impairment gain/(loss) on financial assets	(3)	(329)	(114)	(36)	(117)	(59)	(245)	-
Profit/(loss) before income tax	**865**	**1,381**	**619**	**(35)**	**2,111**	**(448)**	**1,916**	**3,662**
Income tax expense	(1)	(40)	(284)	(106)	(177)	-	(693)	(979)
Profit/(loss) for the year	**864**	**1,341**	**335**	**(141)**	**1,934**	**(448)**	**1,223**	**2,683**
Condensed statements of financial position								
Assets								
Cash and bank balances	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748
Financial assets held for trading	-	-	-	-	-	-	-	-
Derivative assets	-	-	-					
Loans and Advances to Banks	-	-	-	-	-	-	-	-
Loans and advances to customers	1,296	25,839	10,918	1,965	22,147	1,857	37,559	-
Investment securities	6,196	68,970	3,409	2,636	2,637	689	26,659	6,039
Other assets	-	1,932	260	233	1,529	199	569	852
Investments in equity-accounted investee	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-
Property and Equipment	325	2,455	518	229	419	97	658	47
Intangible assets	-	6	11	18	17	15	95	131
Deferred tax assets	-	14	-	-	-	-	-	46
	13,357	**104,450**	**20,470**	**9,355**	**37,274**	**4,813**	**92,071**	**7,863**
Financed by:								
Derivative liabilities	-	-	-	-	-	-	-	-
Deposits from banks	396	23,382	-	-	32	-	-	-
Deposits from customers	9,632	73,550	16,197	6,878	29,048	3,230	77,045	-
Other liabilities	265	662	501	1,192	2,019	1,134	7,301	3,147
Current tax liabilities	21	41	269	106	177	-	693	982
Subordinated liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Deferred tax liabilities	15	-	-	-	-	-	-	-
Total Equity	3,028	6,815	3,503	1,179	5,998	449	7,032	3,734
	13,357	**104,450**	**20,470**	**9,355**	**37,274**	**4,813**	**92,071**	**7,863**
Condensed cash flows								
Net cash from operating activities	927	(1,017)	(1,908)	(1,727)	2,259	409	5,822	2,536
Net cash from financing activities	1,426	(674)	159	(42)	28	852	(422)	(2,507)
Net cash from investing activities	(75)	(233)	(5)	8	10	77	(145)	(12)
Increase/(decrease) in cash and cash equivalents	**2,278**	**(1,924)**	**(1,754)**	**(1,761)**	**2,297**	**1,338**	**5,255**	**17**
Effects of exchange rate changes on cash and cash equivalents	(1)	(1)	-	1	-	1	1	-
Cash and cash equivalents at beginning of year	3,263	7,159	7,108	6,034	8,228	617	21,275	731
Cash and cash equivalents at end of year	5,540	5,234	5,354	4,274	10,525	1,956	26,531	748

Condensed result of consolidated subsidiaries continued

For the year ended 31 December 2015

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	1,446	1,620	14	1,523	513	-	157,463	(21,697)	210,243
Total operating expenses	(1,622)	(1,472)	(5)	(1,797)	(474)	-	(103,237)	17,127	(136,626)
Net impairment gain/(loss) on financial assets	110	(56)	-	65	-	-	(3,491)	119	(5,053)
Share of loss of equity-accounted investee	-	-	-	-	-	-	-	(110)	(110)
Profit/loss) before income tax	**(66)**	**92**	**9**	**(209)**	**39**	**-**	**50,735**	**(4,561)**	**68,454**
Income tax expense	(94)	(26)	-	-	(62)	-	(3,093)	27	(8,800)
Profit/(loss) for the year	**(160)**	**66**	**9**	**(209)**	**(23)**	**-**	**47,642**	**(4,534)**	**59,654**
Condensed statements of financial position									
Assets									
Cash and bank balances	2,015	2,533	672	2,791	-	455	590,774	(52,377)	655,371
Financial assets held for trading	-	-	-	-	-	-	11,249	-	11,249
Derivative assets	-	-	-	-	-	-	1,809	-	1,809
Loans and Advances to Banks	-	-	-	-	-	-	14,591	9	14,600
Loans and advances to customers	9,288	4,592	-	21,135	-	2	822,694	(41,326)	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	-	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									
Net cash from operating activities	(956)	690	329	(5,505)	2,183	-	58,408	88,577	110,881
Net cash from financing activities	358	245	-	660	(2,126)	-	12,787	8,100	13,815
Net cash from investing activities	25	13	1	(192)	(57)	-	(118,722)	(77,465)	(196,872)
Increase/(decrease) in cash and cash equivalents	**(573)**	**948**	**330**	**(5,037)**	**-**	**-**	**(47,527)**	**19,212**	**(72,176)**
Effects of exchange rate changes on cash and cash equivalents	(1)	1	-	(1)	-	-	913	(1,447)	(539)
Cash and cash equivalents at beginning of year	2,589	1,584	342	7,829	-	455	337,200	(77,469)	420,571
Cash and cash equivalents at end of year	**2,015**	**2,533**	**672**	**2,791**	**-**	**455**	**290,586**	**(59,704)**	**347,856**

Other National Disclosures

United Bank for Africa Plc

Other National Disclosures

Statement of Value Added
For the year ended 31 December

	2016 N'million	%	2015 N'million	%
Group				
Gross revenue	383,647		314,844	
Interest paid	(98,770)		(96,030)	
	284,877		218,814	
Administrative overheads:				
- local	(90,784)		(63,879)	
- foreign	(2,504)		(16,014)	
Value added	**191,589**	100	**138,921**	100
Distribution				
Employees				
- Salaries and benefits	64,614	34	57,446	41
Government				
- Taxation	18,378	10	8,800	7
The future				
- Asset replacement (depreciation and amortization)	8,650	4	7,968	6
- Asset replacement (provision for losses)	27,683	14	5,053	4
- Expansion (transfer to reserves and non-controlling interest)	72,264	38	59,654	42
	191,589	**100**	**138,921**	**100**

	2016 N'million	%	2015 N'million	%
Bank				
Gross revenue	269,895		247,378	
Interest paid	(68,525)		(83,161)	
	201,370		164,217	
Administrative overheads:				
- local	(68,297)		(60,560)	
- foreign	(121)		(1,117)	
Value added	**132,952**	**100**	**102,540**	**100**
Distribution				
Employees				
- Salaries and benefits	43,501	32	42,033	41
Government				
- Taxation	10,108	8	3,093	3
The future				
- Asset replacement (depreciation and amortization)	6,281	5	6,281	6
- Asset replacement (provision for losses)	25,521	19	3,491	3
- Expansion (transfer to reserves and non-controlling interest)	47,541	36	47,642	47
	132,952	**100**	**102,540**	**100**

Other National Disclosures

Group Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
ASSETS					
Cash and bank balances	760,930	655,371	812,359	716,803	714,115
Financial assets held for trading	52,295	11,249	1,099	784	457
Derivative assets	10,642	1,809	6,534	3,265	-
Loans and advances to banks	22,765	14,600	48,093	26,251	28,513
Loans and advances to customers	1,505,319	1,036,637	1,071,859	937,620	658,922
Investment securities	970,392	856,870	657,523	811,206	680,817
Other assets	37,849	40,488	30,057	30,436	18,598
Investments in equity-accounted investee	2,925	2,236	2,986	2,977	-
Property and equipment	93,932	88,825	89,517	75,409	70,746
Intangible assets	14,361	11,369	9,430	7,356	7,568
Deferred tax assets	33,060	33,168	33,116	30,189	29,624
Non-current assets held for distribution		-			63,563
TOTAL ASSETS	**3,504,470**	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**
LIABILITIES					
Derivative liabilities	14	327	943	31	124
Deposits from banks	109,080	61,066	59,228	60,582	57,780
Deposits from customers	2,485,610	2,081,704	2,169,663	2,161,182	1,720,008
Other liabilities	110,596	54,885	63,566	78,071	81,438
Current tax liabilities	5,134	6,488	4,615	2,861	1,274
Borrowings	259,927	129,896	113,797	48,866	114,520
Subordinated liabilities	85,978	85,620	85,315	55,653	53,719
Deferred tax liabilities	62	15	40	14	59
Liabilities held for distribution	-	-	-	-	51,534
TOTAL LIABILITIES	**3,056,401**	**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	299,337	190,313	135,507	103,226	64,683
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	434,851	325,827	259,930	227,649	189,106
Non-controlling interest	13,218	6,794	5,476	7,387	3,361
TOTAL EQUITY	448,069	332,621	265,406	235,036	192,467
TOTAL LIABILITIES AND EQUITY	**3,504,470**	**2,752,622**	**2,762,573**	**2,642,296**	**2,272,923**

Summarized Statement of Comprehensive Income

In millions of Nigerian Naira	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Net operating income	270,889	210,257	189,060	176,993	159,216
Operating expenses	(152,501)	(136,640)	(129,686)	(107,851)	(102,592)
Net impairment loss on loans and receivables	(27,683)	(5,053)	(3,183)	(13,078)	(4,560)
Share of profit/(loss) of equity-accounted investee	(63)	(110)	9	(6)	(54)
Profit before taxation	**90,642**	**68,454**	**56,200**	**56,058**	**52,010**
Taxation	(18,378)	(8,800)	(8,293)	(9,457)	(533)
Profit after taxation	72,264	59,654	47,907	46,601	51,477
Profit from discontinued operations	-	-	-	-	3,289
Profit for the year	**72,264**	**59,654**	**47,907**	**46,601**	**54,766**
- Non-controlling interest	2,860	1,050	886	684	102
- Equity holders of the parent	69,404	58,604	47,021	45,917	54,664
Other comprehensive income for the year	65,886	6,168	(2,562)	7,101	764
Total comprehensive income for the year	**138,150**	**65,822**	**45,345**	**53,702**	**55,530**

Bank Five - Year Financial Summary

Statement of financial position

In millions of Nigerian Naira	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
ASSETS					
Cash and bank balances	610,910	590,774	749,716	620,426	629,481
Financial assets held for trading	52,295	11,249	1,099	777	456
Derivative assets	10,642	1,809	6,534	3,265	-
Loans and advances to banks	23,850	14,591	48,991	26,251	27,878
Loans and advances to customers	1,090,355	822,694	884,587	796,942	570,714
Investment securities	533,016	568,203	442,909	585,445	527,994
Other assets	31,192	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	80,252	80,145	81,050	67,661	63,118
Intangible assets	4,905	4,954	3,446	1,401	1,578
Deferred tax assets	29,696	31,853	31,853	28,643	28,152
Non-current assets held for distribution	-	-	-	-	5,808
TOTAL ASSETS	**2,539,585**	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**
LIABILITIES					
Derivative liabilities	14	327	943	31	124
Deposits from banks	30,484	350	1,526	-	22,875
Deposits from customers	1,698,859	1,627,060	1,812,277	1,797,376	1,461,131
Current tax liabilities	522	634	1,858	1,602	1,325
Subordinated liabilities	85,978	85,620	85,315	55,653	55,474
Borrowings	259,927	129,896	113,797	48,866	114,520
Other liabilities	72,901	34,219	41,209	54,351	57,299
TOTAL LIABILITIES	**2,148,685**	**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	255,386	202,717	157,510	135,115	95,894
TOTAL EQUITY	390,900	338,231	281,933	259,538	220,317
TOTAL LIABILITIES AND EQUITY	**2,539,585**	**2,216,337**	**2,338,858**	**2,217,417**	**1,933,065**

Summarized statement of comprehensive income

In millions of Nigerian Naira	31 December 2016	31 December 2015	31 December 2014	31 December 2013	31 December 2012
Net operating income	190,231	157,477	144,140	137,944	124,356
Operating expenses	(107,061)	(103,251)	(99,226)	(85,922)	(75,393)
Net impairment loss on loans and receivables	(25,521)	(3,491)	(2,536)	(181)	(2,783)
Profit before taxation	**57,649**	**50,735**	**42,378**	**51,841**	**46,180**
Taxation	(10,108)	(3,093)	(2,295)	(5,358)	1,195
Profit/(loss) for the year	**47,541**	**47,642**	**40,083**	**46,483**	**47,375**
Other comprehensive income for the year	26,896	8,119	(1,197)	9,167	3,534
Total comprehensive income/(loss) for the year	**74,437**	**55,761**	**38,886**	**55,650**	**50,909**