UNITED BANK FOR AFRICA PLC

Consolidated and Separate Financial Statements for the Year Ended 31 December 2022

Africa's Global Bank

Tax Identification Number : 01126011-0001

Contents

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of UBA Plc ("the Bank") and its Subsidiaries (together "the Group") for the year ended 31 December 2022.

1 Results at a Glance

	Group		Bank	
	Dec-22 (N'Million)	Dec-21 (N'Million)	Dec-22 (N'Million)	Dec-21 (N'Million)
Profit before tax	200,876	153,073	141,317	60,519
Income tax expense	(30,599)	(34,395)	(7,621)	(1,850)
Profit after tax	170,277	118,678	133,696	58,669
Profit Attributable to:				
Equity holders of the Bank	165,451	115,883	133,696	58,669
Non-controlling interests	4,826	2,795	-	-
Earnings Per Share:				
Basic & Diluted	4.84	3.39	3.91	1.72

2 Dividend

The Directors, pursuant to the powers vested in it by the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, propose a final dividend of N0.90 per share (31 December 2021: N0.80 per share) from the retained earnings account as at 31 December 2022. This proposed final dividend and the N0.20 per share interim dividend paid in September 2022, brings the total dividend for the year to N1.10, amounting to a pay-out ratio of 29.0% (31 December 2021: 29%), and a yield of 10.7%. The proposed dividend will be presented to shareholders for approval at the next Annual General Meeting and paid subsequently subject to withholding tax at an appropriate rate.

3 Legal form

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

4 Major activities & business review

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

5 Directors

NAME	DESIGNATION
Mr. Tony Elumelu, CFR	Chairman
Amb. Joe Keshi, OON (1)	Vice-Chairman
Mrs. Owanari Duke	Independent Non-Executive Director
High Chief Samuel Oni, FCA (2)	Independent Non-Executive Director
Ms. Angela Aneke	Independent Non-Executive Director
Erelu Angela Adebayo	Non-Executive Director
Dr. Kayode Fasola	Non-Executive Director
Mr. Abdulqadir J. Bello	Non-Executive Director
Ms. Aisha Hassan Baba, OON	Independent Non-Executive Director
Mrs. Caroline Anyanwu	Non-Executive Director
Mr. Kennedy Uzoka (1)	Group Managing Director/CEO
Mr. Oliver Alawuba (3)	Group Managing Director/CEO
Mr. Uche Ike (1)	Executive Director, Risk Management, Governance & Compliance
Mr. Chukwuma Nweke (1)	Executive Director, Group Chief Operating Officer
Mr. Ibrahim Puri (1)	Executive Director, North Bank
Mr. Chiugo Ndubisi (1)	Executive Director, Treasury & International Banking
Mr. Muyiwa Akinyemi (4)	Deputy Managing Director
Ms Emem Usoro (4)	Executive Director, North Bank
Ms Sola Yomi-Ajayi (4)	Executive Director, International Banking
Mr. Ugochukwu Nwaghodoh (4)	Executive Director, Finance and Risk Management
Mr. Alex Alozie (4)	Executive Director, Group Chief Operating Officer
Mrs. Abiola Bawuah (5)	Executive Director/CEO, UBA Africa

(1) Retired from the Board on July 31, 2022
(2) Retired from the Board on December 19, 2022
(3) Appointed Group Managing Director/CEO on August 01, 2022. He was formerly the Deputy Managing Director.
(4) Appointed to the Board on August 01, 2022
(5) Appointed to the Board on January 3, 2023

Directors' Report - Continued

6 Directors' interests

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

	31-Dec-22		31-Dec-21	
Name	**Direct holding**	**Indirect holding**	**Direct holding**	**Indirect holding**
Mr. Tony Elumelu, CFR	194,669,555	2,185,934,184	194,669,555	2,185,934,184
Amb. Joe Keshi, OON	833,499	-	833,499	-
Mrs. Owanari Duke	86,062	-	86,062	-
High Chief Samuel Oni, FCA	2,065	-	2,065	-
Ms. Angela Aneke	-	-	-	-
Erelu Angela Adebayo	163,803	-	163,803	-
Dr. Kayode Fasola	100,000	-	100,000	-
Mr. Abdulqadir J. Bello	130,000	-	130,000	-
Mrs. Aisha Hassan Baba, OON	-	-	-	-
Mrs. Caroline Anyanwu	993,669	-	993,669	-
Mr. Kennedy Uzoka	37,173,909	-	37,173,909	-
Mr. Uche Ike	13,012,497	-	13,012,497	-
Mr. Chukwuma Nweke	1,119,860	-	1,059,860	-
Mr. Oliver Alawuba	1,593,248	-	1,593,248	-
Mr. Ibrahim Puri	14,712,358	-	4,580,254	-
Mr. Chiugo Ndubisi	-	-	-	-
Mr. Nwaghodoh Ugochukwu Alex	5,399,816		-	
Mr. Muyiwa Akinyemi	2,728,245		-	
Mrs. Sola Yomi - Ajaiyi	-		-	
Mr. Alex Alozie	-		-	
Ms. Emem Usoro	693,550		-	
Mrs. Abiola Bawuah*	2,684,781		-	

*Apointed to the Board on January 3, 2023

Details of indirect holdings

Name of Director	Companies	Indirect Holding
Mr. Tony O. Elumelu, CFR	HH Capital Limited	140,843,816
	Heirs Holdings Limited	1,814,003,900
	Heirs Alliance Limited	231,086,468
		2,185,934,184

7 Analysis of shareholding

The details of shareholding of the Bank as at 31 December, 2022 is as stated below;

Headline	Shareholders			Holdings		
Range	Count	Cumulative Count	Count (%)	Aggregate Holdings	Cumulative Holdings	Aggregate Holdings (%)
1 – 1,000	33,286	33,286	12.13	15,099,109	15,099,109	0.04
1,001 – 5,000	120,282	153,568	43.83	300,330,652	315,429,761	0.88
5,001 – 10,000	44,692	198,260	16.29	305,976,591	621,406,352	0.89
10,001 – 50,000	53,791	252,051	19.60	1,121,732,863	1,743,139,215	3.28
50,001 – 100,000	10,643	262,694	3.88	722,332,189	2,465,471,404	2.11
100,001 – 500,000	8,868	271,562	3.23	1,809,226,389	4,274,697,793	5.29
500,001 – 1,000,000	1,288	272,850	0.47	902,367,024	5,177,064,817	2.64
1,000,001 – 5,000,000	1,188	274,038	0.43	2,314,510,730	7,491,575,547	6.77
5,000,001 – 10,000,000	149	274,187	0.05	1,035,107,337	8,526,682,884	3.03
10,000,001 – 50,000,000	139	274,326	0.05	2,828,473,339	11,355,156,223	8.27
50,000,001 – 100,000,000	24	274,350	0.01	1,594,933,359	12,950,089,582	4.66
100,000,001 – 500,000,000	35	274,385	0.01	10,094,544,917	23,044,634,499	29.52
500,000,001 – 1,000,000,000	10	274,395	0.00	6,741,845,026	29,786,479,525	19.71
1,000,000,001 and Above	3	274,398	0.00	4,412,941,841	34,199,421,366	12.90
TOTAL	**274,398**		**100**	**34,199,421,366**		**100**

8 Substantial interest in shares: shareholding of 5% and above

According to the Register of Shareholders as at 31 December, 2022, no shareholder held more than 5% of the share capital of the Bank except the following;

Shareholders	Holding	Holding (%)
Heirs Holdings Limited	1,814,003,900	5.30%

9 Trading in the shares of UBA

A total of 2.81 billion units of UBA shares were traded on the Nigerian Stock Exchange (NSE) in 2022, representing 8.2% of the shares outstanding. The Nigerian equity market ended 2022 on a positive note for the third consecutive year. Despite global turmoil, rising domestic inflation and interest rate hikes, the equity market posted a significant gain of 19.68%, with shares of UBA closing the period at N7.60. The positive rally in the bourse was driven by low fixed-income yield environment, strong earnings performance across various companies and, portfolio repositioning that attracted institutional money into the market.

10 Acquisition of own shares

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

11 Donations

As a part of our commitment to the development of host communities, the environment and broader economy within which we operate, across the Group, a total of **N1,337,000,000** (One Billion Three Hundred and Thirty Seven Million Naira only) (Bank: N1,244,000,000) was given out as donations and charitable contributions for the year ended 31, December 2022 (2021: N1.405bn), through UBA Foundation.

12 Management Shared Services Arrangement

There exist a management shared services arrangement between UBA Plc and its subsidiaries within the UBA Group. These shared services are classified under three (3) broad categories: centralised executive management services, intra-group support services and information technology (IT) services. These services are in line with the approved services in Section 5.1 of CBN guidelines for shared services arrangements for banks and other financial institutions

The shared services being provided by UBA Plc provides the Group with economic and commercial benefit due to the fact that, given the same circumstances, an independent person in a similar circumstance would be willing to pay for similar services if provided by another independent party or would have performed the activity in-house for itself. The shared services are necessary to achieve the following benefits enjoyed by the Group members during the year:

1. Ensuring uniformity and standardisation of business processes within the Group
2. Achieving cost and operational efficiency
3. Exploiting economies of scale and global corporate efficiency for commonly required services.

The Bank has a Group transfer pricing policy which documents the details of the shared services and the functions performed by the Bank and the regional offices to the subsidiaries, in line with the shared services agreement. The cost of providing these services is allocated proportionately to the relevant beneficiaries using predetermined allocation keys.

Directors' Report - Continued

13 Employment and employees

Employment of Physically Challenged Persons

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

Health, Safety at Work and Welfare of Employees

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

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

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

Directors' Report - Continued
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, wherein employees interact with the Management to discuss issues of customer and employee satisfaction, the GMD/CEO operates an open-door policy and encourages employees to channel suggestions and complaints to him as may be required. The Human Capital Management Division also holds monthly "HR Clinic", a personalized avenue to address relevant employee welfare and career satisfaction issues.

Research and Development

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

Demographics of our workforce

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

(a) Staff distribution by gender during the period ended 31 December 2022

Description	Gender	Head Count	% of Total
Group	Male	5,399	56%
	Female	4,198	44%
	Total	**9,597**	**100%**
Bank	Male	3,265	56%
	Female	2,541	44%
	Total	**5,806**	**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	8	53%
	Female	7	47%
	Total	**15**	**100%**
Top Management	Male	78	67%
	Female	38	33%
	Total	**116**	**100%**

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

Description	Head Count		Head Count		Total
	Male	% of Total	Female	% of Total	
Directors	8	53%	7	47%	15
General Managers	15	68%	7	32%	22
Deputy General Managers	15	60%	10	40%	25
Assistant General Managers	48	70%	21	30%	69
Total	**86**	**66%**	**45**	**34%**	**131**

Directors' Report - Continued

(b) Group Staff distribution by nationality and location during the period ended 31 December 2022

Location	Nationality	Head Count
Nigeria	Nigerian	**5,806**
	Other 19 African Countries	**6**
	Indian	**2**
UBA Central Africa:	Nigerian	**17**
Cameroon, Congo DRC, Congo Brazzaville, Gabon, Chad.	Other 19 African Countries	**1,034**
UBA West Africa	Nigerian	**51**
Ghana, Sierra Leone, Liberia,Cote D Ivoire, Senegal, Burkina Faso, Benin, Guinea and Mali	Other 19 African Countries	**1,812**
UBA East & Southern Africa	Nigerian	**18**
Kenya, Tanzania, Zambia, Uganda and Mozambique	Other 19 African Countries	**755**
UBA USA	Nigerian	**18**
	American	**11**
	Ivorian	**2**
	Chinese	**2**
	Columbian	**1**
	Congolese	**1**
	Dutch	**1**
	Ghanaian	**2**
	Haitian	**1**
	Hispanic	**3**
	Indian	**2**
	Indonesian	**1**
	Jamaican	**3**
	Kenyan	**1**
	Pakistani	**1**
	Sierra Leonean	**1**
	St. Martin	**1**
	Ukrainian	**1**
UBA UK	Nigerian	**9**
	British	**26**
	Croatian	**1**
	Canadian	**1**
	French	**1**
	Ghanian	**1**
	South African	**1**
France	French	**2**
Dubai	British	**1**
Total		**9,597**

14 Property and Equipment

Movements in property and equipment during the period are shown in note 30 of the consolidated and separate financial statements. 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 statements.

15 Events After the Reporting Date

There are no events after the reporting date, which could have had material effect on the financial position of the Group as at December 31, 2022 and the profit and other comprehensive income for the year ended at that date.

Directors' Report - Continued

16 Audit Committee

Pursuant to Section 404(3) of the Companies and Allied Matters Act, the Bank has an Audit Committee comprising three Shareholders and two Non-Executive Directors and as follows:

Mr. Feyi Ogoji	Chairman/Shareholder
Mr. Matthew Esonanjor	Member/Shareholder
Mr. Alex Adio	Member/Shareholder
Mrs. Owanari Duke	Member/Independent Non-Executive Director
Ms. Angela Aneke	Member/Independent Non-Executive Director

The functions of the Audit Committee are as laid down in Section 404(7) of the Companies and Allied Matters Act.

17 Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020 and Section 20.2 of the NCCG 2018, Messrs. Ernst & Young have indicated their willingness to continue in office as External Auditors of UBA Plc.

18 Disclosure of Customer Complaints in the Financial Statements for the Period Ended 31 December 2022

	Number		Amount Claimed (N'Million)		Amount Refunded (N'Million)		Amount Claimed (USD)	Amount Refunded (USD)	Amount Refunded (GBP)	Amount Refunded (GBP)
DESCRIPTION	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Pending Complaints B/F	3,370	998	921	3,193	-	-	-	-	-	-
Received Complaints	1,408,062	464,391	86,343	71,126	-	-	-	-	-	-
Resolved Complaints	1,388,194	461,981	54,616	15,576	405	3,578	18,507	4,397	538	587
Unresolved Complaints Escalated from CBN for Intervention	43	38	23	479	-	-	-	-	-	-
Unresolved Complaints Pending with the bank C/F	15,375	3,370	1,551	921	-	-	-	-	-	-

By the order of the Board

Bili A. Odum
Group Company Secretary/Legal Counsel,
57 Marina, Lagos
FRC/2013/NBA/00000001954

COMPLAINTS AND FEEDBACK

United Bank for Africa Plc is a customer-focused Pan-African financial services institution that is committed to putting its customers first and at the centre of every business decision. Our C1st philosophy which launched in 2016 was birthed to transform the Bank's approach to its customers and renew its commitment to becoming a truly Customer centric institution. Our aim is to deliver excellent customer experience and provide high quality financial solutions to our over twenty-five million customers across the 23 countries in which we operate.

We understand that to effectively serve our customers, we must have the capacity to resolve customer complaints and generate insightful feedback to improve customer experience and support product, channel and process development and innovation.

Our Voice of customer solution implemented across our Digital and Physical touch points including our Customer Fulfilment Centre, provides the bank with real time feedback of our customers experience across our platforms whilst our complaints management process, provides the bank with an effective means of capturing and resolving customer complaints.

The efficiency of the complaints management and feedback process is supported by efficient UBA employees who are trained each week on delivering exceptional experience to our customers and also renew their promise to our customers each year by signing the UBA signed service charter.

The Bank's service charter makes a promise to do more than is expected and delight our customers at every interaction.

We promise to:

- Do what we say we are going to do, NO EXCUSES, we give our word, and we keep it;
- Take ownership and resolve a customer's issue to the end;
- Go the extra mile to delight our customers at every interaction;
- Treat our customers with respect and always listen with the intent to serve and resolve;
- Empower staff to resolve customers' issues at first contact; and
- Provide our customers with the right information at the right time;

Complaints Management Process

To ensure Customers' cases - complaints, enquiries and requests are managed effectively, the Bank has put in place an effective complaints management platform and process that is easy to use and is accessible to all customers. Complaints made via this channel are routed to a team within the bank that is responsible for resolving the case within defined timelines which are aligned with Central Bank of Nigeria (CBN) complaints resolution timelines.

All cases are tracked and reviewed to identify root cause and fixes implemented to improve process, platforms, products and customer experience. Key Performance Indicators have been developed to effectively measure and monitor the efficiency and performance of the process which is also periodically reviewed to ensure the bank is efficient at handling customer complaints.

The complaints and resolution processes are as follows:

(i) The Bank can be reached via a branch, calls, E-mail, Live Chat, Social Media; Twitter, Facebook and Leo

(ii) Complaint is logged on the bank's Complaints Management platform and a notification sent to the customer with a case identification number

(iii) The complaint is reviewed, and effort is made to resolve at First Contact, where this cannot be achieved, the case is referred to the relevant department to treat and close within defined timelines

(iv) Once the complaint has been resolved and closed, the customer receives a notification to confirm the complaint has been resolved.

(v) The customer is given an opportunity to confirm satisfactory closure of the compliant or to dispute closure

(vi) The ombudsman service provided by the bank also gives customers the opportunity to escalate complaints for further review or investigation

In line with Central Bank of Nigeria (CBN) guidelines, the bank renders periodic reports on the complaints received, resolution of complaints and actions taken to avoid recurrence.

Customer Feedback & continuous Improvement

UBA is committed to listening to its customers and employees and has established feedback mechanism to gather structured and unstructured feedback. Surveys are triggered to customers after transactions to measure their experience with the banks channels, products and process. Conversations are also monitored across social channels and sentiments analysed for effective resolution of issues.

Feedback is received via the following channels:

1. Voice of customer surveys
2. Voice of Employee surveys
3. Customer Fulfilment Centre
4. Customer forums
5. Social media platforms
6. Branches
7. Whistleblowing platform
8. Ombudsman

Once received, feedback is reviewed, and actionable insight shared with the relevant teams in the bank to improve process, innovate and develop solutions for UBA customers.

Complaints & Feedback Channels

Customer Fulfilment Centre (CFC)

A 24/7 Multi-Lingual Customer Contact Centre, that provides UBA customers with access to a customer experience expert who is available to support customer complaints, enquiries and requests. The team is manned by highly skilled personnel with rich and diverse banking experience to promptly resolve customer complaints

Telephone

A dedicated 24hr dedicated hotline on is available on 01 280 8822 and 0700 2255 822

Email Address

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

Branch Hotlines

Branded toll-free phones are available at all branches for customers call the Customer Fulfilment Centre. Calls received via this channel are handled by designated inbound call centre agents.

Live Chat

A live chat option is available on the UBA website www.ubagroup.com, customers can chat online real time with our highly skilled Customer Experience Experts

UBA Cares

Our dedicated customer care social media handle @UBACares provides real time support and resolution to our customers

Leo (UBA Chatbot)

Log and track a complaint via Leo. Available on WhatsApp. Facebook Messenger and Apple Business Chat

Suggestion/Complaint Box

Customer Complaint boxes are available at all our branches for customers to provide feedback and suggestions to improve service

Post

A dedicated Post Office Box number 5551 is also available to our customer

Investor Complaint Channels

UBA has a dedicate email and contact number for shareholders who would like to make a complaint:
Email: investorrelations@ubagroup.com
Telephone: +234-1-280 - 8760
Contact: Investor Relations Unit, UBA House, 57, Marina, Lagos

CORPORATE GOVERNANCE REPORT

Introduction

United Bank for Africa Plc (UBA Plc) holds good corporate governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations. The Board of Directors of UBA Plc endorses the principles of Corporate Governance best practice as stated in the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 issued by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission Corporate Governance (SEC) Guidelines 2020, and the Nigerian Code of Corporate Governance 2018 issued by the Financial Reporting Council (FRC), effective January 1, 2020.

United Bank for Africa Plc has completed the Corporate Governance Rating System (CGRS) Recertification Exercise conducted by the Nigerian Exchange Limited (NGX) and the Convention on Business Integrity (CBI) Nigeria. UBA is one of the companies on NGX's Corporate Governance Index (CGI)

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
4. Governance Charters

A. The Board

The Board is adequately comprised of the appropriate mix of knowledge, skills, experience, and expertise. As of December 31, 2022, the Board had fifteen (15) members which include a Non-Executive Chairman, Group Managing Director, eight (8) other Non-Executive Directors (which include four (4) Independent Non-Executive Directors), and six (6) Executive Directors (which include the GMD/CEO).

Diversity

The Board promotes diversity in its membership for better decision-making, independent judgment and effective governance. There is an appropriate balance of skills and diversity (age and gender) without compromising competence, independence, and integrity. As of December 31, 2022, there are seven (7) female Directors on the Board, constituting 46% of the Board. This demonstrates the Board's commitment towards gender diversity.

Responsibility

The Board of Directors carries out its responsibility through its standing Committees. These are the Board Audit & Governance Committee, the Board Credit Committee, and the Board Risk Management Committee. Through the workings of these committees, the Board sets broad policy guidelines and ensures the proper oversight and direction of the Bank. The Chairman also sets up Ad-hoc Committees of the Board or Sub-Committees of the respective Board Committees from time to time to address specific projects/issues.

The roles of Chairman and Chief Executive Officer are separated and clearly defined. The Chairman is responsible for the management, development and effective functioning of the Board of Directors and provides leadership in every aspect of its work, 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 and other critical functional heads.

The Board's primary responsibility is to increase shareholder wealth. The Board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders. Executive Management is accountable to the Board for the development and implementation of strategy and policies.

The Board regularly reviews group performance, matters of strategic concern and other matters it regards as material. The Board meets quarterly and additional meetings are convened as the need arises. In 2022, the Board met seven (7) times. The record of attendance for Board Meetings for the year ended December 31, 2022 is presented below:

Corporate Governance Report (Continued)

Director	Number of Meetings Held	Number of Meetings Attended
Mr. Tony Elumelu, CFR	7	7
Mr. Oliver Alawuba	7	7
Mrs. Owanari Duke	7	7
High Chief Samuel Oni, FCA	7	7
Ms. Angela Aneke	7	7
Erelu Angela Adebayo	7	7
Dr. Kayode Fasola	7	7
Mr. Abdulqadir J. Bello	7	7
Ms. Aisha Hassan Baba, OON	7	7
Mrs. Caroline Anyanwu	7	7
Mr. Muyiwa Akinyemi	7	4*
Mr. Ugochukwu Nwaghodoh	7	4*
Mr. Alex Alozie	7	4*
Mr. Emem Usoro	7	4*
Mr. Sola Yomi-Ajayi	7	4*

* Appointed to the Board on August 1, 2022

The Board is responsible for Strategic Direction, Policy Formulation, Decision Making and Oversight. The Board is also responsible for ensuring that there is an effective system of internal control and risk management across the Bank. The Board also adopts effective processes for the appointment of new Directors.

In accordance with extant Codes of Corporate Governance and the Bank's governance charters, the Board has, through the Board Audit & Governance Committee, provided suitable induction programs for new members of the Board, and for existing members, continuous/ongoing training as determined by the Board Governance Committee. The training for Board members is included in the annual training plan for UBA Group which is approved by the Board at the beginning of the year with the annual budget.

As stipulated in the Board Governance & Board Committees Governance Charter, the Board has the authority to delegate matters to Directors, Board Committees and the Executive Management Committee. All Directors are aware that they may take independent professional advice at the expense of the Bank, in furtherance of performing their duties effectively. They all have unfettered 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.

Board Evaluation

Deloitte & Touché conducted the annual evaluation of the Board of Directors of UBA Plc for the year ended December 31, 2022 in compliance with Section 2.8.3. of the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 and Principle 14 of the Nigerian Code of Corporate Governance 2018. The results of the Board Evaluation conducted by Deloitte & Touché confirmed that the Board complied with the requirements of the extant Codes of Corporate Governance in terms of its structure, composition, procedures and responsibilities during the 2022 financial year. Key Board functionaries (Board and Board Committee Chairpersons) and the Board Committees also met their responsibilities under the Codes and governance charters, during the 2022 financial year.

Deloitte & Touche confirmed that the Bank conformed with the NCCG 2018 and rules in the SEC Guidelines 2020. Other positive attributes noted include:

a. The Board ensured regular performance monitoring and governance of the operations of its Subsidiaries, through the Board Audit & Governance Committee (BAGC) which received/ reviewed quarterly Subsidiary Governance Reports at its meetings.

b. The Board, through the BAGC monitored the KPIs of the Executive Directors in line with the Bank's Budget, to ensure achievement of the Bank's strategic objectives for the year.

c. Inclusion of the Bank's ESG/ Sustainability initiatives as an agenda item of the Board Audit & Governance Committee meetings

d. Various risks of the Bank including credit, financial, cybersecurity, liquidity risks, amongst others, were adequately monitored by the Board. In addition, external consultants were engaged to assist in checkmating the Bank's exposure to key risks.

e. The 2022 Budget was presented to and approved by the Board before the commencement of the financial/calendar year.

f. In line with the Companies and Allied Matters Act 2020, the membership of the SAC was restructured by the shareholders at the AGM to have three (3) shareholder representatives and two (2) Directors

g. The Board monitored the development and implementation of a customer experience action plan to address the emerging customer experience issues across the Bank.

h. The Board developed internal frameworks, including a COVID-19 Vaccination Policy, in their effort to uphold international standards and adopt safety measures to enhance the wellbeing and health of the staff of the Bank.

i. The 2022 Group Audit Plan and Budget was presented to and approved by the Board before the commencement of the 2022 calendar year.

The Report of the Board Evaluation Consultants on the Performance Evaluation of the Board of Directors of UBA Plc is included in this Annual Report.

Corporate Governance Review

In accordance with the provisions of the Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014 and the Nigerian Code of Corporate Governance 2018, Deloitte & Touché performed the annual corporate governance review of the Corporate Governance Framework of UBA Plc for the year ended December 31, 2022. The results of the review, which included an assessment of the Board's structure, composition, responsibilities, processes, procedures and the effectiveness of the Board Committees, confirmed that the Corporate Governance Framework and Practices in UBA Plc comply with the provisions of the extant Codes of Corporate Governance. The Report of the Board Evaluation Consultants on the Review of the Corporate Governance Framework of UBA Plc is included in this Annual Report

Appointments & Retirements

During the financial year ended December 31, 2022, the following Directors were appointed to the Board:

1. Mr. Muyiwa Akinyemi – Executive Director
2. Mr. Ugochukwu Nwaghodoh - Executive Director
3. Mr. Alex Alozie - Executive Director
4. Ms. Emem Usoro - Executive Director
5. Mrs. Sola Yomi-Ajayi - Executive Director

The following Directors also retired from the Board:

1. Amb. Joe Keshi, OON – Vice Chairman
2. High Chief Samuel Oni, FCA – Independent Non-Executive Director
3. Mr. Kennedy Uzoka - GMD
4. Mr. Uche Ike - Executive Director
5. Mr. Chukwuma Nweke - Executive Director
6. Mr. Ibrahim Puri - Executive Director
7. Mr. Chiugo Ndubisi - Executive Director

Also during the year, Mr. Oliver Alawuba was appointed as the Group Managing Directors & Chief Executive Officer.

B. Accountability and Audit

Financial Reporting

The Board has presented a balanced assessment of the Company's position and prospects. The Board is mindful of its responsibilities and is satisfied that in the preparation of the Directors' Report, the Directors have complied with the requirements of the Companies & Allied Matters Act 2020. The Board has also ensured the integrity of the annual reports and accounts and all material information provided to all relevant stakeholders.

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

Ernst & Young (EY) acted as external auditors to the Group for the year ended December 31, 2022. The Report of the External Auditors is contained in this Report.

C. Risk Management & Control Environment

The Group has consistently improved its internal control environment to ensure financial integrity and effective management of risks. The Board has ensured that the Group has in place, robust risk management policies and mechanisms for identification of risk and effective control.
The Directors review the effectiveness of the Bank's internal control environment through regular reports and reviews at Board and Board Audit Committee meetings.

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

D. Shareholder Rights

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

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

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

E. Board Committees

The Board of UBA Plc has the following Committees, namely:
1. Board Audit and Governance Committee
2. Board Credit Committee
3. Board Risk Management Committee

1 Board Audit and Governance Committee

The Board Audit & Governance Committee is a Committee of the Board of UBA Plc charged with the responsibility and oversight of Audit and Control, Governance, Human Resources, Legal Strategy, Strategic Direction, Budgeting, Financial Performance, and other financial matters.

The Committee has oversight over the governance structures and practices of the Bank. The Committee has responsibility for the nomination of Directors, Board composition, nomination of Directors for appointment to the Boards of Subsidiaries, recruitment, promotion, redeployment and disengagement of senior level staff, Board & Board Committee performance evaluation, Subsidiary Governance oversight, compensation & remuneration of Directors, and Board/Board Committees Inductions and Trainings. The Committee also approves the Human Resources and Governance Policies for the Group, recommends the organisation structure to the Board for approval, resolves work related issues and disputes, and evaluates the overall system of Corporate Governance for the Group.

The Committee discharges the Board's responsibilities with regard to strategic direction and budgeting and provides oversight on financial matters and the performance of the Group.

The Committee also provides Board oversight on internal control and audit 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.

As of December 31, 2022, the Board Audit and Governance Committee comprised of the following Non-Executive Directors:
1. Ms. Angela Aneke – Chairman
2. Mrs. Owanari Duke – Member
3. Erelu Angela Adebayo – Member
4. Dr. Kayode Fasola – Member
5. Mrs. Aisha Hassan-Baba, OON – Member

* The Board Audit Committee, Finance & General Purpose Committee and Board Governance Committee of the Board were merged and reconstituted as the Board Audit & Governance Committee.

Corporate Governance (Continued)

2 Board Credit Committee

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

As of December 31, 2022, the composition of the Board Credit Committee was as follows:

a. Mr. Abdulqadir J. Bello – Chairman
b. Mrs. Owanari Duke – Member
c. Dr. Kayode Fasola – Member
d. Mrs. Caroline Anyanwu - Member

3 Board Risk Management Committee

As of December 31 2022, the Board Risk Management Committee comprised the following Directors:

1. Mrs. Caroline Anyanwu – Chairman
2. Ms. Angela Aneke – Member
3. Mr. Abdulqadir Bello – Member
4. Mr. Oliver Alawuba – Member
5. Mr. Ugochukwu Nwaghodoh – Member
6. Mr. Alex Alozie – Member
7. Mrs. Sola Yomi-Ajayi - Member

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

Board Composition Analysis

Name of Director	Classification	Board Audit and Governance Committee	Board Credit Committee	Board Risk Management Committee
Mr. Tony O. Elumelu, CFR	Board Chairman (NED)	-	-	-
Mr. Oliver Alawuba	GMD/CEO, UBA Group	-	-	Member
Mr. Muyiwa Akinyemi	DMD, UBA Nigeria	-	-	-
Mr. Ugochukwu Nwaghodoh	ED, Risk and Finance	-	-	Member
Mr. Alex Alozie	ED/Group Chief Operating Officer	-	-	Member
Ms. Emem Usoro	ED, North Bank	-	-	-
Mrs. Sola Yomi-Ajayi	ED, International Banking	-	-	Member
Mrs. Owanari Duke	Independent Non-Executive Director	Member	Member	-
High Chief Samuel Oni, (FCA)	Independent Non-Executive Director	Member	-	-
Ms. Angela Aneke	Independent Non-Executive Director	Chairman	Member*	Member
Erelu Angela Adebayo	Non-Executive Director	Member	-	-
Mr. Abdulqadir Bello, (FCA)	Non-Executive Director	-	Chairman	Member
Dr. Kayode Fasola	Non-Executive Director	Member	Member	-
Ms. Aisha Hassan-Baba, (OON)	Independent Non-Executive Director	Member	-	-
Mrs. Caroline Anyanwu.	Non-Executive Director	-	Member	Chairman

*Left as member after the reconstitution of the board committees on August 30 2022

Board of Directors Attendance Analysis: Jan – Dec 2022

Name of Director	Annual General Meetings	Board Of Directors Meetings
No of meetings to be held for the year	**1**	**7**
Mr. Tony O. Elumelu, CFR	1	7
Ambassador Joe C. Keshi, OON*	1	3
Mr. Kennedy Uzoka*	1	3
Mr. Uche Ike*	1	3
Mr. Chukwuma Nweke*	1	3
Mr. Ibrahim Puri*	1	3
Mr. Chiugo Ndubisi*	1	3
Mr. Oliver Alawuba	-	7
Mr. Muyiwa Akinyemi***	-	4
Mr. Ugochukwu Nwaghodoh***	-	4
Mr. Alex Alozie***	-	4
Ms. Emem Usoro***	-	4
Mrs. Sola Yomi-Ajayi***	-	4
Mrs. Owanari Duke	1	7
High Chief Samuel Oni, (FCA)**	1	7
Ms. Angela Aneke	1	7
Erelu Angela Adebayo	1	7
Mr. Abdulqadir Bello, (FCA)	1	7
Dr. Kayode Fasola	1	7
Ms. Aisha Hassan-Baba, (OON)	1	7
Mrs. Caroline Anyanwu	1	7

**Director retired on July 31 2022.*
***Directors retired on December 19 2022*
****Directors were appointed August 1 2022*

Directors Committee Attendance Analysis: Jan – 30 Aug 2022

Name of Director	Board Audit Committee	Board Credit Committee	Board Governance Committee	Board Risk Management Committee	Board Finance and General-Purpose Committee	Joint Session of Finance and General-Purpose Committee and Board Audit Committee
No of meetings to be held for the year	**3**	**5**	**6**	**5**	**5**	**3**
Mr. Tony O. Elumelu, CFR	-	-	-	-	-	-
Ambassador Joe C. Keshi, OON*	-	-	-	-	-	-
Mr. Kennedy Uzoka*	-	-	-	5	5	3
Mr. Uche Ike*	-	-	-	5	-	-
Mr. Chukwuma Nweke*	-	-	-	5	5	3
Mr. Ibrahim Puri*	-	-	-	-	-	-
Mr. Chiugo Ndubisi*	-	-	-	-	5	3
Mr. Oliver Alawuba	-	-	-	-	-	-
Mr. Muyiwa Akinyemi***	-	-	-	-	-	-
Mr. Ugochukwu Nwaghodoh***	-	-	-	-	-	-
Mr. Alex Alozie***	-	-	-	-	-	-
Emem Usoro***	-	-	-	-	-	-
Sola Yomi-Ajayi***	-	-	-	-	-	-
Mrs. Owanari Duke	3	5	6	-	-	3
High Chief Samuel Oni, (FCA)**	3	-	-	5	-	3
Ms. Angela Aneke	-	5	6	-	5	3
Erelu Angela Adebayo	3	-	6	5	-	3
Mr. Abdulqadir Bello, (FCA)	-	5	-	5	5	3
Dr. Kayode Fasola	-	5	-	5	5	3
Ms. Aisha Hassan-Baba, (OON)	3	-	6	-	5	2
Mrs. Caroline Anyanwu.	3	5	-	5	-	3

**Director retired on 31 July 2022.*
***Directors retired on 19 December 2022*
****Directors were appointed August 1 2022. Also, the Board Audit Committee, Finance & General Purpose Committee and Board Governance Committee of the Board were merged and reconstituted as the Board Audit & Governance Committee.*

Directors Committee Attendance Analysis: Sept– Dec 2022

Name of Director	Classification	Board Audit and Governance Committee	Board Credit Committee	Board Risk Management Committee
No of meetings to be held for the year		**4**	**2**	**2**
Mr. Tony O. Elumelu, CFR	Board Chairman (NED)	-	-	-
Mr. Oliver Alawuba	GMD/CEO, UBA Group	-	-	2
Mr. Muyiwa Akinyemi	DMD, UBA Nigeria	-	-	
Mr. Ugochukwu Nwaghodoh	ED, Risk and Finance	-	-	2
Mr. Alex Alozie	ED, Group Chief Operating Officer	-	-	2
Ms. Emem Usoro	ED, North Bank	-	-	
Mrs. Sola Yomi-Ajayi	ED, International Banking	-	-	2
Mrs. Owanari Duke	Independent Non-Executive Director	4	2	-
High Chief Samuel Oni, (FCA)	Independent Non-Executive Director	-	-	-
Ms. Angela Aneke	Independent Non-Executive Director	4	-	2
Erelu Angela Adebayo	Non-Executive Director	4	-	
Mr. Abdulqadir Bello, (FCA)	Non-Executive Director	-	2	2
Dr. Kayode Fasola	Non-Executive Director	4	2	
Ms. Aisha Hassan-Baba, (OON)	Independent Non-Executive Director	4	-	
Mrs. Caroline Anyanwu	Non-Executive Director	-	2	2

F Executive Management Committees

In addition to the Board Committees, there are Management Committees which ensure effective and good corporate governance at the managerial level. These are Committees comprising of senior management staff of the Bank. The Committees are also risk-driven, as they are basically set up to identify, analyse, 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 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 issues occur to immediately take actions and decisions within the confines of their delegated authorities. Some of these Executive Management Committees include the Executive Management Committee (EMC), the Executive Credit Committee (ECC), the Assets and Liabilities Committee (ALCO), the Risk Management Committee (RMC), the Procurement Committee (PC), the IT & Cybersecurity Steering Committee (ITCSC), and the Criticized Assets Committee (CAC).

Corporate Governance (Continued)

G Statutory Audit Committee

The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act 2020. It comprises of a mixture of Non-Executive Directors and 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 the annual audited financial statements with Management and the External Auditors.

The Members of the Statutory Audit Committee as of December 31, 2022 were as follows:

a. Mr. Feyi Ogoji – Chairman/Shareholder
b. Mr. Matthew Esonanjor – Shareholder
c.Mr. Alex Adio – Shareholder
d. Mrs. Owanari Duke – Independent Non-Executive Director
e. Ms. Angela Aneke – Independent Non-Executive Director

In line with the Companies and Allied Matters Act 2020, the membership of the Statutory Audit Committee was restructured by the shareholders at the AGM to have three (3) shareholder representatives and two (2) Directors.

The record of attendance for the Statutory Audit Committee for the 2022 financial year is presented below:

Statutory Audit Committee Meetings		
Members	**Number of Meetings Held**	**Number of Meetings Attended**
Mr. Feyi Ogoji	4	4
Mr. Matthew Esonanjor	4	4
Mrs. Owanari Duke	4	4
Ms. Angela Aneke	4	4
Mr. Alex Adio	4	4

H Meetings Management

In view of current business realities, particularly the advancement of digital technology and the global impact of the COVID-19 pandemic, the Board had approved that all Board, Board Committee and Executive Management meetings from 2021 to hold virtually via either Microsoft Teams or Zoom. Towards this purpose, the Board also approved a Virtual Meeting & Communication Technology Framework to promote effective virtual meetings, provide broad guidelines for implementation of processes involving technology aided communication, and ensure compliance with all relevant COVID-19 Related Directives and Safety Protocols & Guidelines

The Board has also complied strictly with the requirements of the Federal & State Governments and the CAC Guidelines for the convening and conduct of the Bank's Annual General Meetings.

(I) Directors' Compensation

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

(J) Details of Training Attended by Directors

Training Programme	Training Objective	Participants	Date
Mining Business Account Training Programme	The Mining Business Training Programme aimed at enhancing participants knowledge of the mining business, its potentials, and the opportunities to provide service and grow our business.	• Kennedy Uzoka • Oliver Alawuba • Chiugo Ndubisi • Uche Ike • Chukwuma Nweke • Ibrahim Puri • Caroline Anyanwu • Abdulqadir Bello	February 8th 2022
Basel 111 Training Programme	The aim of the training was to familiarize board members with the comprehensive requirements for the immediate and effective implementation of all guidelines under BASEL III framework.	• Tony O. Elumelu, CFR • Joseph Keshi, OON • Owanari Duke • Samuel Oni, FCA • Angela Aneke • Erelu Angela Adebayo • Kayode Fasola • Abdulqadir Bello • Aisha Hassan-Baba, OON • Caroline Anyanwu • Kennedy Uzoka • Oliver Alawuba • Uche Ike • Chukwuma Nweke	February 12th 2022

Corporate Governance (Continued)

(J) Details of Training Attended by Directors- Continued

Board Immersion Programme	It was an immersion/re-immersion programme into the UBA Tribe and culture. It was aimed at providing participants with: • A working awareness of the Group's History, strategy, structures, and policies. • Adequate information to understand and fulfil Governance functions. • Opportunities to engage and collaborate with other Board members across the Group.	• Tony O. Elumelu, CFR • Joseph Keshi, OON • Owanari Duke • Samuel Oni, FCA • Angela Aneke • Erelu Angela Adebayo • Kayode Fasola • Abdulqadir Bello • Aisha Hassan-Baba, OON • Caroline Anyanwu • Kennedy Uzoka • Oliver Alawuba • Uche Ike • Chukwuma Nweke	February 10th-13th 2022.
EuroBonds Overview & Investments Programme	An overview on Eurobonds and investment benefits to investors in purchasing Eurobonds and how it provides exposure to foreign investments and a sense of diversification, spreading out the risks.	Chiugo Ndubisi	February 25th 2022
Understanding the Fixed Income Product Paper	The training focused on overview of Understanding Fixed Income, Special Considerations, Types & Examples of Fixed Income Products, Advantages & Risks associated with Fixed Income and Pros & Cons of Fixed Income.	Chiugo Ndubisi	March 12th 2022
Compliance Training Programme	To reemphasise the need to understand the fundamentals of Corporate Governance, Ethics & Code of Conduct. To also create awareness on Money Laundering & Terrorist Financing, understand and highlight the implications of Compliance Risks and cost of non-compliance.	Uche Ike	May 28th 2022
Wellness Session for Sales Leaders	The session focused on the Overall physical wellness which encourages the balance of physical activity, nutrition and mental well-being to keep body in top condition.	Ibrahim Puri	June 2nd 2022

Group Board & Board Committee Meeting Dates

Meetings	Board	Board Audit & Governance Committee	Board Audit Committee *	Board Governance Committee	Board Credit Committee	Board Risk Management Committee	Finance & General purpose Committee *
1	14-Feb-22	20-Sep-22	09-Feb-22	25-Jan-22	18-Jan-22	18-Feb-22	02-Feb-22
2	08-Apr-22	22-Sep-22	16-Feb-22	02-Feb-22	23-Mar-22	16-Mar-22	09-Feb-22
3	14-Jul-22	11-Oct-22	30-Mar-22	01-Apr-22	19-May-22	20-May-22	09-Mar-22
4	30-Aug-22	30-Nov-22	30-Jun-22	12-Apr-22	22-Jun-22	27-May-22	01-Jul-22
5	20-Oct-22		21-Jul-22	06-Jul-22	27-Jul-22	01-Jun-22	15-Jul-22
6	19-Dec-22		10-Aug-22	08-Jul-22	15-Sep-22	21-Sep-22	21-Jul-22
7	20-Dec-22				23-Nov-22	16-Nov-22	10-Aug-22
8							24-Aug-22

* Joint sessions of Board Audit Committee and Fianance & General Purpose Committee were held on 09 February, 2022, 21 July, 2022, and 10 August, 2022.

REPORT OF THE STATUTORY AUDIT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2022

To members of United Bank for Africa Plc

In accordance with the provision of Section 404[7] of the Companies and Allied Matters Act of the Federation of Nigeria 2020 , we the members of the Audit Committee hereby report as follows:

(i) We confirm that we have seen the Audit Plan & Scope, and the Management Letter on the Audit of the UBA Group Interim Consolidated & Separate Financial Statements for the year ended December 31, 2022, and the responses to the said letter.

(ii) In our opinion, the Plan & Scope of the Audit for the year ended December 31, 2022 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

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

(iv) As required by the provisions of the Central Bank of Nigeria circular BSD/1//2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements", we reviewed the insider-related credits of the Bank and found them to be as analysed in the Consolidated & Separate Financial Statements for the year ended December 31, 2022.

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

Members of the audit committee are:
a. Mr. Feyi Ogoji – Chairman/Shareholder
b. Mr. Matthew Esonanjor – Shareholder
c. Mr. Alex Adio – Shareholder
d. Ms. Angela Aneke – Independent Non-Executive Director
e.Mrs. Owanari Duke – Independent Non-Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31 2022

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act and Sections 24 and 28 of the Banks and Other Financial Institutions Act, the Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss and other comprehensive income for the year ended December 31, 2022 and in so doing they ensure that:

(i) Proper accounting records are maintained;

(ii) Applicable accounting standards are followed;

(iii) Suitable accounting policies are adopted and consistently applied;

(iv) Judgments and estimates made are reasonable and prudent;

(v) The going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and

(vi) Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

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

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

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

SIGNED ON BEHALF OF THE DIRECTORS:

Oliver Alawuba	**Tony O. Elumelu, CFR**
FRC/2022/PRO/DIR/003/589226	FRC/2013/CIBN/00000002590

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

In line with the provision of Section 405 of the Companies and Allied Matters Act (CAMA) 2020, we have reviewed the audited financial statements of the Group for the year ended December 31 2022 and based on our knowledge confirm as follows:

Financial Information

(i) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.

(ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the bank as of and for the year ended December 31, 2022.

Effectiveness of Internal Controls

(iii) The bank's internal controls have been designed to ensure that all material information relating to the bank and its subsidiaries is received and provided to the Auditors in the course of the audit.

(iv) The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of December 31 2022.

Disclosures

(v) That we have disclosed to the bank's External Auditors and the Audit Committee the following information:
(a) there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit.

(b) there is no fraud involving management or other employees which could have any significant role in the bank's internal control.

(vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

9 February 2023.

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

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

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16 February, 2023

The Chairman
United Bank for Africa Plc.
57 Marina Road
Lagos Island, Lagos
Nigeria.

Dear Sir,

Report of the Independent Consultants on the Review of Corporate Governance Framework of United Bank for Africa Plc

Deloitte & Touche has performed the annual corporate governance review of the Corporate Governance framework in UBA Plc for the year ended 31 December 2022. The scope of the review included an assessment of the Board's structure and composition, its responsibilities, processes, procedures and the effectiveness of Board Committees. The review was performed in compliance with Section 11.2.9.5 and Principle 15 of the Nigerian Code of Corporate Governance ("NCCG") and the Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses ("CBN Code").

Our approach involved a review of the Corporate Governance framework in UBA Plc, governance charters and policies and management framework in UBA Plc. The report of our evaluation was premised on desk review of governance policies, charters and minutes, as well as interview sessions with Directors and select Executive Management staff.

The result of our evaluation has shown that the Corporate Governance framework and practices in UBA Plc complies with the provisions of the extant Codes of Corporate Governance. The report further highlights details of our review activities, observations and some recommendations for the Board and Executive Management's action.

It should be noted that the matters raised in this report are only those that came to our attention during the course of our review. The evaluation is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported.

Yours faithfully,

For: Deloitte and Touche

Ibukun Beecroft

Ibukun Beecroft
FRC/2020/ICAN/00000020765
Partner

Deloitte.

Deloitte & Touche
Civic Towers, Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Nigeria.
Tel: +234 1 2717800
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16 February, 2023

The Chairman
United Bank for Africa Plc
57 Marina Road
Lagos Island
Lagos, Nigeria.

Dear Sir,

Report of the Independent Consultants on the Performance Evaluation of the Board of Directors of United Bank for Africa Plc

Deloitte & Touche has performed the annual evaluation of the Board of Directors of UBA Plc for the year ended 31 December 2022. The scope of the review included an assessment of the Board's structure and composition, its responsibilities, processes, procedures and the effectiveness of Board Committees. The review was performed in compliance with Section 2.8.3 of the Code of Corporate Governance for Banks and Discount Houses ("CBN Code") issued by the Central Bank of Nigeria ("CBN") and the Nigerian Code of Corporate Governance ("NCCG").

Our approach involved a review of the Board framework in UBA Plc, relevant governance documents, policies and procedures. The report of our evaluation was premised on desk review of governance documents, interview sessions with Directors and survey responses received from the Directors.

The result of our evaluation has shown that the Board complies with the provisions of the extant Codes of Corporate Governance in terms of its structure, composition, procedures and responsibilities. We also ascertained that the key Board functionaries (Board and Board Committee Chairpersons) and the Board Committees met their responsibilities under the Codes and governance charters in UBA Plc. The report further highlights details of our review activities, observations and some recommendations for the Board's action.

It should be noted that the matters raised in this report are only those that came to our attention during the course of our review. The evaluation is limited in nature and does not necessarily disclose all significant matters about the company or reveal any irregularities. As such, we do not express any opinion on the activities reported. The report should be read in conjunction with the Corporate Governance Section of the Annual Report.

Yours faithfully,
For: Deloitte and Touche

Ibukun Beecroft

Ibukun Beecroft
FRC/2020/ICAN/00000020765
Partner

Ernst & Young
10th Floor, UBA House
57, Marina
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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

Opinion

We have audited the consolidated and separate financial statements of United Bank for Africa Plc ("the Bank") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Bank as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, Financial Reporting Council of Nigeria Act No. 6, 2011 and Central Bank of Nigeria Circulars.

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 are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Loss (ECL) assessment on loans and advances to customers This is considered a key audit matter in the consolidated and separate financial statements given the significance of the amounts and the complexity and judgement involved in the process, which required considerable audit time and expertise. The gross balance of loans and advances to customers as at 31 December 2022 was N2.17 trillion for the Bank and N3.22 trillion for the Group. The associated allowance for credit loss was N51.68 billion for the Bank and N82.84 billion for the Group. Loans and advances to customers are subject to impairment assessment using the expected credit loss model (ECL) under the International Financial Reporting Standards (IFRS) 9 – Financial Instruments. The ECL involves the application of judgement and estimation in determining inputs for ECL calculation such as:	Our audit procedures included the following, we: ‣ assessed the reasonableness of management's model for determining impairment on loans and advances to customers in accordance with the requirements of IFRS 9. ‣ evaluated the reasonableness of the Group's determination of significant increase in credit risk by checking that a lifetime ECL is recognised when credit risk has increased significantly (Stage 2), a lifetime ECL is recognised on impaired facilities (Stage 3) and a 12-month ECL (Stage 1) is recognised if otherwise. ‣ checked that the Group applied a default definition that is consistent with International Financial Reporting Standards. ‣ We selected material loans and checked the repayment history to determine if there are indications of default and significant increase in credit risk. With the assistance of our credit risk modelling specialists, we:

Key Audit Matter	How the matter was addressed in the audit
‣ determining criteria for significant increase in credit risk (SICR) for the purpose of staging. ‣ determining the definition of default. ‣ incorporating forward looking information (FLI) in the model. ‣ reasonability and accuracy of macroeconomic historical data and forecasts which were used by management for FLI analysis. ‣ factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), and the Exposure at Default (EAD). See notes 3.29, 4.2, 12 and 26 to the consolidated and separate financial statements for further information.	‣ tested macro-economic indicators (Forward Looking Information) for reasonableness, taking into consideration publicly available information and checked the multiple economic scenarios considered. ‣ gained an understanding of how the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) were determined. ‣ tested the reasonableness of the assumptions used in determining the 12month and lifetime Probability of Default (PD), Loss given default (LGD) and Exposure at Default (EAD). ‣ recalculated the ECL on loans and advances to customers. We reviewed the qualitative and quantitative disclosures for reasonableness.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "United Bank for Africa Plc Consolidated and Separate Financial Statements for the year ended 31 December 2022", which includes the Directors' Report, Complaints and Feedback, Corporate Governance Report, Report of the Statutory Audit Committee, Statement Of Directors' Responsibilities in relation to the preparation of Financial Statements for the year ended 31 December 2022, Statement Of Corporate Responsibility For The Financial Statements for the year ended 31 December 2022, Report of the Independent Consultants on the Review of Corporate Governance Framework of United Bank for Africa PLC, Report of the Independent Consultants on the Performance Evaluation of the Board of Directors of United Bank for Africa PLC and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information 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 for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, Financial Reporting Council of Nigeria Act No. 6, 2011 and Central Bank of Nigeria Circulars, 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 and the Bank'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 and/or the Bank or to cease operations, or have no realistic alternative but to do so.

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 judgement 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 and the Bank'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 Director's 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 and the Bank'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 and/or the Bank 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 the Directors 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 the Directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

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consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Group and Bank, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position and the consolidated and separate statements of comprehensive income are in agreement with the books of account; and
- In our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Bank and its subsidiaries.

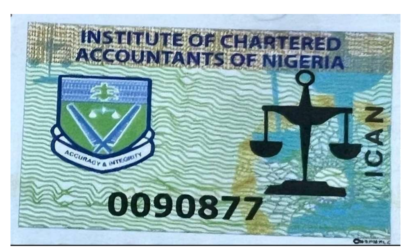
In compliance with the Banks and Other Financial Institutions Act, 2020 and circulars issued by the Central Bank of Nigeria:

i) The information required by the Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 44 to the consolidated and separate financial statements.

ii) As disclosed in Note 48 to the consolidated and separate financial statements, the Bank did not incur any penalty from the Central Bank of Nigeria.

Abiodun Akinnusi

Abiodun Akinnusi
FRC/2021/004/00000023386
For Ernst & Young
Lagos, Nigeria
29 March 2023



United Bank for Africa Plc
Consolidated and Separate Statements of Comprehensive Income
for the year ended 31 December 2022
In millions of Nigerian Naira

	Notes	Group		Bank	
		2022	**2021**	**2022**	**2021**
Interest income	10	557,152	474,262	344,490	288,564
Interest income on amortised cost and FVOCI securities		556,737	473,909	344,075	288,353
Interest income on FVTPL securities		415	353	415	211
Interest expense	11	(177,663)	(157,551)	(127,185)	(101,649)
Net interest income		**379,489**	**316,711**	**217,305**	**186,915**
Impairment charge for credit losses on Loans	12a	(19,671)	(9,851)	(5,669)	(9,049)
Net impairment Write back on other financial assets	12b	(22,297)	(3,012)	(4,896)	(700)
Net interest income after impairment on financial instruments		**337,521**	**303,848**	**206,740**	**177,166**
Fees and commission income	13	210,521	158,648	113,939	76,636
Fees and commission expense	14	(82,278)	(57,746)	(54,627)	(40,410)
Net fee and commission income		**128,243**	**100,902**	**59,312**	**36,226**
Net trading and foreign exchange income	15	72,150	16,385	53,193	347
Other operating income	16	13,040	8,996	52,933	15,946
Employee benefit expenses	17	(113,988)	(93,244)	(60,451)	(45,985)
Depreciation and amortisation	18	(26,218)	(22,700)	(18,316)	(15,761)
Other operating expenses	19	(210,183)	(163,042)	(152,094)	(107,420)
Share of profit of equity-accounted investee	29(a)	311	1,928	-	-
Profit before income tax		**200,876**	**153,073**	**141,317**	**60,519**
Income tax expense	20	(30,599)	(34,395)	(7,621)	(1,850)
Profit for the year		**170,277**	**118,678**	**133,696**	**58,669**
Other comprehensive loss					
Items that will be reclassified to Profit or loss:					
Exchange differences on translation of foreign operations		(1,950)	1,683	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income (FVOCI):					
Net change in fair value for the year		(23,196)	(22,999)	(20,645)	(22,852)
Net amount transferred to profit or loss		(1,299)	(1,677)	(1,300)	(1,660)
		(26,445)	**(22,993)**	**(21,945)**	**(24,512)**
Items that will not be reclassified to Profit or loss:					
Fair value changes on equity investments designated at FVOCI		6,659	8,386	6,039	8,314
		6,659	**8,386**	**6,039**	**8,314**
Other comprehensive loss for the year, net of tax		**(19,786)**	**(14,607)**	**(15,905)**	**(16,198)**
Total comprehensive income for the year		**150,491**	**104,071**	**117,791**	**42,471**
Profit for the year attributable to:					
Owners of Parent		165,451	115,883	133,696	58,669
Non-controlling interests		4,826	2,795	-	-
Profit for the year		**170,277**	**118,678**	**133,696**	**58,669**
Total comprehensive income attributable to:					
Owners of Parent		145,039	103,333	117,791	42,471
Non-controlling interests		5,452	738	-	-
Total comprehensive income for the year		**150,491**	**104,071**	**117,791**	**42,471**
Earnings per share attributable to owners of the parent					
Basic and diluted earnings per share (Naira)	21	**4.84**	**3.39**	**3.91**	**1.72**

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

United Bank for Africa Plc
Consolidated and Separate Statements of Financial Position
As at 31 December 2022

	Notes	Group		Bank	
		31 Dec. 22	**31 Dec. 21**	**31 Dec. 22**	**31 Dec. 21**
In millions of Nigerian Naira					
ASSETS					
Cash and bank balances	22	2,553,629	1,818,784	2,154,971	1,446,906
Financial assets at fair value through profit or loss	23	14,963	13,096	14,963	7,984
Assets under management	24	12,923	-	12,923	-
Derivative assets	34(a)	39,830	33,340	39,830	33,340
Loans and advances to banks	25	303,249	153,897	231,753	120,124
Loans and advances to customers	26	3,136,879	2,680,667	2,123,097	1,848,102
Investment securities:					
- At fair value through other comprehensive income	27	2,193,253	993,791	2,071,689	840,249
- At amortised cost	27	1,987,438	2,341,839	115,376	806,217
Other assets	28	254,704	149,154	156,535	88,649
Investment in equity-accounted investee	29	-	8,945	-	2,715
Investment in subsidiaries	30	-	-	145,993	103,275
Property and equipment	31	208,039	178,117	163,841	141,581
Intangible assets	32	33,468	30,450	12,618	18,063
Deferred tax assets	33	23,603	43,329	21,862	21,862
		10,761,978	8,445,409	7,265,451	5,479,067
Non-Current Assets Held for Sale	35	95,593	95,909	95,593	95,909
TOTAL ASSETS		**10,857,571**	**8,541,318**	**7,361,044**	**5,574,976**
LIABILITIES					
Deposits from banks	36	1,170,238	654,211	863,795	483,110
Deposits from customers	37	7,824,892	6,369,189	5,046,514	4,004,306
Derivative liabilities	34(b)	79	98	79	98
Other liabilities	38	383,283	216,209	326,690	127,338
Current income tax payable	20	20,281	21,415	8,327	2,751
Borrowings	39	535,735	455,772	530,446	455,772
Deferred tax liability	33	959	19,617	-	-
TOTAL LIABILITIES		**9,935,467**	**7,736,511**	**6,775,851**	**5,073,375**
EQUITY					
Share capital	41	17,100	17,100	17,100	17,100
Share premium	41	98,715	98,715	98,715	98,715
Retained earnings	41	429,533	335,843	191,418	124,536
Other reserves	41	341,949	324,516	277,960	261,250
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		887,297	776,174	585,193	501,601
Non-controlling interests	30	34,807	28,633	-	-
TOTAL EQUITY		**922,104**	**804,807**	**585,193**	**501,601**
TOTAL LIABILITIES AND EQUITY		**10,857,571**	**8,541,318**	**7,361,044**	**5,574,976**

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

The consolidated and separate financial statements were approved by the Board of Directors and authorized for issue on 9 February 2023 and signed on its behalf by :

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

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

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

United Bank for Africa Plc
Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2022

(i) Group

In millions of Nigerian naira

	Attributable to equity holders of the parent									
	Share capital	**Share premium**	**Foreign operations translation reserve**	**Regulatory credit risk reserve**	**Fair value reserve**	**Statutory reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
At 1 January 2021 (Restated)	**17,100**	**98,715**	**40,512**	**45,496**	**122,807**	**115,379**	**251,642**	**691,651**	**27,895**	**719,546**
Profit for the year	-	-	-	-	-	-	115,883	**115,883**	2,795	**118,678**
Exchange differences on translation of foreign operations	-	-	3,740	-	-	-	-	**3,740**	(2,057)	**1,683**
Fair value change in debt instruments classified as FVOCI	-	-	-	-	(22,999)	-	-	**(22,999)**	-	**(22,999)**
Fair value change in equity instruments classified as FVOCI	-	-	-	-	8,386	-	-	**8,386**	-	**8,386**
Net amount transferred to profit or loss	-	-	-	-	(1,677)	-	-	**(1,677)**	-	**(1,677)**
Total comprehensive income for the year	-	-	3,740	-	(16,290)	-	115,883	**103,333**	738	**104,071**
Transfer between reserves	-	-	-	(4,859)	-	17,731	(12,872)	**-**	-	**-**
Transactions with owners										
Dividends paid	-	-	-	-	-	-	(18,810)	**(18,810)**	-	**(18,810)**
Balance at 31 December 2021	**17,100**	**98,715**	**44,252**	**40,637**	**106,517**	**133,110**	**335,843**	**776,174**	**28,633**	**804,807**
At 1 January 2022	**17,100**	**98,715**	**44,252**	**40,637**	**106,517**	**133,110**	**335,843**	**776,174**	**28,633**	**804,807**
Profit for the year	-	-	-	-	-	-	165,451	**165,451**	4,826	**170,277**
Exchange differences on translation of foreign operations	-	-	(2,576)	-	-	-	-	**(2,576)**	626	**(1,950)**
Fair value change in debt instruments classified as FVOCI	-	-	-	-	(23,196)	-	-	**(23,196)**	-	**(23,196)**
Fair value change in equity instruments classified as FVOCI					6,659		-	**6,659**		**6,659**
Net amount transferred to profit or loss	-	-	-	-	(1,299)	-	-	**(1,299)**	-	**(1,299)**
Total comprehensive income for the year	**-**	**-**	**(2,576)**	**-**	**(17,837)**	**-**	**165,451**	**145,038**	**5,452**	**150,491**
Transfer between reserves	**-**	**-**		12,008	-	25,838	(37,846)	**-**	**-**	**-**
Transactions with owners										
Non controlling interest arising from business combination (28c)	**-**	**-**	**-**	**-**	**-**	**-**	-	**-**	**3,152**	**3,152**
Change in ownership interest in subsidiaries arising from parent's additional investment	**-**	**-**	**-**	**-**	**-**	**-**	2,431	**2,431**	**(2,431)**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	(36,346)	**(36,346)**	**-**	**(36,346)**
Balance at 31 December 2022	**17,100**	**98,715**	**41,676**	**52,645**	**88,680**	**158,948**	**429,533**	**887,297**	**34,807**	**922,104**

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

United Bank for Africa Plc
Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2022

(ii) Bank

In millions of Nigerian naira	Share Capital	Share premium	Regulatory credit risk reserve	Fair value reserve	Statutory reserve	Retained earnings	Total
At 1 January 2021	**17,100**	**98,715**	**45,773**	**123,421**	**97,451**	**95,480**	**477,940**
Profit for the year	-	-	-	-	-	58,669	**58,669**
Fair value change in debt instruments classified as FVOCI	-	-	-	(22,852)	-	-	**(22,852)**
Fair value change in equity instruments classified as FVOCI	-	-	-	8,314	-	-	**8,314**
Net amount transferred to profit or loss	-	-	-	(1,660)	-	-	**(1,660)**
Total comprehensive income for the year	-	-	-	(16,198)	-	58,669	**42,471**
Transfer between reserves	-	-	(4,068)	-	14,872	(10,804)	**-**
Transactions with owners							
Dividends paid	-	-	-	-	-	(18,810)	**(18,810)**
Balance as at 31 December 2021	**17,100**	**98,715**	**41,705**	**107,223**	**112,323**	**124,535**	**501,601**
At 1 January 2022	**17,100**	**98,715**	**41,705**	**107,223**	**112,322**	**124,536**	**501,601**
Profit for the year	-	-	-	-	-	133,696	**133,696**
Fair value change in debt instruments classified as FVOCI	-	-	-	(20,645)	-	-	**(20,645)**
Fair value change in equity instruments classified as FVOCI	-	-	-	6,039	-	-	**6,039**
Net amount transferred to profit or loss	-	-	-	(1,300)	-	-	**(1,300)**
Total comprehensive income for the year	-	-	-	(15,905)	-	133,696	**117,791**
Transfer between reserves	-	-	12,560	-	20,054	(32,614)	-
Transactions with owners							
Dividends paid	-	-	-	-	-	(34,199)	**(34,199)**
Balance at 31 December 2022	**17,100**	**98,715**	**54,265**	**91,318**	**132,377**	**191,418**	**585,193**

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

United Bank for Africa Plc
Consolidated and Separate Statements of Cash Flows
for the year ended 31 December 2022
In millions of Nigerian Naira

		Group		Bank	
	Notes	**2022**	**2021**	**2022**	**2021**
Cash flows from operating activities					
Profit before income tax		**200,876**	**153,073**	**141,317**	**60,519**
Adjustments for:					
Depreciation of property and equipment	18	17,717	14,913	13,145	10,606
Amortisation of intangible assets	18	4,881	4,283	3,765	3,482
Depreciation of right-of-use assets	18	3,620	3,504	1,406	1,673
Impairment charge on loans to customers	12	23,348	9,901	3,542	5,111
Impairment charge/(reversal) on investment securities	12	17,979	784	1,978	371
Impairment charge on off-balance sheet items	12	1,232	3,520	1,273	1,216
Impairment charge on loans to banks	12	(1)	645	(439)	427
Write-off of loans and advances	12	4,874	4,653	4,010	3,896
Impairment (reversal)/ charge on other assets	12	3,086	(1,292)	1,645	(887)
Net fair value loss / (gain) on derivative financial instruments	15	(6,509)	19,398	(6,509)	19,398
Foreign currency revaluation loss / (gain)	15	(5,743)	2,031	(4,253)	3,101
Dividend income	16	(4,042)	(3,352)	(51,859)	(12,660)
Net (gain)/loss on disposal of property and equipment	16/19	(21)	(1,992)	-	(1,992)
Write-off of property and equipment	31	974	231	1,415	219
Net amount transferred to the profit or loss		(1,300)	(1,660)	(1,300)	(1,660)
Net interest income	10 / 11	(379,489)	(316,711)	(217,305)	(186,915)
Share of profit of equity-accounted investee	28	(311)	(1,928)	-	-
		(118,828)	**(109,999)**	**(108,169)**	**(94,095)**
Changes in operating assets and liabilities					
Change in financial assets at FVTPL	40	(1,796)	126,093	(6,908)	87,863
Change in cash reserve balance with CBN	40	(313,294)	134,019	(278,223)	118,918
Change in loans and advances to banks	40	(150,017)	(76,245)	(111,013)	(54,797)
Change in loans and advances to customers	40	(470,988)	(230,744)	(348,118)	(121,735)
Change in other assets	40	(67,309)	(15,722)	451	60,406
Change in deposits from banks	40	514,403	235,010	379,314	360,075
Change in deposits from customers	40	1,444,520	683,846	1,033,199	170,870
Change in placement with banks	40	51,687	(11,059)	(2,204)	(92,981)
Change in other liabilities and provisions	38	142,239	47,759	186,930	29,428
Interest received	*40*	527,522	462,176	405,974	266,584
Interest paid on deposits from banks and customers	40	(128,715)	(113,964)	(85,961)	(58,340)
Income tax paid	20(c)	(31,733)	(23,064)	(2,045)	(577)
Net cash generated from operating activities		**1,397,692**	**1,108,106**	**1,063,228**	**671,619**
Cash flows from investing activities					
Proceeds from sale/redemption of investment securities	40	7,988,172	7,126,249	2,888,277	6,796,615
Purchase of investment securities	40	(8,847,721)	(7,890,948)	(3,462,564)	(7,148,520)
Purchase of property and equipment	31	(40,364)	(35,351)	(31,166)	(30,589)
Prepaid Lease Payment	31	(10,063)	(2,065)	(3,642)	(1,663)
Purchase of intangible assets	32	(3,408)	(5,366)	(742)	(5,296)
Additional investment in subsidiaries	30	-	-	(8,300)	-
Subscription for Investment in African Subsidiaries	28	-	-	(7,424)	(26,846)
Cash acquired from business combinations	29	17,973	-	-	-
Proceeds from disposal of property and equipment		551	8,093	387	7,921
Proceeds from disposal of intangible assets		708	6	106	9
Dividend received	40	2,177	2,996	20,571	9,822
Net cash used in investing activities		**(891,976)**	**(796,386)**	**(604,497)**	**(398,547)**
Cash flows from financing activities					
Interest paid on borrowings	39	(26,582)	(34,805)	(26,582)	(33,782)
Proceeds from borrowings	39	219,845	280,752	214,555	280,752
Repayment of borrowings	39	(182,955)	(543,972)	(182,955)	(539,920)
Payments of principal on leases	38	(4,914)	(1,340)	(1,856)	(1,134)
Payments of interest on leases	38	(466)	(398)	(426)	(106)
Dividend paid to shareholders	42	(36,346)	(18,810)	(34,199)	(18,810)
Net cash used in financing activities		**(31,418)**	**(318,573)**	**(31,463)**	**(313,000)**
Increase/ (decrease) in cash and cash equivalents		474,298	(6,853)	427,268	(39,928)
Effects of exchange rate changes on cash and cash equivalents		322	(1,832)	(3)	(330)
Cash and cash equivalents at beginning of year	22	785,910	794,594	393,171	433,429
Cash and cash equivalents at end of year	22	**1,260,530**	**785,910**	**820,436**	**393,171**

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

1 General Information

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

The consolidated and separate financial statements of the Group for the year ended December 31 2022 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 consolidated and separate financial statements for the year ended December 31 2022 were approved and authorised for issue by the Board of Directors on 9 February 2023.

2 Basis of preparation

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

3 Significant accounting policies

3.1 Basis of measurement

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

3.2 Functional and presentation currency

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

3.3 Use of estimates and judgements

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

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

3.4 Basis of consolidation

(a) Subsidiaries

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

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

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

(b) Business combinations

Business combinations are accounted for using the acquisition method.

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

· the fair value of the consideration transferred; plus

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

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

When this total is negative, a bargain purchase gain is recognised in profit or loss.

3 Significant accounting policies - Continued

3.4 Basis of consolidation- Continued

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 profit or loss where appropriate.

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

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

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

Dilution gains and losses arising on investments in associates are recognised in the profit or loss.

3 Significant accounting policies - Continued

3.5 Foreign currency transactions and balances

(a) Foreign currency transactions

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

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

(b) Foreign operations

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

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

3.6 Interest income and interest expense

Interest income and expense for all interest bearing financial instruments are calculated by applying the effective interest rate to the gross carrying amount for non-credit impaired financial assets and are recognised within 'interest income' and 'interest expense' in the profit or loss . The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.

For credit-impaired financial assets subsequent to initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

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

3.7 Fees and commissions income and expenses

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

3.8 Net trading and foreign exchange income

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

3.9 Dividend income

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

3.10 Income tax

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

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

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

3 Significant accounting policies - Continued

3.10 Income tax- continued

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

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

3.11 Cash and bank balances

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

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

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

3.12 Financial assets at fair value through profit or loss

These are the assets the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. They are measured at fair value with changes in fair value recognised as part of net trading and foreign exchange income in profit or loss.

3.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. Derivatives are carried as assets when their fair value are positive and as liabilities when their fair value are negative. All changes in fair value are recognized as part of net trading and foreign exchange income in profit or loss.

3.14 Property and equipment

(a) Recognition and measurement

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

(b) Subsequent costs

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

(c) Depreciation

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

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

Land	Not depreciated
Buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Aircraft	Between 16 and 20 years, depending on the component
Motor vehicles	6 years
Furniture and Fittings	5 years
Computer hardware	5 years
Equipment	5 years
Work in progress	Not depreciated
Lifts*	10 years

3 Significant accounting policies - Continued

3.14 Property and equipment- Continued

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

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

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

(d) De-recognition

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

3.15 Intangible assets

(a) Goodwill

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

Subsequent measurement

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

(b) Software

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

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

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

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

3.16 Impairment of non-financial assets

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

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

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

3 Significant accounting policies - Continued

3.17 Non-Current Assets Held for Sale

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

3.18 Repossessed collateral

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

3.19 Debt securities issued

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

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

3.20 Provisions

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

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

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

3.21 Financial guarantee contracts

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

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

3 Significant accounting policies - Continued

3.22 Employee benefits

Post-employment benefits

Defined contribution plans

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

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

Termination benefits

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

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.23 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on ordinary shares

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

(c) Treasury shares

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

3.24 Earnings per share

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

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

3.25 Fiduciary activities

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

3.26 Stock of consumables

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

3 Significant accounting policies - Continued

3.27 Segment reporting

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

3.28 IFRS 15: Revenue from contracts with customers

IFRS 15 - Revenue from Contracts with Customers defines principles for recognising revenue and is applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be accounted for using the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

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

3.29 IFRS 9: Financial instruments

a. Initial recognition, classification and measurement of financial assets

Regular-way purchases and sales of financial assets are recognized on the settlement date. Financial assets, which include both debt and equity securities are measured at initial recognition at fair value, and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortised cost. Subsequent classification and measurement for debt securities is based on the business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Hold-to-Collect (HTC) as described below, and (b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).
Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (a) the asset is held within a business model that is Hold-to-Collect-and-Sell (HTC&S) as described below, and (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.
All other debt instruments are measured at FVTPL.
The Group has irrevocably elected to measure equity instruments at FVOCI as no equity instrument is held for trading purposes.

b. Business model assessment

The Group determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Group's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:
• How the economic activities of our businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
• The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
• Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns:

• Hold-to-Collect (HTC): The objective of this business model is to hold financial assets to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
• Hold-to-Collect-and-Sell (HTC&S): Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
• Other fair value business models: These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

c. SPPI assessment

Instruments held within a HTC or HTC&S business model are assessed to determine if their contractual cash flows are comprised of solely payments of principal and interest (SPPI). SPPI payments are those which would typically be expected from basic lending arrangements. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Where the contractual terms introduce exposure to risk or variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3 Significant accounting policies - Continued

d. Investment securities

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification.

Investment securities carried at amortised cost are measured using the effective interest method, and are presented net of any allowance for credit losses, calculated in accordance with the Group's policy for allowance for credit losses, as described below. Interest income, including the amortization of premiums and discounts on securities measured at amortised cost are recorded in interest income. Impairment gains or losses recognized on amortised cost securities are recorded in Allowance for credit losses. When a debt instrument measured at amortised cost is sold, the difference between the sale proceeds and the amortised cost of the security at the time of the sale is recorded as a fixed income securities income in Net trading and foreign exchange income.

Debt securities carried at FVOCI are measured at fair value with unrealized gains and losses arising from changes in fair value included in fair value reserve in equity. Impairment gains and losses are included in allowance for credit losses and correspondingly reduce the accumulated changes in fair value included in fair value reserve. When a debt instrument measured at FVOCI is sold, the cumulative gain or loss is reclassified from fair value reserve to net trading and foreign exchange income.

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

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

e. Fair value option

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

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

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

f. Loans

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

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

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

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

3 Significant accounting policies - Continued

g. Allowance for credit losses

An allowance for credit losses (ACL) is established for all financial assets, except for financial assets classified or designated as FVTPL and equity securities, which are not subject to impairment assessment. Assets subject to impairment assessment include loans, overdrafts, debt securities, interest receivable and other financial assets. These are carried at amortised cost and presented net of ACL on the Consolidated Statement of Financial Position. ACL on loans is presented in Allowance for credit losses - loans and advances. ACL on debt securities measured at FVOCI is presented in profit or loss with the corresponding entry to other comprehensive income. ACL on other financial assets is calculated using the 'general approach' and presented in 'Allowance for impairment on account receivable'.

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

The ACL is measured at each reporting date according to a three-stage expected credit loss impairment model which is based on changes in credit risk of financial assets since initial recognition:

1) Performing financial assets:
• Stage 1 – From initial recognition of a financial asset to the reporting date, where the asset has not experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognized equal to the credit losses expected to result from defaults occurring over the 12 months following the reporting date. Interest income is calculated on the gross carrying amount of these financial assets.

2) Underperforming financial assets:
• Stage 2 – Following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognized equal to the credit losses expected over the remaining lifetime of the asset. Interest income is calculated on the gross carrying amount of these financial assets.

3) Impaired financial assets
• Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance is recognized equal to credit losses expected over the remaining lifetime of the asset. The Stage 3 expected credit loss impairment model is based on changes in credit quality since initial recognition. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.
The ACL is a discounted probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant time horizon. For loan commitments, credit loss estimates consider the portion of the commitment that is expected to be drawn over the relevant time period. For financial guarantees, credit loss estimates are based on the expected payments required under the guarantee contract.

Increases or decreases in the required ACL attributable to purchases and new originations, derecognitions or maturities, and remeasurements due to changes in loss expectations or stage migrations are recorded in Provision for credit losses. Write-offs and recoveries of amounts previously written off are recorded against ACL.
The ACL represents an unbiased estimate of expected credit losses on our financial assets as at the balance sheet date. Judgment is required in making assumptions and estimations when calculating the ACL, including movements between the three stages and the application of forward looking information. The underlying assumptions and estimates may result in changes to the provisions from period to period that significantly affect our results of operations.

h. Measurement of expected credit losses

Expected credit losses are based on a range of possible outcomes and consider all available reasonable and supportable information including internal and external ratings, historical credit loss experience, and expectations about future cash flows. The measurement of expected credit losses is based primarily on the product of the instrument's probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted to the reporting date. Stage 1 estimates project PD, LGD and EAD over a maximum period of 12 months while Stage 2 estimates project PD, LGD and EAD over the remaining lifetime of the instrument.

An expected credit loss estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation (corporates, retail, public sector and commercial) that allows for appropriate incorporation of forward looking information.
Expected credit losses are discounted to the reporting period date using the effective interest rate.

i. Expected life

For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life.
An exemption is provided for certain instruments with the following characteristics: (a) the instrument includes both a loan and undrawn commitment component; (b) the Group has the contractual ability to demand repayment and cancel the undrawn commitment; and (c) the Group's exposure to credit losses is not limited to the contractual notice period. For products in scope of this exemption, the expected life may exceed the remaining contractual life and is the period over which exposure to credit losses is not mitigated by normal credit risk management actions. This period varies by product and risk category and is estimated based on the historical experience with similar exposures and consideration of credit risk management actions taken as part of regular credit review cycle. Products in scope of this exemption include credit cards, overdraft balances and certain revolving lines of credit. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

j. Assessment of significant increase in credit risk

The assessment of significant increase in credit risk requires significant judgment. The Bank's process to assess changes in credit risk is based on the use 'backstop' indicators. Instruments which are more than 30 days past due may be credit-impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

The following are considered as exception:
1. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 90 days.
2. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of the total amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.
The assessment is generally performed at the instrument level and it is performed at least on quarterly basis. If any of the factors above indicate that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2. The assessments for significant increases in credit risk since initial recognition and credit-impairment are performed independently at each reporting period. Assets can move in both directions through the stages of the impairment model. After a financial asset has migrated to Stage 2, if it is no longer considered that credit risk has significantly increased relative to initial recognition in a subsequent reporting period, it will move back to Stage 1 after 90 days.

Similarly, an asset that is in Stage 3 will move back to Stage 2 if it is no longer considered to be credit-impaired after 90 days. An asset will not move back from stage 3 to stage 1 until after a minimum of 180 days, if it is no longer considered to be credit impaired.
For certain instruments with low credit risk as at the reporting date, it is presumed that credit risk has not increased significantly relative to initial recognition. Credit risk is considered to be low if the instrument has a low risk of default, and the borrower has the ability to fulfil their contractual obligations both in the near term and in the longer term, including periods of adverse changes in the economic or business environment.

k. Use of forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.
The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the expected credit loss calculation includes a projection of all relevant macroeconomic variables applying scenario weights. Macroeconomic variables used in the expected credit loss models include GDP growth rate, foreign exchange rates, inflation rate, crude oil prices and population growth rate.
The estimation of expected credit losses in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts published by relevant government agencies. Upside and downside scenarios vary relative to our base case scenario based on reasonably possible alternative macroeconomic conditions. Additional and more severe downside scenarios are designed to capture material non-linearity of potential credit losses in portfolios. Scenario design, including the identification of additional downside scenarios, occurs at least on an annual basis and more frequently if conditions warrant.

Scenarios are designed to capture a wide range of possible outcomes and weighted according to the best estimate of the relative likelihood of the range of outcomes that each scenario represents. Scenario weights take into account historical frequency, current trends, and forward-looking conditions and are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to expected credit losses with the same probabilities.
The assessment of significant increases in credit risk is based on changes in probability-weighted forward-looking lifetime PD as at the reporting date, using the same macroeconomic scenarios as the calculation of expected credit losses.

3 Significant accounting policies - Continued

l. Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the following events have taken place.
• The bank considers that the obligor is unlikely to pay its credit obligations in full, without recourse by the bank to actions such as realising security (if held).
• The obligor is past due more than 90 days on any material credit obligation to the bank (principal or interest). Overdrafts will be considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than current outstanding.

• Interest payments equal to 90 days or more have been capitalized, rescheduled, rolled over into a new loan (except where facilities have been reclassified).
The elements to be taken as indications of unlikeliness to pay include:
- The bank sells the credit obligation at a material credit-related economic loss.

- The bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the obligor's bankruptcy or a similar order in respect of the obligor's credit obligation to the banking group.

The following are considered as exceptions:
a. Outstanding obligation is a result of an amount being disputed between the bank and obligor where the dispute is not more than 150 days;
b. In the case of specialized loans, default is defined as where the obligor is past due more than 180 days on any material credit obligation to the bank (principal or interest). This is consistent with CBN guidelines on IFRS 9. In addition, it is consistent with the Bank's historical default pattern on this category of loans. The specialized loans to which this is applicable are Project Financing, Object Financing, Income Producing Real Estate, Commercial Real Estate and Mortgage Loans;

c. Outstanding obligation is an insignificant amount compared to the total amount due. Any amount not more than 10% of amount due is considered insignificant. Only applicable where there is no significant increase in credit risk and analysed on a case by case basis.
d. Exposure is still in default due to a new debit when the initial debit has been cleared. Usually occurs when the debit that initiated the initial days past due has been paid but the days past due continues to reflect a debit.

m. Credit-impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each balance sheet date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults.
A loan is considered for transfer from stage 2 to stage 1 where there is significant improvement in credit risk and from stage 3 to stage 2 (declassified) where the facility is no longer in default. Factors that are considered in such backward transitioning include the following:
i) Declassification of the exposure by all the licensed private credit bureaux or the credit risk management system;
ii) Improvement of relevant credit risk drivers for an individual obligor (or pool of obligors);
iii) Evidence of full repayment of principal or interest.
Generally, the above are to represent an improvement in credit risk to warrant consideration for a backward transition of loans.
Where there is evidence of significant reduction in credit risk, the following probationary periods should apply before a loan may be moved to a lower stage (indicating lower risk):
Transfer from Stage 2 to 1:- 90 days
Transfer from Stage 3 to 2:- 90 days
Transfer from Stage 3 to Stage 1:- 180 days

When a financial asset has been identified as credit-impaired, expected credit losses are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.
When a financial asset is credit-impaired, interest ceases to be recognised on the regular accrual basis, which accrues income based on the gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortised cost of the asset, which is the gross carrying amount less the related ACL.
Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

3 Significant accounting policies - Continued

n. Write-off of loans

Loans and the related ACL are written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, they are generally written off after receipt of any proceeds from the realization of collateral. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write off may be earlier.
Written-off loans are derecognised from the Group's books. However, the Group continues enforcement activities on all written-off loans until full recovery is achieved or such time when it is objectively evident that recovery is no longer feasible.

o. Modifications

The credit risk of a financial asset will not necessarily decrease merely as a result of a modification of the contractual cash flows. If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the Bank assesses whether there has been a significant increase in the credit risk of the financial by comparing:
(1) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
(2) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).
A modification will however lead to derecognition of existing loan and recognition of a new loan i.e. substantial modification if:
• the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

The following will be applicable to modified financial assets:
• The modification of a distressed asset is treated as an originated credit-impaired asset requiring recognition of life-time ECL after modification.
• The cumulative changes in lifetime expected credit losses since initial recognition is recognized as a loss allowance for purchase or originated credit-impaired financial asset at the reporting date.
• The general impairment model does not apply to purchased or originated credit-impaired assets.

The following situations (qualitative) may however not lead to a derecognition of the loan:
• Change in interest rate arising from a change in MPR which is the benchmark rate that drives borrowing rates in Nigeria;
• Change in financial asset's tenor (increase or decrease);
• Change in installment amount to higher or lower amount;

• Change in the annuity repayment pattern, for example, from monthly to quarterly, half-yearly or yearly
• Change in the applicable financial asset fee
Modification gain or loss is included as part of allowance for credit loss for each financial year.

p. Classification and measurement of financial liabilities

The Group recognizes financial liabilities when it first becomes a party to the contractual rights and obligations in the relevant contracts.

Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at FVTPL.
The Group classifies its financial liabilities as measured at amortised cost, except for:
i. Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. A financial liability is classified as held for trading if it is a part of a portfolio of specific financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Gains or losses from financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the Group's own credit risk, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the Group's credit risk are also presented in profit or loss;
ii. Financial guarantee contracts and commitments.
Financial liabilities that are not classified at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, borrowings, and subordinated liabilities.

3 Significant accounting policies - Continued

q. De-recognition of financial instruments

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

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

3.30 IFRS 16 Leases

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

Group as a lessee

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

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

Group is the lessor

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

3.31 Changes in accounting policies

Except for the following new standards, the Group has consistently applied the accounting policies as set out in Notes 3.1 - 3.30 to all periods presented in these consolidated and separate financial statements. The Group has adopted these new amendments with initial date of application of January 1, 2022.

a) Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.
This amendment does not have an impact on the Group's Financial statement.

b) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The standard prohibits entity to deduct proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of property, plant and equipment . Entities are however allowed to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after 1 January 2022. This amendment does not have an impact on the Group's Financial statement.

Significant accounting policies - Continued

c) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The standard specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. the standard further states that costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is effective for annual periods beginning on or after 1 January 2022. This amendment does not have an impact on the Group's Financial statement.

d) Annual Improvements to IFRS Standards 2018–2020

The following is a summary of the amendments from the 2018-2020 annual improvements cycle:

IFRS 1 First-time Adoption of International Financial Reporting Standards- The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The group has incorporated this amendment in the preparation of the financial statement.

IFRS 9 Financial Instruments- Fees in the '10 per cent' test for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
The group has incorporated this amendment in the preparation of the financial statement.

IFRS 16 Leases- Lease incentives: The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Changes in accounting policies

3.32 Standards and interpretations issued/amended but not yet effective

The standards listed below have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022. The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

This standard is Effective for annual periods beginning on or after 1 January 2023. In determining the tax base of assets and liabilities, the amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, in respect of changes to the initial recognition exception under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.
The impact of this standard on the Group's financial statements is currently under assessment.

(b) Classification of Liabilities as current or non-current - Amendments to IAS 1

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The impact of this standard on the Group's financial statements is currently under assessment.

c) Definition of Accounting Estimates - Amendments to IAS 8

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. The effective date is 1 January 2023.
The impact of this amendment on the Group's financial statements is currently under assessment.

Significant accounting policies - Continued

d) Amendment to IAS 1

This amendment relates to classification of Liabilities as Current or Non-current which will provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the balance sheet date.

The amendment only affect the presentation of liabilities in the statement of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendment will
- clarify that classification of liabilities as current or non-current should be based on rights that are in existence at the end of the balance sheet date,
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Group does not anticipate early adopting the standard and is currently evaluating its impact.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are to be applied retrospectively. Earlier application is permitted.

e) IFRS 17 - Insurance Contracts

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

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

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

3.33 Rounding of amounts

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

4 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. The Group intend to achieve this by adhering to the principles of the Basel II Accords as adopted by the Central Bank of Nigeria (CBN);
2. ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and
3. enhance corporate governance by involving the Board and Senior Management in setting the tone for the risk management agenda.

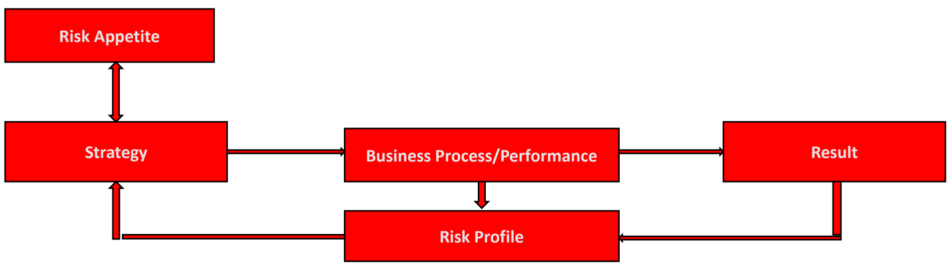
The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting.

(a) Risk Management Strategy

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

- Evaluation of the strategic risks faced by the Group in the continuously evolving environment;
- Allocate resources in line with strategic objectives and risks;
- Determine the tolerable risk profile and formulate the acceptable risk appetite for the Group;

- Establish adequate risk management and internal control systems to support the business and the risk appetite; and
- Establish proper feedback mechanism as input into the strategic risk management process.



(b) Risk Management Culture

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

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

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

(c) Role and responsibilities

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

Board of Directors

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

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

4 Financial Risk Management- Continued
Board Committees

The Board of Directors has established various Board-level risk committees, to support its risk oversight roles and responsibilities. These committees review and advise on numerous risk matters requiring Board approvals.
The Board Risk Management Committee has direct oversight for the Bank's overall risk management framework. The Board Credit Committee considers and approves large exposure underwriting decisions within its authority and recommends those above its limit to the Board for consideration. The Board Audit and Governance Committee assists the Board with regard to internal controls, audit assessments and compliance matters.

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

Management Committees
Key Management Committees include:

(i) Executive Management Committee (EMC)
The EMC is responsible for the following, among others, and is accountable to the Board:
- Executing strategy once approved by the Board;
- Overall performance of the Group;
- Managing the Group's risks; and
- Day-to-day oversight for the Group.

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

(ii) Executive Credit Committee (ECC)

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

Its principal activities and functions are:-

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

- Review all major credit audit issues with a view to adopting learning points for enhancement to the credit process

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

In playing this role, GALCO does the following:-

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

- Recommend Treasury policies, frameworks and procedures to the Finance and General Purpose Committee (F & GPC) through EMC for approval

- Manage the Group's balance sheet and ensure compliance with regulatory and statutory ratios and requirements

- Develop an optimal structure of the Group's balance sheet to optimize risk-reward through a review of:
- Liquidity Gap Analysis
- Maximum Cumulative Outflow (MCO)
- Stress Test
- Wholesale Borrowing Guidelines
- Contingency Liquidity Plan
- Review Liquidity, Interest Rate and Currency Risks and approve risk mitigation proposals subject to ratification by EMC
- Set pricing strategies for the Group on assets and liabilities (pool rate, asset and/or liability composition) subject to ratification by EMC

4 Financial Risk Management- Continued

(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:

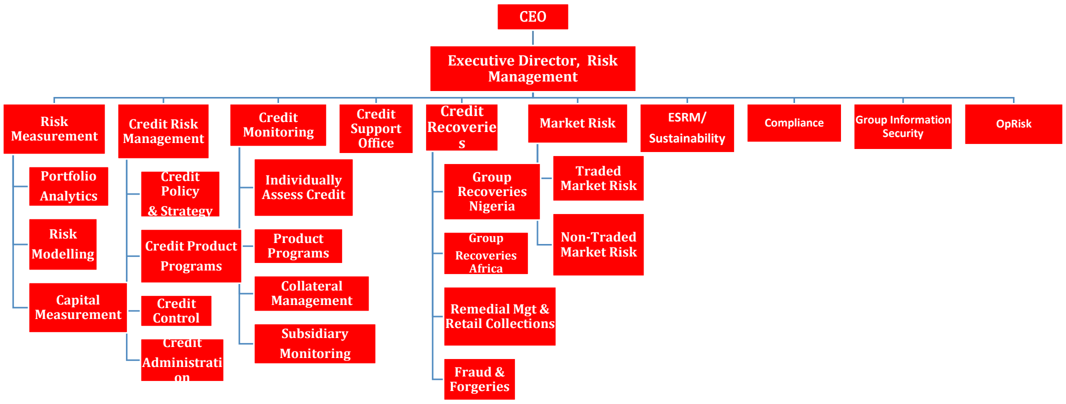
- To identify, assess, control, report and manage the Group's material risks and optimize risk/return decisions
- To ensure business growth plans are properly supported by effective risk infrastructure
- To manage the risk profile to ensure that specific financial deliverables remain possible under a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

4 Financial Risk Management- Continued

(e) Risk Management Structure

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

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.

Financial Risk Management- Continued

(g) Environmental & Social Risk Management/Sustainability (ESRM/Sustainability)

The Group takes Environmental, Social and Governance (ESG) considerations as part of its overall strategy. This is achieved by integrating environmental and social standards into the Group's business operations and activities. The overall objective is to foster sustainable practices by creating equal benefits for people, the firm, and our planet. Our Environmental, Social and Governance framework is based on local and global standards such as the Nigerian Sustainable Banking Principles (NSBP), IFC Performance Standards, Equator Principles, the Sustainable Development Goals (SDGs). We are also guided by the World Bank good international industry practices as well as host country's local environmental laws and standards. The Group's sustainability targets are encapsulated in UBA Foundation's broader focus on the Environment, Education and Economic Empowerment.

(h) Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk but excludes reputational and strategic risks. The Operational Risk Management Policy of the Group provides guidelines to proactively identify operational risk in all business functions of the Bank. It provides a standardized approach and comprehensive procedures for risk identification, assessment, controlling, monitoring, management and reporting. In addition, creates risk awareness amongst all employees and facilitates best practice operational risk management.
Various tools and methodologies are deployed by the Bank to implement its operational risk management. This includes:

Risk and Control Self-Assessment (RCSA) – This is an important piece of the Bank's robust risk management strategy.

Key Risk Indicators (KRI) - This is the metrics that provide insight into business function risk profile and identification of early warning signs of potential vulnerability.

Losses & Loss Events Reporting – All business functions report losses using automated loss reporting tool.

Business Continuity Management (BCM) – The Bank is BCMS ISO 22301 certified and in compliance with the requirements of the standard. The Bank has developed and maintains robust business continuity plan that protect staff, its assets, and the interests of customers. These plans are designed to cover a wide range of business disruptions that may range from the inability to operate from a single building to more widespread events that impact a city or region.

Operational Risk Capital Calculation – The bank adopts the Basic Indicator Approach (BIA) in line with Central Bank of Nigeria requirements.

(i) Compliance

UBA Group maintains zero tolerance for Compliance & regulatory infraction. To this end, the focus of the Compliance function as entrenched by the Board is to instill a Compliance culture within the Group by ensuring that Compliance is integrated in the Group's business practices and processes. Regulatory Compliance department within the Risk management structure ensures adherence to the requirements of the law, regulation, industry organizational codes, principles of good governance and ethical standards in the conduct of the Banks business.
The essence is geared towards combating Money Laundering, Terrorist Financing, and proliferations of equipment for mass destruction.

The objectives of our Regulatory Compliance function are as follows:

- Proactively mitigate all regulatory risks in the Group
- Design, plan and implement compliance programs that ensures that the Bank's policies, procedures, products and services are compliant with applicable laws, rules and regulatory requirements.
- Manage existing or potential threats related to legal or policy noncompliance—or ethical misconduct—that could lead to fines or penalties, reputational damage, or the inability to operate in key markets.
- Ensure there is a compliance culture within the Group.
- Ensure periodic review and update of the Anti-Money Laundering/ Counter Terrorist Financing (AML/CFT) Policy and Know Your Customer (KYC) policy & Procedural Manual annually
- Respond to government investigations and queries by acting as the principal point of contact whenever the government agent wants to get in touch with the Bank for issues relating to regulatory compliance.
- Report all regulatory Compliance issues and risks to Executive management committee and Board Risk Management Committee.

The Compliance function is independently reporting into the Risk management directorate and also reviewed by Group internal audit.

Financial Risk Management- Continued

(j) Group Information Security/Cybersecurity

The Bank recognised the importance of managing Cybersecurity Risks as part of its overall business sustainability and risk management strategy, with substantial investments made in the right people, processes and technologies to manage these risks. Aligning with our business strategy, we performed detailed evaluation of the specific risks we are susceptible to and developed a multi-year roadmap to address current and future threats. The Bank has a secure, vigilant and resilient strategy to cybersecurity, which means that we have a multilayered approach to the defence against cybercriminals; however, our people remain our first line of defence.

(j) Group Information Security/Cybersecurity

We have witnessed a significant increase in the awareness level among staff and customers regarding cyber security.
The Bank overhauled its Security Operations to provide the right level of 24/7 visibility into threats that may occur both within and outside the network of the Bank. We strategically invested in state-of-the-art security technologies that have Artificial Intelligence (AI) and Robotics Automation(RA) capabilities embedded. This ensures that we are always ready and can pre-empt attacks before they occur.
In an interconnected world, one in which we cannot thrive in isolation; we developed channels that would help us leverage interconnection with Regulators, Fintechs and other banks to create enhanced value to our customers. As a result, we also built up our cyber defences to boost our capabilities for detection, protection and response, especially around Cloud, Identity and Access Management and Third-party connections/interfaces.

Also the Bank onboarded the services of a tier-one international security Firm to support our cyber security capabilities and ensure we are aligned with international best practices as a global Bank.

Data privacy and protection are areas we have taken very seriously; from instituting the right processes to adhering to the various regulations/standards, we also invested in tools that would enforce the standards/procedures.
All cyber risk imperatives are reported to the Board Risk Committee (BRC) monthly, and appropriate governance and oversight over cybersecurity have been instituted within the Group. Metrics and KRIs have also been developed and monitored Groupwide to track progress on our plans.

4.2 Credit Risk

(a) Overview

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

(i) Credit Risk Management (CRM)

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

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

(ii) Credit Risk Governance

The Board through 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.

Credit Risk- Continued

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

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

Probability of Default

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

Loss Given Default

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

Exposure at default

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

(vi) General Risk Rating Process

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

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

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 on a periodic basis and this is reflected in the management of such portfolio. The default also leads to prevention of further drawdown while steps are taken to recover the outstanding balance and/or realise the collateral.

Deterioration in credit risk are identified based on factors such as
· Ratings downgrade
· Missed payments
· Non-compliance with loan covenants

· Deterioration of quality/value of collateral

4.2 Credit Risk - continued

(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.

(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.

4.2 Credit Risk - continued

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

4 Financial Risk Management - Continued

4 Credit risk (continued)

(b) Credit risk Exposure

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

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

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

	Maximum exposure		Maximum exposure	
	Group		Bank	
In millions of Nigerian Naira	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
Cash and bank balances				
Current balances with banks	652,007	420,361	559,134	272,073
Unrestricted balances with Central Banks	351,280	204,050	129,249	23,368
Money market placements	139,441	98,426	184,065	147,292
Restricted balances with central banks	1,283,163	969,869	1,231,399	953,176
Financial assets at fair value through profit or loss				
Treasury bills	14,963	10,383	14,963	7,984
Bonds	-	2,713	-	-
Derivative assets	39,830	33,340	39,830	33,340
Assets under management	12,923	-	12,923	-
Loans and advances to banks	303,249	153,897	231,753	120,124
Loans and advances to individuals				
Overdraft	15,468	37,555	16,332	36,658
Term loan	267,384	181,408	199,405	113,385
Loans and advances to corporate entities and others				
Overdraft	803,833	388,617	606,580	238,782
Term Loan	2,039,303	2,072,966	1,300,781	1,459,156
Others	10,891	120	10,891	119
Investment securities at fair value through other comprehensive income:				
Treasury bills	1,379,678	633,315	1,352,863	612,882
Bonds	637,970	221,448	544,850	89,347
Promissory notes	26,984	-	26,984	-
Investment securities at amortised cost:				
Treasury bills	1,006,960	1,555,787	-	655,793
Bonds	980,478	786,052	115,376	150,424
Other assets	220,524	122,488	145,950	73,564
Non-Current Assets Held for Sale	82,217	82,217	82,217	82,217
Total	**10,268,546**	**7,975,012**	**6,805,545**	**5,069,684**
Loans exposure to total exposure	34%	36%	35%	39%
Debt securities exposure to total exposure	39%	40%	30%	30%
Other financial assets exposure to total exposure	27%	24%	35%	31%

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

	Group		Bank	
In millions of Nigerian Naira	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
Performance bonds and guarantees	1,381,089	681,489	364,161	355,178
Letters of credits	629,077	319,543	340,306	310,131
	2,010,166	**1,001,032**	**704,467**	**665,309**
Bonds and guarantee exposure to total exposure	69%	68%	52%	53%
Letters of credit exposure to total off-balance sheet exposure	31%	32%	48%	47%

Credit risk exposures relating to loan commitment are as follows:				
Loan commitment to corporate entities and others				
Term Loan	127,735	244,985	29,387	125,077
	127,735	**244,985**	**29,387**	**125,077**

There are no loan commitments to individuals.

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

4 Financial Risk Management - Continued
4.2 Credit risk (continued)
(b) Credit risk Exposure - continued

(ii) Credit concentration - location

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

31 December 2022

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	-	103,890	548,117	652,007	-	11,017	548,117	559,134
- Unrestricted balances with Central Banks	129,249	222,031	-	351,280	129,249	-	-	129,249
- Money market placements	-	-	139,441	139,441	-	-	184,065	184,065
- Restricted balances with central banks	1,231,399	51,764	-	1,283,163	1,231,399	-	-	1,231,399
Assets under management	12,923	-	-	12,923	12,923	-	-	12,923
Financial assets at FVTPL:								
- Treasury bills	14,963	-	-	14,963	14,963	-	-	14,963
- Government bonds	-	-	-	-	-	-	-	-
Derivative assets	39,830	-	-	39,830	39,830	-	-	39,830
Loans and advances to banks								
- Corporates	27,445	40,451	235,354	303,249	9,383	-	222,370	231,753
Loans and advances to customers:								
Individuals:								
- Overdrafts	10,819	4,649	-	15,468	16,332	-	-	16,332
- Term loans	199,405	67,979	-	267,384	199,405	-	-	199,405
Corporates:								
- Overdrafts	606,580	197,253	-	803,833	606,580	-	-	606,580
- Term loans	1,487,244	541,066	10,993	2,039,303	1,289,788	-	10,993	1,300,781
- Others	10,891	-	-	10,891	10,891	-	-	10,891
Investment securities:								
At amortised cost								
- Treasury bills	-	1,006,960	-	1,006,960	-	-	-	-
- Bonds	115,376	841,793	23,309	980,478	115,376	-	-	115,376
At FVOCI								
- Treasury bills	1,352,863	26,815	-	1,379,678	1,352,863	-	-	1,352,863
- Bonds	544,850	52,523	40,597	637,970	544,850	-	-	544,850
- Promissory notes	26,984	-	-	26,984	26,984	-	-	26,984
Other assets	119,547	100,977	-	220,524	119,547	26,403	-	145,950
Non-Current Assets Held for Sale	82,217	-	-	82,217	82,217	-	-	82,217
Total financial assets	**6,012,584**	**3,258,151**	**997,810**	**10,268,546**	**5,802,580**	**37,420**	**965,545**	**6,805,545**
Commitments and guarantees								
- Performance bonds and guarantees	364,161	1,016,928	-	1,381,089	364,161	-	-	364,161
- Letters of credits	340,306	288,771	-	629,077	340,306	-	-	340,306
- Loan commitments	127,735	-	-	127,735	29,387	-	-	29,387
Total commitments and guarantees	**832,201**	**1,305,699**	**0**	**2,137,901**	**733,853**	**0**	**0**	**733,853**

4 Financial Risk Management - Continued
4.2 Credit risk (continued)
31 December 2021
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	-	159,305	261,056	420,361	-	11,017	261,056	272,073
- Unrestricted balances with Central Banks	65,930	138,120	-	204,050	23,368	-	-	23,368
- Money market placements	-	-	98,426	98,426	-	-	147,292	147,292
- Restricted balances with central banks	953,176	16,693	-	969,869	953,176	-	-	953,176
Financial assets at FVTPL:				-				-
- Treasury bills	7,984	2,399	-	10,383	7,984	-	-	7,984
- Government bonds	-	2,713	-	2,713	-	-	-	-
Derivative assets	33,340	-	-	33,340	33,340	-	-	33,340
Loans and advances to banks				-				-
- Corporates	153,897	-	-	153,897	120,124	-	-	120,124
Loans and advances to customers:				-				-
Individuals:				-				-
- Overdrafts	36,658	897	-	37,555	36,658	-	-	36,658
- Term loans	113,385	68,023	-	181,408	113,385	-	-	113,385
Corporates:				-				-
- Overdrafts	134,910	253,707	-	388,617	146,774	92,008	-	238,782
- Term loans	1,365,049	707,917	-	2,072,966	1,372,840	86,316	-	1,459,156
- Others	120	-	-	120	119	-	-	119
Investment securities:				-				-
At amortised cost				-				-
- Treasury bills	655,793	899,994	-	1,555,787	655,793	-	-	655,793
- Bonds	141,092	633,896	11,064	786,052	141,092	-	9,332	150,424
At FVOCI				-				-
- Treasury bills	612,882	20,433	-	633,315	612,882	-	-	612,882
- Bonds	89,347	132,101	-	221,448	89,347	-	-	89,347
Other assets	54,327	67,750	411	122,488	54,327	19,237	-	73,564
Non-Current Assets Held for Sale	82,217	-	-	82,217	82,217	-	-	82,217
Total financial assets	**4,500,107**	**3,103,948**	**370,957**	**7,975,012**	**4,443,426**	**208,578**	**417,680**	**5,069,684**
Commitments and guarantees								
- Performance bonds and guarantees	355,178	326,311	-	681,489	355,178	-	-	355,178
- Letters of credits	310,131	5,290	4,122	319,543	310,131	-	-	310,131
- Loan commitments	244,985	-	-	244,985	125,077	-	-	125,077
Total commitments and guarantees	**910,294**	**331,601**	**4,122**	**1,246,017**	**790,386**	**-**	**-**	**790,386**

4 Financial Risk Management - Continued
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	Manufact uring	Oil and Gas	Power and Energy	Transportatio n and Storage	Total
31 December 2022													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	652,007	-	-	-	-	-	-	-	-	652,007
- Unrestricted balances with Central Banks	-	-	-	351,280	-	-	-	-	-	-	-	-	351,280
- Money market placements	-	-	-	139,441	-	-	-	-	-	-	-	-	139,441
- Restricted balances with central banks	-	-	-	1,283,163	-	-	-	-	-	-	-	-	1,283,163
Assets under management	-	-	-	12,923	-	-	-	-	-	-	-	-	12,923
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	14,963	-	-	-	-	-	14,963
- Promissory notes	-	-	-	-	-	-	-	-	-		-	-	-
- Government bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	39,830	-	-	-	-	-	-	-	-	39,830
Loans and advances to banks	-	-	-	303,249	-	-	-	-	-	-	-	-	303,249
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	15,468	-	-	-	-	-	-	-	15,468
- Term loans	-	-	-	-	267,384	-	-	-	-	-	-	-	267,384
Corporates													
- Overdrafts	37,758	26,811	1,219	22,177	-	135,242	137,466	57,089	201,364	153,811	25,468	5,428	803,833
- Term loans	48,008	127,875	10,550	140,211	378,040	191,737	259,813	115,267	267,223	357,536	129,613	13,431	2,039,303
- Others	-	-	-	-	-	11,012	-	-		-	-		10,891
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	1,006,960	-	-	-	-	-	1,006,960
- Bonds	-	-	-	10,993	-	-	969,485	-	-	-	-	-	980,478
At FVOCI													
- Treasury bills	-	-	-	-	-	-	1,379,678	-	-	-	-	-	1,379,678
- Bonds	-	-	-	-	-	-	637,970	-	-	-	-	-	637,970
- Promissory notes	-	-	-	-	-	-	26,984	-	-	-	-	-	26,984
Other assets	-	-	-	100,977	119,547	-	-	-	-	-	-	-	220,524
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	82,217	-	82,217
Total financial assets	**85,766**	**154,686**	**11,769**	**3,056,251**	**780,439**	**337,990**	**4,433,319**	**172,355**	**468,587**	**511,347**	**237,298**	**18,859**	**10,268,546**
Commitments and guarantees													
- Performance bonds and guarantees	1,148	453,391	1,600	2,636	661,774	71,527	6,052	3,989	13,921	133,902	28,099	3,052	1,381,089
- Letters of credits	10,451	3,547	-	12	209,677	75,546	3,233	25,597	171,261	117,106	12,647	-	629,077
- Loan Commitments	-	-	-	-	98,348	-	-	12,360	-	17,027	-	-	127,735
Total commitments and guarantees	**11,598**	**456,938**	**1,600**	**2,648**	**969,799**	**147,073**	**9,285**	**41,946**	**185,182**	**268,035**	**40,746**	**3,052**	**2,137,901**

4 Financial Risk Management - Continued
4.2 Credit concentration - Industry (continued)

The following table analyses the Bank'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 Bank's counterparties. The amounts stated are net of impairment allowances.

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 2022													
Financial assets													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	559,134	-	-	-	-	-	-	-	-	559,134
- Unrestricted balances with Central Banks	-	-	-	129,249	-	-	-	-	-	-	-	-	129,249
- Money market placements	-	-	-	184,065	-	-	-	-	-	-	-	-	184,065
- Restricted balances with central banks	-	-	-	1,231,399	-	-	-	-	-	-	-	-	1,231,399
Assets under management	-	-	-	12,923	-	-	-	-	-	-	-	-	12,923
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	14,963	-	-	-	-	-	14,963
- Promissory notes	-	-	-	-	-	-	-	-	-		-	-	-
- Government bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	39,830	-	-	-	-	-	-	-	-	39,830
Loans and advances to banks	-	-	-	231,753	-	-	-	-	-	-	-	-	231,753
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	16,332	-	-	-	-	-	-	-	16,332
- Term loans	-	-	-	-	199,405	-	-	-	-	-	-	-	199,405
Corporates													
- Overdrafts	18,741	10,247	1,027	17,490	317,004	64,695	42,101	338	45,753	45,293	42,983	908	606,580
- Term loans	49,005	99,482	7,348	165,124	53,395	200,226	190,210	132,238	184,064	94,933	97,643	27,113	1,300,781
- Others	-	-	-	-	(121)	11,012	-	-	-	-	-	-	10,891
Investment securities:													
At amortised cost													
- Treasury bills	-	-	-	-	-	-	-	-	-	-	-	-	-
-Promissory notes	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	-	-	-	115,376	-	-	-	-	-	115,376
At FVOCI													
- Treasury bills	-	-	-	-	-	-	1,352,863	-	-	-	-	-	1,352,863
- Promissory notes	-	-	-	-	-	-	26,535	-	-	-	-	-	26,984
- Bonds	-	-	-	-	-	-	544,850	-	-	-	-	-	544,850
Other assets	-	-	-	26,403	119,547	-	-	-	-	-	-	-	145,950
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	82,217	-	82,217
Total financial assets	**67,746**	**109,730**	**8,375**	**2,597,371**	**705,562**	**275,933**	**2,286,898**	**132,576**	**229,817**	**140,226**	**222,843**	**28,021**	**6,805,545**
Commitments and guarantees													
- Performance bonds and guarantees	1,135	177,107	1,600	120	-	50,539	2,000	1,459	12,873	100,247	16,957	125	364,161
- Letters of credits	8,602	3,547	-	12	-	66,346	2,204	18,388	169,961	71,246	-	-	340,306
- Loan Commitments	-	-	-	-	-	-	-	12,360	-	17,027	-	-	29,387
Total commitments and guarantees	**9,736**	**180,654**	**1,600**	**132**	**-**	**116,884**	**4,204**	**32,207**	**182,833**	**188,520**	**16,957**	**125**	**733,853**

4 Financial Risk Management - Continued
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 2021													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	420,361	-	-	-	-	-	-	-	-	420,361
- Unrestricted balances with Central Banks	-	-	-	204,050	-	-	-	-	-	-	-	-	204,050
- Money market placements	-	-	-	98,426	-	-	-	-	-	-	-	-	98,426
- Restricted balances with central banks	-	-	-	969,869	-	-	-	-	-	-	-	-	969,869
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	10.383	-	-	-	-	-	10.383
- Promissory notes	-	-	-	-	-	-	-	-	-		-	-	-
- Government bonds	-	-	-	-	-	-	2.713	-	-	-	-	-	2.713
Derivative assets	-	-	-	33,340	-	-	-	-	-	-	-	-	33,340
Loans and advances to banks	-	-	-	153,897	-	-	-	-	-	-	-	-	153,897
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	37,555	-	-	-	-	-	-	-	37,555
- Term loans	-	-	-	-	181,408	-	-	-	-	-	-	-	181,408
Corporates													
- Overdrafts	38.763	15.117	1.745	17.862	99	85.677	88.728	11.106	50.952	63.546	11.566	3.456	388.617
- Term loans	42.956	182.805	10.990	150.711	15.924	286.422	273.983	155.991	340.251	428.290	161.517	23.125	2.072.966
- Others	-	-	-	-	1	119	-	-		-	-		120
Investment securities:													-
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	1,555,787	-	-	-	-	-	1,555,787
- Promissory notes	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	10,577	-	-	775,475	-	-	-	-	-	786,052
At FVOCI													
- Treasury bills	-	-	-	-	-	-	633.315	-	-	-	-	-	633.315
- Bonds	-	-	-	-	-	-	221.448	-	-	-	-	-	221.448
Other assets	-	-	-	32,644	89,844	-	-	-	-	-	-	-	122,488
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	82,217	-	82,217
Total financial assets	**81,719**	**197,922**	**12,736**	**2,091,737**	**324,831**	**372,217**	**3,561,832**	**167,097**	**391,203**	**491,836**	**255,299**	**26,581**	**7,975,012**
Commitments and guarantees													
- Performance bonds and guarantees	-	63,719	200	26,316	511,001	36,823	1,620	961	5,181	23,135	11,712	821	681,489
- Letters of credits	-	62	-	-	2,860	33,843	706	13,444	164,163	104,198	268	-	319,543
- Loan commitments	-	-	-	-	124,238	-	-	16,551	-	104,196	-	-	244,985
Total commitments and guarantees	**-**	**63,781**	**200**	**26,316**	**638,099**	**70,666**	**2,326**	**30,956**	**169,344**	**231,529**	**11,980**	**821**	**1,246,017**

4 Financial Risk Management - Continued
Credit concentration - Industry (continued)

Bank	Agriculture	Construction and Real Estate	Education	Finance and Insurance	General	General Commerce	Governments	Information and Communication	Manufact uring	Oil and Gas	Power and Energy	Transportatio n and Storage	Total
31 December 2021													
Financial assets													
In millions of Nigerian Naira													
Cash and bank balances:													
- Current balances with banks	-	-	-	272,073	-	-	-	-	-	-	-	-	272,073
- Unrestricted balances with Central Banks	-	-	-	23,368	-	-	-	-	-	-	-	-	23,368
- Money market placements	-	-	-	147,292	-	-	-	-	-	-	-	-	147,292
- Restricted balances with central banks	-	-	-	953,176	-	-	-	-	-	-	-	-	953,176
Financial assets at FVTPL:													
- Treasury bills	-	-	-	-	-	-	7,984	-	-	-	-	-	7,984
- Promissory notes	-	-	-	-	-	-	-	-	-		-	-	-
- Government bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	33,340	-	-	-	-	-	-	-	-	33,340
Loans and advances to banks	-	-	-	120,124	-	-	-	-	-	-	-	-	120,124
Loans and advances to customers:													
Individuals													
- Overdrafts	-	-	-	-	36,658	-	-	-	-	-	-	-	36,658
- Term loans	-	-	-	-	113,385	-	-	-	-	-	-	-	113,385
Corporates													
- Overdrafts	21,821	5,143	1,594	16,341	1,325	40,123	80,490	139	34,672	33,196	3,838	100	238,782
- Term loans	26,888	170,920	9,806	140,005	15,282	220,496	105,481	101,083	317,867	222,935	117,647	10,747	1,459,156
- Others	-	-	-	-	-	119	-	-		-	-	-	119
Investment securities:													
At Amortised cost													
- Treasury bills	-	-	-	-	-	-	655,793	-	-	-	-	-	655,793
-Promissory notes	-	-	-	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	412	-	-	146,347	-	3,665	-	-	-	150,424
At FVOCI													
- Treasury bills	-	-	-	-	-	-	612,882	-	-	-	-	-	612,882
- Bonds	-	-	-	-	-	-	89,347	-	-	-	-	-	89,347
Other assets	-	-	-	43,445	30,119	-	-	-	-	-	-	-	73,564
Non-Current Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	82,217	-	82,217
Total financial assets	**48,709**	**176,063**	**11,400**	**1,749,576**	**196,769**	**260,738**	**1,698,324**	**101,222**	**356,203**	**256,131**	**203,702**	**10,847**	**5,069,684**
Commitments and guarantees													
- Performance bonds and guarantees		57,979	200	59,760	2,498	115,599	18,063	961	19,514	57,701	22,082	821	355,178
- Letters of credits		62	-	-	25	89,288	1,705	13,444	185,370	19,970	268	-	310,131
- Loan commitments	-	-	-	-	4,330	-	-	16,551	-	104,196	-	-	125,077
Total commitments and guarantees	**-**	**58,041**	**200**	**59,760**	**6,853**	**204,887**	**19,768**	**30,956**	**204,884**	**181,867**	**22,350**	**821**	**790,386**

4 Financial Risk Management - Continued
Credit risk (continued)
(c) Credit Quality

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

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

Stage 1 Loans and Advances:
These are loans and advances that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (where the optional simplification is applied) at the reporting date.

Stage 2 Loans and Advances:
These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event.

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

Impaired loans and securities

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

Loans with renegotiated terms
The contractual terms of a loan may be modified for a number of reasons including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. The Group renegotiates loans to customers to maximise collection opportunities and minimise the risk of default. The revised terms of renegotiated facilities usually include extended maturity, changing timing of interest payments and amendments to the terms of the loan agreement. As at 31 December 2022, the carrying amount of loans with renegotiated terms was N77.031 billion (December 2021 : N53.06 billion). There are no other financial assets with renegotiated terms as at 31 December 2022 (December 2021: nil).

Impairment assessment under IFRS
The Group assesses its impairment for the purpose of IFRS reporting using the 'forward-looking' Expected Credit Loss (ECL) model in line with provisions of *IFRS 9 - Financial Instrument* .
The Group records an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.
The measurement of expected credit losses is based on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD), discounted to the reporting date using the effective interest rate.

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

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

31 December 2022	**Group**				**Bank**			
	Stage 1 - 12 month ECL	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	652,007	-	-	652,007	559,134	-	-	559,134
- Unrestricted balances with Central Banks	351,280	-	-	351,280	129,249	-	-	129,249
- Money market placements	139,441	-	-	139,441	184,065	-	-	184,065
- Restricted balances with central banks	1,283,163	-	-	1,283,163	1,231,399	-	-	1,231,399
Assets under management	12,923			12,923	12,923			12,923
Financial assets at FVTPL:								
- Treasury bills	14,963	-	-	14,963	14,963	-	-	14,963
- Government bonds	-	-	-	-	-	-	-	-
Derivative assets	39,830	-	-	39,830	39,830	-	-	39,830
Loans and advances to banks	305,924	-	-	305,924	233,695	-	-	233,695
Loans and advances to customers								
Individuals								
- Overdrafts	928	1,764	25,309	28,001	6,882	15	16,467	23,364
- Term loans	268,540	3,447	5,120	277,107	205,240	1,017	2,245	208,502
Corporates								
- Overdrafts	662,359	94,339	70,290	826,988	532,365	56,868	25,001	614,234
- Term loans	1,668,647	399,515	8,445	2,076,607	940,815	386,555	1,309	1,328,679
- Others	11,012	-	-	11,012	11,012	-	-	11,012
Investment securities:								
At Amortised Cost								
- Treasury bills	933,574	-	73,386	1,006,960	-	-	-	-
- Bonds	927,793	-	71,552	999,345	118,520	-	-	118,520
At FVOCI								
- Treasury bills	1,379,678	-	-	1,379,678	1,352,863	-	-	1,352,863
- Bonds	591,495	-	46,475	637,970	498,375	-	46,475	544,850
- Promissory notes	26,984	-	-	26,984	26,984	-	-	26,984
Other assets	220,524	-	14,213	234,737	145,950	-	11,878	157,828
Gross financial assets	**9,491,064**	**499,064**	**314,791**	**10,304,920**	**6,244,263**	**444,455**	**103,375**	**6,792,094**

Credit Quality- Continued

31 December 2022	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total	Stage 1 - 12- month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Allowance for impairment on financial assets is as follows:								
Allowance for credit losses								
Loans and advances to customers								
- Individuals	8,944	505	12,807	22,256	4,742	931	10,456	16,129
- Corporates	55,465	11,252	(6,137)	60,580	25,845	2,916	6,791	35,553
Loans and advances to banks	2,675	-	-	2,675	1,942	-	-	1,942
	67,084	**11,757**	**6,670**	**85,511**	**32,529**	**3,847**	**17,247**	**53,624**
Allowance for impairment								
Other assets	14,213	-	-	14,213	380	-	11,498	11,878
Investment securities	18,867	-	-	18,867	3,144	-	-	3,144
	33,080	**-**	**-**	**33,080**	**3,524**	**-**	**11,498**	**15,022**
Total impairment allowance on financial assets	**100,164**	**11,757**	**6,670**	**118,591**	**36,053**	**3,847**	**28,745**	**68,646**
Net amount	**9,390,900**	**487,307**	**308,121**	**10,186,329**	**6,208,210**	**440,608**	**74,630**	**6,723,449**

31 December 2021	**Group**				**Bank**			
	Stage 1 - 12 month ECL	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**	**Stage 1 - 12- month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	420,361	-	-	420,361	272,073	-	-	272,073
- Unrestricted balances with Central Banks	204,050	-	-	204,050	23,368	-	-	23,368
- Money market placements	98,426	-	-	98,426	147,292	-	-	147,292
- Restricted balances with central banks	969,869	-	-	969,869	953,176	-	-	953,176
Financial assets at FVTPL:								
- Treasury bills	10,383	-	-	10,383	7,984	-	-	7,984
- Promissory notes	-	-		-	-	-	-	-
- Government bonds	2,713	-	-	2,713	-	-	-	-
Derivative assets	33,340	-	-	33,340	33,340	-	-	33,340
Loans and advances to banks	156,491	-	-	156,491	122,505	-	-	122,505
Loans and advances to customers								
Individuals								
- Overdrafts	24,112	1,809	27,602	53,523	21,272	502	22,994	44,768
- Term loans	184,614	1,235	4,585	190,433	116,964	411	2,995	120,371
Corporates							-	
- Overdrafts	300,978	38,386	67,084	406,447	201,126	19,128	24,495	244,749
- Term loans	1,857,408	264,314	4,837	2,126,559	1,257,651	245,236	508	1,503,395
- Others	121	-	-	121	121	-	-	121
Investment securities:								
At Amortised Cost								
- Treasury bills	1,555,787	-	-	1,555,787	655,793	-	-	655,793
- Bonds	787,832	-	-	787,832	151,591	-	-	151,591
- Promissory notes	-	-	-	-	-	-	-	-
At FVOCI								
- Treasury bills	633,315	-	-	633,315	612,882	-	-	612,882
- Bonds	221,448	-	-	221,448	89,347	-	-	89,347
- Promissory notes	-	-	-		-	-	-	
Non-Current Assets Held for Sale	82,217	-	-	82,217	82,217			82,217
Other assets	122,488	-	11,204	133,692	73,564	-	10,233	83,797
Gross financial assets	**7,665,953**	**305,743**	**115,311**	**8,087,007**	**4,822,266**	**265,277**	**61,225**	**5,148,768**
Allowance for impairment on financial assets is as follows:								
Allowance for credit losses								
Loans and advances to customers								
- Individuals	6,754	251	17,987	24,992	4,259	1,189	9,647	15,095
- Corporates	49,057	7,448	14,919	71,424	33,767	6,325	10,114	50,206
Loans and advances to banks	2,594	-	-	2,594	2,381	-	-	2,381
	58,405	**7,699**	**32,906**	**99,010**	**40,407**	**7,514**	**19,761**	**67,682**
Allowance for impairment								
Other assets	322	-	10,882	11,204	322	-	9,911	10,233
Investment securities	1,780	-	-	1,780	1,167	-	-	1,167
	2,102	**-**	**10,882**	**12,984**	**1,489**	**-**	**9,911**	**11,400**
Total impairment allowance on financial assets	**60,507**	**7,699**	**43,788**	**111,994**	**41,896**	**7,514**	**29,672**	**79,082**
Net amount	**7,605,446**	**298,044**	**71,523**	**7,975,013**	**4,780,370**	**257,763**	**31,553**	**5,069,686**

4 Financial Risk Management - Continued
4.2 Credit Quality (continued)

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

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Group								
31 December 2022								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	652,007	-	-	-	652,007	-	652,007
- Unrestricted balances with Central Banks	351,280	-	-	-	-	351,280	-	351,280
- Money market placements	-	139,441	-	-	-	139,441	-	139,441
- Restricted balances with central banks	1,283,163	-	-	-	-	1,283,163	-	1,283,163
Assets under management	-	12,923	-	-	-	12,923	-	12,923
Financial assets at FVTPL:								
- Treasury bills	14,963	-	-	-	-	14,963	-	14,963
- Promissory notes	-	-		-	-	-	-	-
- Government bonds	-	-	-	-	-	-	-	-
Derivative assets	39,830	-	-	-	-	39,830	-	39,830
Loans and advances to banks	-	11,758	294,166	-	-	305,924	(2,675)	303,249
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	928	-	-	928	(113)	815
- Term loans	-	-	268,540	-	-	268,540	(8,831)	259,709
Corporates								
- Overdrafts	-	194	662,165	-	-	662,359	(4,481)	657,878
- Term loans	23,570	54,565	1,590,512	-	-	1,668,647	(50,863)	1,617,784
- Others	-	-	11,012	-	-	11,012	(121)	10,891
Investment securities:								
At Amortised Cost								
- Treasury bills	933,574	-	-	-	-	933,574	-	933,574
- Bonds	906,595	19,969	1,229	-	-	927,793	(18,867)	908,926
At FVOCI								
- Treasury bills	1,379,678	-	-	-	-	1,379,678	-	1,379,678
- Bonds	591,495	-	-	-	-	591,495	-	591,495
-Promissory notes	26,984	-	-	-	-	26,984		26,984
Other assets	-	-	-	-	220,524	220,524	(14,213)	206,311
	5,551,132	**890,857**	**2,828,552**	**-**	**220,524**	**9,491,064**	**(100,164)**	**9,390,903**

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

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Group								
31 December 2021								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	420,361	-	-	-	420,361	-	420,361
- Unrestricted balances with Central Banks	204,050	-	-	-	-	204,050	-	204,050
- Money market placements	-	98,426	-	-	-	98,426	-	98,426
- Restricted balances with central banks	969,869	-	-	-	-	969,869	-	969,869
Financial assets at FVTPL:								
- Treasury bills	10,383	-	-	-	-	10,383	-	10,383
- Promissory notes	-	-		-	-	-	-	-
- Government bonds	2,713	-	-	-	-	2,713	-	2,713
Derivative assets	33,340	-	-	-	-	33,340	-	33,340
Loans and advances to banks	-	79,394	77,097	-	-	156,491	(2,594)	153,897
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	24,112	-	-	24,112	(475)	23,637
- Term loans	-	-	184,614	-		184,614	(6,279)	178,335
Corporates								
- Overdrafts	204	593	300,180	-	-	300,978	(3,550)	297,428
- Term loans	51,652	70,457	1,735,299	-	-	1,857,408	(45,506)	1,811,902
- Others	-	-	121	-	-	121	(1)	120
Investment securities:								
At Amortised Cost								
- Treasury bills	1,555,787	-	-	-	-	1,555,787	-	1,555,787
- Bonds	766,634	19,969	1,229	-	-	787,832	(1,780)	786,052
At FVOCI						-		-
- Treasury bills	633,315	-	-	-	-	633,315	-	633,315
- Bonds	221,448	-	-	-	-	221,448	-	221,448
Other assets	-	-	-	-	122,488	122,488	(11,204)	111,284
	4,449,395	**689,200**	**2,322,652**	**-**	**122,488**	**7,583,736**	**(71,389)**	**7,512,347**

4 Financial Risk Management - Continued
4.2 Credit Quality (continued)

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Bank								
31 December 2022								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	559,134	-	-	-	559,134	-	559,134
- Unrestricted balances with Central Banks	129,249	-	-	-	-	129,249	-	129,249
- Money market placements	-	184,065	-	-	-	184,065	-	184,065
- Restricted balances with central banks	1,231,399	-	-	-	-	1,231,399	-	1,231,399
Assets under management	-	12,923	-	-	-	12,923	-	12,923
Financial assets at FVTPL:								-
- Treasury bills	14,963	-	-	-	-	14,963	-	14,963
- Promissory notes	-	-				-	-	-
- Government bonds	-	-	-	-	-	-	-	-
Derivative assets	39,830	-	-	-	-	39,830	-	39,830
Loans and advances to banks	-	233,695	-	-	-	233,695	(1,942)	231,753
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	6,882	-	-	6,882	(113)	6,769
- Term loans	-	-	205,240	-	-	205,240	(4,629)	200,611
Corporates								-
- Overdrafts	204	593	531,567	-	-	532,365	(4,460)	527,905
- Term loans	51,652	70,457	818,706	-	-	940,815	(21,385)	919,429
- Others	-	-	11,012	-	-	11,012	-	11,012
Investment securities:								-
At Amortised Cost								-
- Treasury bills	-	-	-	-	-	-	-	-
- Bonds	97,322	19,969	1,229	-	-	118,520	(3,144)	115,376
At FVOCI								-
- Treasury bills	1,352,863	-	-	-	-	1,352,863	-	1,352,863
- Bonds	498,375	-	-	-	-	498,375	-	498,375
- Promissory notes	26,984	-	-	-	-	26,984	-	26,984
Other assets	-	-	-	-	145,950	145,950	(11,878)	134,072
	3,442,841	**1,080,836**	**1,574,636**	**-**	**145,950**	**6,244,263**	**(47,551)**	**6,196,712**

	Very Low risk	Low risk	Acceptable risk	Moderately High risk	Unrated	Gross Amount	Allowance for credit losses	Carrying amount
Bank								
31 December 2021								
In millions of Nigerian Naira								
Cash and bank balances:								
- Current balances with banks	-	272,073	-	-	-	272,073	-	272,073
- Unrestricted balances with Central Banks	23,368	-	-	-	-	23,368	-	23,368
- Money market placements	-	147,292	-	-	-	147,292	-	147,292
- Restricted balances with central banks	953,176	-	-	-	-	953,176	-	953,176
Financial assets at FVTPL:								-
- Treasury bills	7,984	-	-	-	-	7,984	-	7,984
- Promissory notes	-	-				-	-	-
- Government bonds	-	-	-	-	-	-	-	-
Derivative assets	33,340	-	-	-	-	33,340	-	33,340
Loans and advances to banks	-	122,505	-	-	-	122,505	(2,381)	120,124
Loans and advances to customers								
Individuals								
- Overdrafts	-	-	21,272	-	-	21,272	(430)	20,842
- Term loans	-	-	116,964	-	-	116,964	(3,828)	113,136
Corporates								-
- Overdrafts	204	593	200,328	-	-	201,126	(1,965)	199,161
- Term loans	51,652	70,457	1,135,542	-	-	1,257,651	(31,801)	1,225,850
- Others	-	-	121	-	-	121	(1)	119
Investment securities:								-
At Amortised Cost								-
- Treasury bills	655,793	-	-	-	-	655,793	-	655,793
- Bonds	130,393	19,969	1,229	-	-	151,591	(1,167)	150,424
At FVOCI								-
- Treasury bills	612,882	-	-	-	-	612,882	-	612,882
- Bonds	89,347	-	-	-	-	89,347	-	89,347
banks						-	-	-
Other assets	-	-	-	-	73,564	73,564	(10,233)	63,331
	2,558,139	**632,889**	**1,475,456**	**-**	**73,564**	**4,740,049**	**(51,806)**	**4,688,242**

4 Financial Risk Management - Continued
4.2 Credit Quality (continued)

(d) Statement of Prudential Adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines and the Central Banks of the foreign subsidiaries' regulations. This is at variance with the expected credit loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.
Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.
However, Banks would be required to comply with the following:
Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:
• Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom should be transferred from the general reserve account to a "regulatory risk reserve".

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

As at 31 December 2022, the difference between the Prudential provision and IFRS impairment was N52.645 billion for the Group (December 2021: N40.637 billion) and N50.362 billion for the Bank (December 2021: N41.705 billion). This requires a transfer of N8.657 billion to regulatory credit risk reserve from retained earnings for the Group and N8.104 million transfer for the Bank, as disclosed in the statement of changes in equity. These amounts represent the difference between provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and the Central Banks of foreign subsidiaries, and impairment reserve as determined in line with IFRS 9 as at year end.

In millions of Nigerian Naira	**Group Dec. 2022**	**Group Dec. 2021**	**Bank Dec. 2022**	**Bank Dec. 2021**
Total impairment based on IFRS	117,716	118,039	68,646	82,515
Total impairment based on Prudential Guidelines	170,361	158,676	122,911	124,220
Regulatory credit risk reserve (required)	(52,645)	(40,637)	(54,265)	(41,705)
Regulatory credit risk reserve (opening)	(40,637)	(45,496)	(41,705)	(45,773)
Transfer (to)/from regulatory risk reserve	**(12,008)**	**4,859**	**(12,560)**	**4,068**

4 Financial Risk Management - Continued

4.2 Credit risk (continued)

(e) Credit Collateral

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

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

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

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

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

1. Cash

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

2. Treasury bills/certificates

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

3. Stock and shares

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

4. Legal Mortgage

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

5. Debenture

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

6. Life Insurance Policies

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

7. Guarantees

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

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

4 Financial Risk Management - Continued
4.2 Credit risk (continued)
(e) Credit Collateral (continued)

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

Loans to individuals

In millions of Nigerian Naira	Group		Bank	
	Dec. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**
Against Stage 3 loans				
Property	1,346	2,674	1,278	1,997
Others	18,237	14,491	18,237	12,123
	19,584	17,165	19,515	14,120
Against Stage 2 loans				
Property	41	2,578	41	1,404
Others	14,987	7,958	1,033	3,189
	15,028	10,536	1,074	4,593
Against Stage 1 loans				
Property	5,162	2,823	4,691	2,513
Others	155,431	131,050	66,624	51,356
	160,593	133,873	71,315	53,869
Total for loans to individuals	**195,205**	**161,574**	**91,904**	**72,582**

Loans to corporates

In millions of Nigerian Naira	Group		Bank	
	Dec. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**
Against Stage 3 loans				
Property	16,093	55,963	5,830	13,993
Others	105,071	132,173	6,517	15,221
	121,164	188,135	12,347	29,214
Against Stage 2 loans				
Property	166,712	192,889	132,375	93,482
Others	339,595	77,777	263,392	55,402
	506,308	270,666	395,767	148,884
Against Stage 1 loans				
Property	1,047,963	526,618	321,837	518,368
Others	2,011,932	1,391,520	1,353,940	936,904
	3,059,895	1,918,138	1,675,777	1,455,273
Total for loans to corporates	**3,687,367**	**2,376,939**	**2,083,891**	**1,633,371**
Total for loans and advances to customers	**3,882,572**	**2,538,513**	**2,175,795**	**1,705,953**

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

	Group		Bank	
31 December 2022	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
In millions of Nigerian Naira				
Loans and advances to banks				
Secured against other collateral*	291,515	464,486	220,019	370,243
Unsecured	11,734	-	11,734	-
	303,249	**464,486**	**231,753**	**370,243**
Loans and advances to customers				
Secured against real estate	349,494	1,237,318	318,252	466,052
Secured against cash	168,256	211,610	150,346	178,502
Secured against other collateral*	2,532,031	2,433,644	1,634,859	1,531,241
Unsecured	87,098	-	19,640	-
	3,136,879	**3,882,571**	**2,123,097**	**2,175,795**

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

4 Financial Risk Management - Continued

4.2 Credit risk (continued)

(e) Credit Collateral (continued)

	Group		Bank	
31 December 2022	**Total Exposure**	**Value of Collateral**	**Total Exposure**	**Value of Collateral**
In millions of Nigerian Naira				
Off-balance sheet exposures				
Secured against real estate	27,424	27,669	15,590	15,835
Secured against cash	39,912	42,304	29,553	31,945
Secured against other collateral*	2,070,565	1,021,268	688,710	610,377
	2,137,901	**1,091,241**	**733,853**	**658,157**
31 December 2021				
Loans and advances to banks				
Unsecured	153,897	11,106	120,124	9,717
Loans and advances to customers				
Secured against real estate	578,015	693,588	511,726	583,346
Secured against cash	85,113	101,658	31,320	33,138
Secured against other collateral*	1,904,905	1,743,266	1,233,271	1,089,469
Unsecured	112,635	-	71,785	-
	2,680,667	**2,538,513**	**1,848,102**	**1,705,953**
Off-balance sheet exposures				
Secured against real estate	720,580	219,776	427,981	211,011
Secured against cash	79,411	67,780	65,711	46,541
Secured against other collateral*	446,026	521,100	296,694	488,959
	1,246,017	**808,656**	**790,386**	**746,511**

* 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.

(f) Repossessed collateral

The repossessed collateral in the Group's books have been recognized as assets classified as held for sale in line with IFRS 5. See note 34. These assets were held as collateral against certain loans and have been 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. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**
Property	226	-	170	-
	226	**-**	**170**	**-**

4 Financial Risk Management - Continued

4.3 Liquidity risk

(a) Overview

Liquidity risk arises in the general funding of the Group's activities and in the management of position. 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 includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. To limit this risk, management has arranged for diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis. The Group remains well funded with strong liquidity position.

(i) Liquidity Risk Management

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

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

(ii) Liquidity Risk Governance

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

(iii) Liquidity Risk Measurement

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

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

(b) Liquidity ratios

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

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

	Bank Dec. 2022	Bank Dec. 2021
At period end	59.03%	47.56%
Average for the year	47.99%	44.86%
Maximum for the year	53.98%	51.53%
Minimum for the year	40.60%	37.43%

(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.

4 Financial Risk Management - Continued

4.3 Liquidity risk (continued)
Maturity analysis for financial liabilities

31 December 2022 **Group** *In millions of Nigerian Naira*	***Note***	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities								
Deposits from banks		1,170,238	1,319,361	728,659	282,925	307,777	-	-
Deposits from customers								
Retail Customers:								
Term deposits		197,391	126,532	`	77,321	4,830	9,435	34,946
Current deposits		864,495	864,495	864,495	-	-	-	-
Savings deposits		2,134,453	2,147,286	2,147,286	-	-	-	-
Corporate Customers:								
Term deposits		964,895	991,829	446,480	231,774	120,964	40,946	151,665
Current deposits		3,663,658	3,606,243	1,713,963	447,071	549,451	320,601	575,158
Other financial liabilities		375,887	475,740	-	152,551	155,510	50,910	116,769
Borrowings		535,735	705,354	67,071	66,790	140,500	292,663	138,330
Total financial liabilities		**9,906,753**	**10,236,840**	**5,967,953**	**1,258,433**	**1,279,032**	**714,556**	**1,016,867**
Derivative liabilities:								
Cross Currency Swap		79	79	79	-	-	-	-
Contingents and loan commitments								
Performance bonds and guarantees		1,377,022	1,377,022	1,214,697	24,079	32,990	37,738	67,516
Letters of credit		626,912	626,912	336,908	110,536	39,148	79,084	61,235
Loan commitments		2,003,934	2,003,934	-	-	-	-	2,003,934
Assets used to manage liquidity								
Cash and bank balances		2,553,629	2,030,310	1,749,756	142,854	53,838	49,292	34,571
Assets under management		12,923	12,923	-	-	-	-	12,923
Financial assets at FVTPL								
Treasury bills		14,963	15,107	2,000	4,750	2,607	5,750	-
Loans and advances to banks		303,249	305,924	68,526	149,614	1,157	1,715	84,913
Loans and advances to customers								
Individual								
Term loans		267,384	205,321	30,331	15,562	22,782	43,561	93,085
Overdrafts		15,468	38,906	38,906	-	-	-	-
Corporates								
Term loans		2,039,303	2,278,760	262,914	406,026	245,780	348,786	1,015,254
Overdrafts		803,833	878,947	207,477	24,413	2,441	244,001	400,615
Others		10,891	11,134	11,015	-	-	-	119
Investment securities								
At FVOCI								
Treasury bills		1,379,678	1,716,822	773,738	370,503	269,394	303,188	-
Bonds		637,970	782,246	10,651	13,112	2,272	28,157	728,053
Promissory notes		26,984	30,000	-	-	-	-	30,000
At amortised cost			-					
Treasury bills		1,006,960	1,057,308	54,418	273,430	198,811	223,751	306,898
Bonds		999,345	1,280,737	3,671	9,290	707,736	-	560,039
Other assets		220,524	234,737	-	226,316	-	8,421	-
Derivative assets		39,830	39,830	103	2,144	798	7,892	28,893
Non - Current Assets Held for Sale		82,217	82,217	-	-	-	82,217	-
Total financial assets		**10,415,151**	**11,001,230**	**3,213,505**	**1,638,016**	**1,507,617**	**1,346,730**	**3,295,364**
Gap		**(3,499,549)**	**(3,243,557)**	**(4,306,133)**	**244,968**	**156,446**	**515,351**	**145,811**

4 Financial Risk Management - Continued
4.3 Liquidity risk (continued)
Maturity analysis for financial liabilities

31 December 2022 **Bank** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative liabilities							
Deposits from banks	863,795	992,705	537,849	208,837	227,181	18,837	-
Deposits from customers							
Retail Customers:							
Term deposits	43,643	43,643	22,238	2,772	1,829	3,572	13,232
Current deposits	446,006	446,006	446,006	-	-	-	-
Savings deposits	1,733,787	1,733,787	1,733,787	-	-	-	-
Corporate Customers:							
Term deposits	500,244	500,493	280,723	194,458	19,141	3,742	2,428
Current deposits	2,322,836	2,322,836	1,931,400	391,436	-	-	-
Other financial liabilities	321,136	333,230	-	135,551	-	80,910	116,769
Borrowings	530,446	567,024	67,071	66,790	140,500	292,663	-
Total financial liabilities	**6,761,893**	**6,939,725**	**5,019,075**	**999,846**	**388,650**	**399,725**	**132,429**
Derivative liabilities							
Cross Currency Swap	79	306	306		-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	364,161	364,579	212,082	32,005	24,069	49,341	47,082
Letters of credit	340,306	340,697	205,121	53,355	10,004	17,114	55,103
Loan commitments	29,387	29,421	29,421	-	-	-	-
Assets used to manage liquidity							
Cash and bank balances	2,154,971	1,713,350	1,476,594	120,553	45,433	41,597	29,174
Assets under management	12,923	12,923	-	-	-	-	12,923
Financial assets at FVTPL							
Treasury bills	14,963	15,107	2,000	4,750	2,607	5,750	
Loans and advances to banks	231,753	233,695	67,988	77,923	1,157	1,715	84,913
Loans and advances to customers							
Individual :							
Term loans	199,405	247,262	72,272	15,562	22,782	43,561	93,085
Overdrafts	16,332	24,791	24,791	-	-	-	-
Corporates :							
Term loans	1,300,781	1,435,483	63,409	442,245	245,780	348,786	335,263
Overdrafts	606,580	649,026	207,477	2,441	286,231	52,262	100,615
Others	-	-	-	-	-	-	-
Investment securities							
At FVOCI							
Treasury bills	1,352,863	1,389,310	71,506	359,288	261,239	294,010	403,266
Bonds	544,850	675,464	9,197	11,323	1,962	24,314	628,669
Promissory notes	26,984	30,000	-	-	-	-	30,000
At amortised cost							
Bonds	118,520	258,101	557	1,761	11,788	7,426	236,569
Other assets	145,950	67,178	67,178	-	-	-	-
Derivative asset	39,830	39,830	103	2,144	798	7,892	28,893
Non - Current Assets Held for Sale	82,217	82,217	-	-	-	82,217	-
Total financial assets	**6,848,922**	**6,873,737**	**2,063,071**	**1,037,991**	**879,778**	**909,529**	**1,983,370**
Gap	**(646,903)**	**(800,991)**	**(3,402,934)**	**(47,215)**	**457,054**	**443,348**	**1,748,756**

4 Financial Risk Management - Continued

4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities (Continued)

31 December 2021 **Group** *In millions of Nigerian Naira*	**Carrying amount**	**Gross nominal amount**	**Less than 1 month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**More than 1 year**
Non-derivative financial liabilities							
Deposits from banks	654,211	657,783	453,973	146,238	57,246	327	-
Deposits from customers							
Retail Customers:							
Term deposits	71,291	71,996	51,774	17,637	2,366	220	-
Current deposits	649,573	649,573	649,573	-	-	-	-
Savings deposits	1,727,710	1,727,710	1,727,710	-	-	-	-
Corporate Customers:							
Term deposits	785,260	793,024	571,324	193,353	25,939	2,404	5
Current deposits	3,135,355	3,135,355	3,135,355				
Other financial liabilities	208,607	208,607	208,607			-	-
Borrowings	455,772	522,894	-	6,597	112,683	47,175	356,438
Subordinated liabilities	-	-		-	-	-	-
Total financial liabilities	**7,687,779**	**7,766,943**	**6,798,316**	**363,825**	**198,234**	**50,127**	**356,443**
Derivative liabilities:							
Cross Currency Swap	98	98	98	-	-	-	-
Contingents and loan commitments							
Performance bonds and guarantees	681,489	681,489	519,164	24,079	32,990	37,738	67,516
Letters of credit	319,543	319,543	29,539	110,536	39,148	79,084	61,235
Loan commitments	244,985	244,985	119,909	-	-	-	125,076
Assets used to manage liquidity							
Cash and bank balances	1,818,784	1,820,875	644,792	87,762	77,049	41,403	969,869
Financial assets at FVTPL							
Treasury bills	10,383	10,859	2,509	-	-	8,350	-
Promissory notes	-	-	-	-	-	-	-
Bonds	2,713	3,571	3,571	-	-	-	-
Loans and advances to banks	153,897	161,592	97,860	142	-	-	63,590
Loans and advances to customers							
Individual							
Term loans	181,408	191,189	36,806	2,790	2,822	12,082	136,690
Overdrafts	37,555	53,409	46,417	253	837	3,602	2,299
Corporates							
Term loans	2,072,966	2,197,586	191,404	190,633	106,414	152,377	1,556,758
Overdrafts	388,617	479,447	203,435	77,346	73,673	88,322	36,670
Others	120	120	1	-	-	-	119
Investment securities							
At FVOCI							
Treasury bills	633,315	667,488	104,953	134,119	243,958	184,458	-
Bonds	221,448	292,862	(7)	4,893	700	7,007	280,269
At amortised cost		-					
Treasury bills	1,555,787	1,557,771	407,913	287,464	862,393	-	-
Bonds	787,832	1,036,926	132,887	3,077	21,204	62,190	817,567
Other assets	122,488	133,692	133,692	-	-	-	-
Derivative assets	33,340	33,340	7,774	10,470	15,097	-	-
Non - Current Assets Held for Sale	82,217	82,217	-	-	-	82,217	-
Total financial assets	**8,102,871**	**8,722,943**	**2,014,008**	**798,950**	**1,404,147**	**642,007**	**3,863,832**
Gap	**(831,023)**	**(290,115)**	**(5,453,019)**	**300,510**	**1,133,774**	**475,057**	**3,253,561**

4 Financial Risk Management - Continued
4.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

31 December 2021 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	483,110	485,748	343,131	102,330	40,058	229	
Deposits from customers							
Retail Customers:							
Term deposits	18,808	18,994	13,659	4,653	624	58	
Current deposits	329,747	329,747	329,747				
Savings deposits	1,396,905	1,396,905	1,396,905				
Corporate Customers:							
Term deposits	433,054	437,336	317,016	104,935	14,077	1,305	3
Current deposits	1,825,792	1,825,792	1,825,792				
Other financial liabilities	123,241	123,241	89,786	33,455		-	-
Borrowings	455,772	522,895	-	6,597	112,683	47,175	356,438
Total financial liabilities	**5,066,429**	**5,140,657**	**4,316,036**	**251,971**	**167,442**	**48,767**	**356,441**
Derivative liabilities							
Cross Currency Swap	98	98	-		98	-	-
Contingents and loan commitments							
Performance bonds and guarantees	355,178	355,587	203,089	32,005	24,069	49,341	47,082
Letters of credit	310,131	310,488	174,911	53,355	10,004	17,114	55,103
Loan commitments	125,077	125,221	27,888	-	-	-	97,332
Assets used to manage liquidity							
Cash and bank balances	1,446,906	1,448,570	354,190	61,328	39,650	28,062	965,340
Financial assets at FVTPL							
Treasury bills	7,984	8,350				8,350	
Loans and advances to banks	120,124	144,149	67,638	21,508	29,743	449	24,810
Loans and advances to customers							
Individual :							
Term loans	113,385	140,597	35,708	2,623	2,361	10,119	89,787
Overdrafts	36,658	44,393	40,172	88	3	2,703	1,428
Corporates :							
Term loans	1,459,156	1,610,258	169,495	141,393	71,468	134,218	1,093,684
Overdrafts	238,782	312,478	132,546	62,161	47,576	44,371	25,825
Others	119	119	-	-	-	-	119
Investment securities							
At FVOCI							
Treasury bills	612,882	645,952	101,568	129,792	236,086	178,506	-
Bonds	89,347	118,160	(5,715)	2,046	293	2,930	118,606
At amortised cost							
Treasury bills	655,793	656,629	145,106	127,881	383,642		-
Bonds	151,591	199,521	25,191	593	4,089	11,992	157,655
Other assets	73,564	83,797	83,797	-	-	-	-
Derivative asset	33,340	33,340	7,773	10,470	15,097		-
Non - Current Assets Held for Sale	82,217	82,217	-	-	-	82,217	-
Total financial assets	**5,121,848**	**5,528,530**	**1,157,469**	**559,882**	**830,008**	**503,917**	**2,477,255**
Gap	**(735,065)**	**(403,519)**	**(3,564,456)**	**222,552**	**628,394**	**388,695**	**1,921,297**

4 Financial Risk Management - Continued

4.4 Market risk

(a) Overview

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

(i) Market Risk Management

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

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

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

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

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

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

(ii) Market Risk Governance

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

(iii) Market Risk Measurement

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

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

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

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

4.4 Market risk - continued

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.

4 Financial Risk Management - Continued

Daily Valuation Of Market Risk Positions: Mark to Market (MTM) for relevant products/positions is done in line with International Financial Reporting Standard (IFRS). All market risk financial instruments are categorized into:
1) Fair value through profit or loss(FVTPL) – valued on fair value accounting methodology and MTM daily.
2) Fair value through other comprehensive income(FVOCI) – valued on fair value accounting methodology and MTM monthly.
3) Amortised cost – This portfolio is not MTM because positions are held until maturity.

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

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

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

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

Market risk from non-trading portfolios stems from the potential impact of changes in interest rates and foreign exchange rates on UBA's net interest revenues, the changes in accumulated other comprehensive income (loss) from its investment portfolios and capital invested in foreign currencies.
The management of banking book related market risk exposures involves managing the potential adverse effect of interest rate movements on banking book earnings (net interest income and banking book MTM profit or loss) and economic value of equity. Market risk in the banking book arises as a result of the mismatch between the future yield on assets and their funding cost and also the different re-pricing characteristics of banking book assets and liabilities. UBA Group uses a variety of tools to track and manage this risk. These tools include;
• Re-pricing gap analysis
• Liquidity gap analysis
• Earnings-at-Risk (EAR)
• Sensitivity Analysis

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

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

Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for re-pricing bands. There will always be a mis-match between maturing assets and maturing liabilities, and changes in interest rates 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

UBA Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. Risk management activities are aimed at optimising net interest income and maintaining market interest rate levels consistent with the Group's business strategies.

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

December 31, 2022
Group

				Re-pricing period			
In millions of Nigerian Naira	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	2,553,629	-	139,441	-	-	-	2,414,188
Assets under management	12,923	-	-	10,877	2,046	-	-
Financial assets at FVTPL							
Treasury bills	14,963	2,265	4,954	2,545	5,199	-	-
Bonds	-	-	-	-	-	-	-
Loans and advances to banks	303,249	227,802	44,984	9,832	196.85	20,434	-
Loans and advances to customers:							
Individual							
Term loans	267,384	179,967	30,739	15,849	12,591	28,239	-
Overdrafts	15,468	15,468	-	-	-	-	-
Corporates							
Term loans	2,039,303	1,040,380	351,251	181,108	143,876	322,687	-
Overdrafts	803,833	803,833					-
Others	10,891	10,891					-
Investment securities:							
At FVOCI:							
Treasury bills	1,379,678	452,658	365,271	259,561	302,189	-	-
Bonds	637,970	-	-	-	1,155	475,033	-
Promissory notes	26,984	-	-	-	-	26,984	-
Equity	148,621	-	-	-	-	-	148,621
At amortised cost:							
Treasury bills	1,006,960	412,104	189,034	123,055	282,767	-	-
Bonds	999,345	21,366	19,719	87,456	135,293	735,511	-
Derivative assets	39,830	-	-	-	-	-	39,830
Other assets	220,524	-	-	-	-	-	220,524
Non-Current Assets Held for Sale	82,217	-	-	-	-	-	82,217
	10,563,772	**3,166,733**	**1,145,393**	**690,284**	**885,312**	**1,608,887**	**2,905,380**
Derivative liability	79	(227)	-	-	-	-	306
Deposits from banks	1,170,238	762,876	109,592	14,578	-	-	283,192
Deposits from customers	7,824,892	3,032,647	301,655	136,157	98,213	377,682	3,878,538
Other liabilities	375,887	20,077					226,873
Borrowings	535,735	167,558	137,972	77,303	1,543	151,358	
	9,906,831	**3,982,931**	**549,219**	**228,038**	**99,757**	**529,040**	**4,388,909**
Gaps	**656,941**	**(816,198)**	**596,174**	**462,246**	**785,555**	**1,079,847**	**(1,483,529)**

31 December 2021
Group

				Re-pricing period			
In millions of Nigerian Naira	**Carrying amount**	**< 1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**More than 1 year**	**Non-interest bearing**
Cash and bank balances	1,818,784	64,671	25,717	719	7,319	-	1,720,358
Financial assets at FVTPL							
Treasury bills	10,383				10,383	-	-
Bonds	2,713	-	-	-	-	2,713	-
Loans and advances to banks	153,897	90,135	18,030	24,878	381.76	20,472.38	-
Loans and advances to customers:							
Individual							
Term loans	181,408	27,302	8,612	4,587	15,603	125,304	-
Overdrafts	37,555	37,555					-
Corporates							
Term loans	2,072,966	390,808	155,488	80,099	158,773	1,287,797	-
Overdrafts	388,617	388,617	-	-	-	-	-
Others	120	120	-	-	-	-	-
Investment securities:							
At FVOCI:							
Treasury bills	633,315	102,506	111,419	234,768	184,623		
Bonds	221,448	(3,175)	8,647	5,984	23,197	186,795	
Equity	139,028	-	-	-	-	-	139,028
At amortised cost:							
Treasury bills	1,555,787	188,466	284,750	582,069	500,502		-
Bonds	787,832	99,906	22,977	22,327	61,392	581,229	-
Derivative assets	33,340	-	-	-	-	-	33,340
Other assets	122,488	-	-	-	-	-	122,488
Non-Current Assets Held for Sale	82,217	-	-	-	-	-	82,217
	8,241,899	**1,386,911**	**635,641**	**955,431**	**962,173**	**2,204,311**	**2,097,431**
Derivative liability	98	-	-	-	-	-	98
Deposits from banks	654,211	250,481	119,422	39,372	229		244,707
Deposits from customers	6,369,189	2,252,504	140,870	39,986	59,651	91,250	3,784,929
Other liabilities	208,607	16,760					191,847
Borrowings	455,772	11,534	32,151	166,818		245,270	
	7,687,877	**2,531,279**	**292,443**	**246,176**	**59,880**	**336,520**	**4,221,581**
Gaps	**554,022**	**(1,144,368)**	**343,198**	**709,255**	**902,293**	**1,867,791**	**(2,124,150)**

4 Financial Risk Management - Continued
4.4 Market risk - continued
Interest rate risk - continued

		Re-pricing period					
December 31, 2022 **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	2,154,971	557,065	71,258	39,218	38,522	-	1,448,908
Assets under management	12,923	-	-	10,877	2,046	-	-
Financial assets at FVTPL							
Treasury bills	14,963	2,265	4,954	2,545	5,199	-	-
Promissory notes	-	-	-	-			
Bonds	-	(3)	-	-	-	3	-
Loans and advances to banks	231,753	185,088	27,823	6,081	122	12,639	-
Loans and advances to customers:							
Individual							
Term loans	199,405	144,767	19,212	9,906	7,870	17,650	
Overdrafts	16,332	16,332					
Corporates							
Term loans	1,300,781	597,642	247,245	127,482	101,274	227,138	
Overdrafts	606,580	606,580					
Others	-	-			-	-	-
Investment securities:							
At FVOCI:							
Treasury bills	1,352,863	455,520	356,176	256,038	285,128		
Bonds	544,850	133,665			206	410,979	
Promissory notes	26,984	449	-	-	14	26,521	-
Equity	146,992	17,365	-	-	-	-	129,627
At amortised cost:							
Treasury bills	-	-	-	-	-		
Bonds	118,520	(6,879)		6,459		118,940	
Promissory notes	-	-	-	-	-	-	-
Derivative assets	39,830	28,893	-	-	-	-	10,937
Other assets	145,950	79,497	-	-	-	-	66,453
Non-Current Assets Held for Sale	82,217	-	-	-	-	-	82,217
	6,995,914	**2,818,246**	**726,669**	**458,607**	**440,380**	**813,871**	**1,738,142**
Derivative liability	79	(227)	-	-	-	-	306
Deposits from banks	863,795	457,450	108,575	14,578	-	-	283,192
Deposits from customers	5,046,514	2,258,475	199,247	59,788	10,641	224,331	2,294,031
Other liabilities	321,136	168,816					152,320
Borrowings	530,446	162,269	137,972	77,303	1,543	151,358	
	6,761,970	**3,046,783**	**445,795**	**151,670**	**12,184**	**375,689**	**2,729,849**
Gaps	**233,944**	**(228,537)**	**280,874**	**306,937**	**428,196**	**438,181**	**(991,707)**

		Re-pricing period					
31 December 2021 **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	1,446,906	19,520	60,725	39,260	27,786	-	1,299,614
Financial assets at FVTPL							
Treasury bills	7,984	-			7,984	-	-
Bonds							-
Loans and advances to banks	120,124	56,362	18,030	24,878	382	20,472	-
Loans and advances to customers:							
Individual							
Term loans	113,385	62,727	1,976	1,118	8,251	39,313	
Overdrafts	36,658	36,658					
Corporates						-	
Term loans	1,459,156	203,005	128,161	65,817	128,495	933,679	
Overdrafts	238,782	238,782					
Others	119	119			-	-	-
Investment securities:							
At FVOCI:							
Treasury bills	612,882	101,412	109,996	230,272	171,203		
Bonds	89,347	(4,670)				94,017	
Equity	138,020	-	-	-	-	-	138,020
At amortised cost:							
Treasury bills	655,793	145,116	127,776	382,900	-		
Bonds	151,591	18,413	91	6,489		126,598	
Derivative assets	33,340	-	-	-	-	-	33,340
Other assets	73,564	-	-	-	-	-	73,564
Non-Current Assets Held for Sale	82,217	-	-	-	-	-	82,217
	5,259,868	**877,445**	**446,755**	**750,735**	**344,101**	**1,214,078**	**1,626,755**
Derivative liability	98	-	-	-	-	-	98
Deposits from banks	483,110	99,772	100,801	39,372		229	242,937
Deposits from customers	4,004,306	1,706,651	108,141	14,355	1,311	3	2,173,846
Other liabilities	123,241	-					123,241
Borrowings	455,772	11,534	32,151	166,818		245,270	
	5,066,527	**1,817,956**	**241,092**	**220,545**	**1,311**	**245,501**	**2,540,122**
Gaps	**193,341**	**(940,512)**	**205,663**	**530,189**	**342,790**	**968,577**	**(913,367)**

4 Financial Risk Management - Continued

4.4 Market risk - continued

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 profit or loss. 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	**31 Dec. 22**	**31 Dec. 21**	**31 Dec. 22**	**31 Dec. 21**
In millions of Nigerian Naira				
- European Investment Bank (EIB) (note 38.4)	14,403	17,670	14,403	17,670
- Eurobond debt security (note 38.5)	137,850	206,746	137,850	206,746
- African Development Bank (note 38.3)	23,594	32,151	23,594	32,151
-Abu Dhabi Commercial Bank (ADCB)(note 38.10)	23,350.90	-	23,351	-
- Proparco (note 38.7)	31,712	36,091	31,712	36,091
- Agence Francaise de Development (AFD) (note 38.6)	9,225	8,453	9,225	8,453
-Others	23,563	21,641	23,563	-
	418,159	**322,750**	**418,159**	**301,110**
Impact on profit or loss:				
Favourable change @ 0.5% increase in rates	(2,091)	(1,614)	(2,091)	(1,614)
Unfavourable change @ 0.5% reduction in rates	2,091	1,614	2,091	1,614

(c) Price risk

The Group is exposed to the impact of price changes on its financial assets measured at FVTPL, FVTOCI and its equity instruments.

Price sensitivity analysis for financial instruments measured at FVTPL

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

In millions of Nigerian Naira	Group		Bank	
	31 Dec. 22	**31 Dec. 21**	**31 Dec. 22**	**31 Dec. 21**
Treasury bills	14,963	10,383	14,963	7,984
Government bonds	-	2,713	-	-
	14,963	**13,096**	**14,963**	**7,984**
Impact on profit or loss:				
Favourable change @ 2% increase in prices	(299)	(262)	(299)	(160)
Unfavourable change @ 2% reduction in prices	299	262	299	160
Derivative assets	39,830	33,340	39,830	33,340
Impact on profit or loss:				
Favourable change @ 2% increase in rates	200	(667)	200	(667)
Unfavourable change @ 2% reduction in rates	(201)	667	(201)	667
Derivative liabilities	79	98	79	98
Impact on profit or loss:				
Favourable change @ 2% increase in rates	0.2	2	0.2	2
Unfavourable change @ 2% reduction in rates	(0.2)	(2)	(0.2)	(2)

Price sensitivity analysis for financial instruments measured at FVOCI:

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

	Group		Bank	
In millions of Nigerian Naira	**31 Dec. 22**	**31 Dec. 21**	**31 Dec. 22**	**31 Dec. 21**
Debt securities				
Investment securities at FVOCI:				
Treasury bills	1,379,678	633,315	1,352,863	612,882
Government bonds	637,970	221,448	544,850	89,347
Total	**2,017,648**	**854,763**	**1,897,713**	**702,229**
Impact on other comprehensive income:				
Favourable change @ 2% increase in prices	40,353	17,095	37,954	14,045
Unfavourable change @ 2% reduction in prices	(40,353)	(17,095)	(37,954)	(14,045)

Equity price risk

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

Sensitivity analysis for level 1 equity securities is based on average movement in share price index for quoted shares during the year. Price sensitivity analysis for the Group's Level 2 unquoted equities was based on assumptions of a 5% change in the last trading prices obtained from over-the-counter (OTC) trades that were done as at the reporting date. For unquoted equity securities categorised under level 3 in the fair value hierachy, 5% increases/decreases were assumed for the significant unobservable inputs (cost of equity and terminal growth rates).

	Group		Bank	
	31 Dec. 22	**31 Dec. 21**	**31 Dec. 22**	**31 Dec. 21**
Total Equity Positions				
In million of Nigerian Naira				
Investment securities at FVOCI	145,174	134,027	143,545	133,019
Total	**145,174**	**134,027**	**143,545**	**133,019**
Impact on Other comprehensive income:				
Favourable change @ 5% increase in prices	7,259	6,701	7,177	6,651
Unfavourable change @ 5% reduction in prices	(7,259)	(6,701)	(7,177)	(6,651)

4 Financial Risk Management - Continued
4.4 Market risk - continued
(d) Exchange rate exposure limits

FCY sensitivity analysis on foreign exchange rate

Foreign exchange risk is the risk of an adverse impact on the group's financial position or earnings or key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures. The group is exposed to foreign exchange rate both as a result of on-balance sheet transactions in a currency other than the Naira, as well as through structural foreign exchange risk from the translation of its foreign operations' results into Naira. The impact on equity as a result of structural foreign exchange risk is recognised in the foreign currency translation reserve balance. Foreign exchange risk is primarily controlled via in-country macro-prudential and regulatory limits as well as the group's policies around trading limits. The Board and Group ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra day positions. These limits must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory limits are monitored daily with zero tolerance for limit breaches. These limits include OPL, dealers' limit, overnight/intraday limits, maturity gap limits, management action trigger, product limits, counterparty limits and cross border limits.

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

The information disclosed on the net foreign currency (FCY) exposure is representative of the average exposure in the period. The Bank believes that for each foreign currency exposure, it is reasonable to assume 10% depreciation of the Naira holding all other variables constant.

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
December 31, 2022						
Cash and bank balances	1,108,936	1,019,655	177,882	4,492	242,665	2,553,629
Financial assets at FVTPL	14,963	-	-	-	-	14,963
Derivative assets	39,830	-	-	-	-	39,830
Loans and advances to banks	56,763	246,450	35	0	-	303,249
Loans and advances to customers	1,151,621	1,138,701	52,765	607	793,185	3,136,879
Investment securities	2,109,585	87,767	13,112	-	1,970,227	4,180,691
Other assets	27,956	122,003	7,234	16	77,527	234,737
Total financial assets	**4,509,654**	**2,614,575**	**251,028**	**5,116**	**3,083,604**	**10,463,978**
Derivative liability	79	-	-	-	-	79
Deposits from banks	-	723,488	38,913	516	407,321	1,170,238
Deposits from customers	3,598,542	1,578,144	155,748	12,175	2,480,283	7,824,892
Other liabilities	210,711	25,399	51,950	-	87,829	375,887
Borrowings	33,953	496,492	-	-	5,290	535,735
Total financial liabilities	**3,843,285**	**2,823,523**	**246,611**	**12,691**	**2,980,722**	**9,906,831**
Swap and forward contracts	(528,750)	576,375	-	-	-	47,625
Net FCY Exposure		**367,427**	**4,417**	**(7,575)**		
Effect of naira depreciation by 10% on profit before tax		36,743	442	(758)	-	36,427
Effect of naira appreciation by 10% on profit before tax		(36,743)	(442)	758	-	(36,427)

Group

In millions of Nigerian Naira	Naira	US Dollar	Euro	Pound	Others	Total
31 December 2021						
Cash and bank balances	1,004,215	317,073	100,756	9,738	387,001	1,818,784
Financial assets at FVTPL	7,984	-	-	-	5,112	13,096
Derivative assets	33,315	5	20	-	-	33,340
Loans and advances to banks	14,017	119,879	9,748	444	9,810	153,897
Loans and advances to customers	1,198,791	903,476	44,900	681	532,818	2,680,667
Investment securities	1,581,449	128,520	1,180	-	1,624,481	3,335,630
Other assets	20,757	43,220	268	264	69,183	133,692
Non-Current Assets Held for Sale	-	82,217	-	-	-	82,217
Total financial assets	**3,860,528**	**1,594,390**	**156,872**	**11,127**	**2,628,406**	**8,251,323**
Derivative liability	-	-	-	-	98	98
Deposits from banks	-	475,827	57,031	155	121,199	654,211
Deposits from customers	3,192,210	1,089,133	81,378	12,081	1,994,387	6,369,189
Other liabilities	69,332	99,001	14,630	546	25,097	208,607
Borrowings	62,040	393,732	-	-	-	455,772
Total financial liabilities	**3,323,583**	**2,057,693**	**153,039**	**12,782**	**2,140,781**	**7,687,877**
Swap and forward contracts	(506,500)	588,566	(56,968)	(1,529)	-	23,568
Net FCY Exposure		**125,263**	**(53,135)**	**(3,184)**		
Effect of naira depreciation by 10% on profit before tax		12,526	(5,314)	(318)	-	6,894
Effect of naira appreciation by 10% on profit before tax		(12,526)	5,314	318	-	(6,894)

4 Financial Risk Management - Continued

4.4 Market risk - continued

(d) Exchange rate exposure limits - continued

In millions of Nigerian Naira

Bank	**Naira**	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
December 31, 2022						
Cash and bank balances	1,108,936	975,247	62,077	3,672	5,040	2,154,971
Financial assets at FVTPL	14,963	-	-	-	-	14,963
Derivative assets	39,830	-	-	-	-	39,830
Loans and advances to banks	56,763	174,990	-	-	-	231,753
Loans and advances to customers	1,151,621	919,003	51,854	619	-	2,123,097
Investment securities	2,109,585	64,378	13,102	-	-	2,187,065
Other assets	27,956	109,287	2,923	7,401	2,837	150,404
Total financial assets	**4,509,654**	**2,242,905**	**129,955**	**11,692**	**7,877**	**6,902,083**
Derivative liability	79	-	-	-	-	79
Deposits from banks	-	839,790	23,335	670	-	863,795
Deposits from customers	3,598,542	1,389,157	47,477	11,338	0	5,046,514
Other liabilities	210,711	27,528	74,831	189	7,877	321,136
Borrowings	33,954	496,492	-	-	-	530,446
Total financial liabilities	**3,843,286**	**2,752,966**	**145,644**	**12,197**	**7,877**	**6,761,970**
Swap and forward contracts	(528,750)	576,375	-	-	-	47,625
Net FCY Exposure		**66,314**	**(15,689)**	**(505) -**	**0**	
Effect of naira depreciation by 15% on profit before tax		9,947	(2,353)	(76)	(0)	7,518
Effect of naira appreciation by 15% on profit before tax		(9,947)	2,353	76	0	(7,518)

	Naira	**US Dollar**	**Euro**	**Pound**	**Others**	**Total**
31 December 2021						
Cash and bank balances	1,004,215	374,620	53,778	5,983	8,310	1,446,906
Financial assets held for trading	7,984	-	-	-	-	7,984
Derivative assets	33,315	5	20	-	-	33,340
Loans and advances to banks	14,017	106,107	-	-	-	120,124
Loans and advances to customers	1,198,791	614,069	35,020	222	-	1,848,102
Investment securities	1,581,449	65,017	-	-	-	1,646,466
Other assets	20,757	35,911	246	33	4	56,951
Non-Current Assets Held for Sale	-	82,217	-	-	-	82,217
Total financial assets	**3,860,528**	**1,277,946**	**89,064**	**6,239**	**8,314**	**5,242,090**
Derivative liability	-	1	95	2	-	98
Deposits from banks	-	468,342	14,679	89	-	483,110
Deposits from customers	3,192,210	760,864	40,556	10,676	-	4,004,306
Other liabilities	69,332	33,162	14,161	544	6,042	123,241
Borrowings	62,040	393,732	-	-	-	455,772
Total financial liabilities	**3,323,583**	**1,656,102**	**69,490**	**11,311**	**6,042**	**5,066,527**
Swap and forward contracts	(506,500)	588,566	(56,968)	(1,529)	-	23,568
Net FCY Exposure		**210,410**	**19,574**	**(5,072)**	**2,272**	
Effect of naira depreciation by 15% on profit before tax		31,561	(5,609)	(990)	341	25,303
Effect of naira appreciation by 15% on profit before tax		(31,561)	5,609	990	(341)	(25,303)

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 FVOCI.

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

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

During the year, the Group's 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, with a minimum capital requirements of 10.5percent as Common Equity Tier I (CET1) capital ratio, 11.25per cent as Tier I capital ratio, 15per cent as Total Capital Adequacy Ratio, additional 1per cent each as Capital Conversation Buffer (CCB1) and Higher Loss Absorbency (HLA). The HLA is to be met fully with CET1 capital, while CCB1 to be met with Total Eligible Capital, implying 12.5percent minimum CET1 and 17percent minimum Total Capital Adequacy Ratio, for banks designated as Domestic Systemically Important Bank (DSIB), with international authorization. UBA has international authorization and is also designated as Domestic Systemically Important Bank (DSIB).

Capital deficiency in subsidiaries
There is no capital deficiency in the subsidiaries of the Bank as of December 31, 2022 (Dec 2021: Nil). The Bank maintains an active oversight on its subsidiaries through its representation on their respective Boards. On a periodic basis, the capital adequacy/solvency position of subsidiaries as per the applicable regulations, is reported to their respective Boards as well as to the Board of the Bank.

Regulatory capital - continued

In millions of Nigeria naira		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Tier 1 capital					
Ordinary share capital		17,100	17,100	17,100	17,100
Share premium		98,715	98,715	98,715	98,715
Retained earnings		429,533	335,843	191,418	124,536
Other reserves	41	200,624	177,362	132,377	112,322
Gross Tier 1 capital		745,972	629,020	439,610	352,673
Less:					
Deferred tax on accumulated losses	41	13,296	2,852	2,797	1,773
Intangible assets		33,468	30,450	12,618	18,063
Tier 1 Capital After Regulatory Deduction		**699,208**	**595,718**	**424,195**	**332,837**
Investment in subsidiaries		-	-	(72,997)	(51,638)
Eligible Tier 1 Capital		**699,208**	**595,718**	**351,198**	**281,199**
Tier 2 capital					
Fair value reserve for securities measured at FVOCI	41	88,680	106,517	91,318	107,223
Less: limit of tier 2 to tier 1 capital		-	-	-	-
Qualifying Tier 2 Capital Before Deductions		**88,680**	**106,517**	**91,318**	**107,223**
Less: Investment in subsidiaries		-	-	(72,997)	(51,638)
Net Tier 2 Capital		**88,680**	**106,517**	**18,322**	**55,585**
Qualifying capital					
Net Tier I regulatory capital		699,208	595,718	351,198	281,199
Net Tier II regulatory capital		88,680	106,517	18,322	55,585
Total qualifying capital		**787,888**	**702,235**	**369,520**	**336,784**
Composition of risk-weighted assets:					
Risk-weighted amount for credit risk		1,988,253	1,957,050	1,214,787	1,111,074
Risk-weighted amount for operational risk		749,838	665,037	439,354	409,173
Risk-weighted amount for market risk		41,789	20,710	36,789	23,091
Total Risk-weighted assets		**2,779,880**	**2,642,796**	**1,690,930**	**1,543,338**
Capital ratios					
Risk Weighted Capital Adequacy Ratio		**28.3%**	**26.6%**	**21.9%**	**21.8%**

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

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

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

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

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

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

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

6 Fair value measurement - continued

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.

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 2022
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	23				
Government bonds		-	-	-	-
Promissory notes			-		-
Treasury bills		-	14,963	-	14,963
Derivative assets measured at fair value through profit and loss:	33(a)	-	39,830	-	39,830
Investment securities at FVOCI	26				
Treasury bills		-	1,379,678	-	1,379,678
Bonds		-	637,970	-	637,970
Promissory notes		-	26,984	-	26,984
Equity investments		3,447	-	145,174	148,621
Total assets		**3,447**	**2,099,425**	**145,174**	**2,248,046**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	79	-	79

Bank:
31 December 2022
In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL	23				
Government bonds		-	-	-	-
Promissory notes			-	-	-
Treasury bills		-	14,963	-	14,963
					-
Derivative assets measured at fair value through profit and loss:	33(a)	-	39,830	-	39,830
					-
Investment securities at FVOCI	26				-
Treasury bills		-	1,352,863	-	1,352,863
Bonds		-	544,850	-	544,850
Promissory notes		-	26,984	-	26,984
Equity investments		3,447	-	143,545	146,992
		3,447	**1,979,490**	**143,545**	**2,126,482**
Liabilities					
Financial liabilities at fair value through profit or loss					
Derivative liability	33(b)	-	79	-	79

6 Fair value measurement - continued

6.3 Financial instruments measured at fair value

Group:

31 December 2021

In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	23				
Government bonds		-	2,713	-	2,713
Promissory notes			-		-
Treasury bills		-	10,383	-	10,383
Derivative assets measured at fair value through profit and loss:	33(a)	-	33,340	-	33,340
		-			
Investment securities at FVOCI	26				-
Treasury bills		-	633,315	-	633,315
Bonds		-	221,448	-	221,448
Equity investments		5,001	-	134,027	139,028
Total assets		**5,001**	**901,199**	**134,027**	**1,040,227**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**98**	**-**	98

Bank:

31 December 2021

In millions of Nigerian Naira

Assets	*Note*	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets held for trading	23				
Government bonds		-	-	-	-
Promissory notes			-	-	-
Treasury bills		-	7,984	-	7,984
Derivative assets measured at fair value through profit and loss:	33(a)	-	33,340	-	33,340
Investment securities at FVOCI	26				
Treasury bills		-	612,882	-	612,882
Bonds		-	89,347	-	89,347
Equity investments		5,001	-	133,019	138,020
		5,001	**743,553**	**133,019**	**881,573**
Liabilities					
Financial liabilities					
Derivative liability	33(b)	**-**	**98**	**-**	**98**

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

In millions of Nigerian Naira	**Group Dec. 2022**	**Group Dec. 2021**	**Bank Dec. 2022**	**Bank Dec. 2021**
Balance, beginning of year	134,027	123,756	133,019	122,819
Addition during the year	1	71	-	-
Gain/(loss) recognised in other comprehensive income (under fair value gain on FVOCI)	6,660	8,314	6,039	8,314
Translation differences	4,487	1,886	4,487	1,886
Balance, end of year	145,174	134,027	143,545	133,019

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 were not listed on an exchange and there were no recent observable arm's length transactions in the shares. There were no transfers from level 2 to level 3 in 2022.

(ii) Level 2 fair value measurements

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

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

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

The table below sets out information about significant unobservable inputs used as at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of financial instrument	Fair value as at 31 December 2022 N'million	Fair value as at 31 December 2021 N'million	Valuation technique	Unobservable input	Range of estimates for unobservable inputs (31 December 2022)	Range of estimates for unobservable inputs (31 December 2021)	Relationship of unobservable inputs to fair value
Unquoted equity securities	129,666	122,718	Income Approach (Discounted cash flow method)	Cost of equity	13.0% - 26.0%	12.7% - 17.5%	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	2.7% - 5.2%	1.7%-2.4%	Significant increases in terminal growth rate, in isolation, would result in higher fair values. Significant reduction would result in lower fair values

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

Significant unobservable inputs are developed as follows:

Discounted cash flow

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

Fair value measurement (continued)

Dividend discount model

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

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

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

In millions of Nigerian Naira

Key Assumption	**Effect on other comprehensive income (OCI)**			
	Dec. 2022		**Dec. 2021**	
	5% Increase	**5% Decrease**	**5% Increase**	**5% Decrease**
Cost of Equity	(5,530)	6,139	(6,290)	6,976
Terminal Growth Rate	103	(100)	207	(207)

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 2022					
Assets					
Cash and bank balances	-	-	2,553,629	2,553,629	2,553,629
Assets under management			12,923	12,923	12,923
Loans and advances to banks	-	-	303,249	303,249	303,249
Loans and advances to customers					
-Individual					
Term loans	-	-	267,384	267,384	267,384
Overdrafts	-	-	15,468	15,468	15,468
-Corporate					
Term loans	-	-	2,039,303	2,039,303	2,039,303
Overdrafts	-	-	803,833	803,833	803,833
Others		-	11,009	11,009	10,891
Investment Securities - Amortised cost					
Treasury bills	-	1,006,960	-	1,006,960	1,006,960
Bonds	-	999,345	-	999,345	999,345
Other assets	-		220,524	220,524	220,524
Liabilities					
Deposits from banks	-		1,170,238	1,170,238	1,170,238
Deposits from customers	-	-	7,824,892	7,824,892	7,824,892
Other liabilities	-	-	375,887	375,887	375,887
Borrowings	-	-	705,354	705,354	535,735

Group	Level 1	Level 2	Level 3	Total fair value	Carrying amount
In millions of Nigerian Naira					
31 December 2021					
Assets					
Cash and bank balances	-	-	1,818,784	1,818,784	1,818,784
Loans and advances to banks	-	-	155,638	155,638	153,897
Loans and advances to customers					
-Individual					
Term loans	-	-	186,449	186,449	181,408
Overdrafts	-	-	41,874	41,874	37,555
-Corporate					
Term loans	-	-	2,092,738	2,092,738	2,072,966
Overdrafts	-	-	399,962	399,962	388,617
Others		-	121	121	120
Investment Securities - Amortised cost					
Treasury bills	-	1,548,008	-	1,548,008	1,555,787
Bonds	-	789,408	-	789,408	787,832
Other assets	-		122,488	122,488	122,488
Liabilities					
Deposits from banks	-		654,211	654,211	654,211
Deposits from customers	-	-	6,369,189	6,369,189	6,369,189
Other liabilities	-	-	208,607	208,607	208,607
Borrowings	-	-	522,894	522,894	455,772

Fair value measurement - continued

6.4 Financial instruments not measured at fair value - continued

Bank

31 December 2022	Level 1	Level 2	Level 3	Total fair value	Carrying amount
Assets					
Cash and bank balances	-	-	2,154,971	2,154,971	2,154,971
Assets under management			12,923	12,923	12,923
Loans and advances to banks	-	-	231,753	231,753	231,753
Loans and advances to customers					-
-Individual					
Term loans	-	-	199,405	199,405	199,405
Overdrafts	-	-	16,332	16,332	16,332
-Corporate					
Term loans	-	-	1,300,781	1,300,781	1,300,781
Overdrafts	-	-	606,580	606,580	606,580
Others	-	-	-	-	-
Investment Securities - Amortised cost					
Treasury bills	-	-	-	-	-
Bonds	-	118,520	-	118,520	118,520
Other assets	-		145,950	145,950	145,950
Liabilities					
Deposits from banks	-	-	863,795	863,795	863,795
Deposits from customers	-	-	5,046,514	5,046,514	5,046,514
Other liabilities	-	321,136	-	321,136	321,136
Borrowings	-	-	567,024	567,024	530,446

Bank	Level 1	Level 2	Level 3	Total fair value	Carrying amount
31 December 2021					
Assets					
Cash and bank balances	-	-	1,436,822	1,436,822	1,436,822
Loans and advances to banks	-	-	121,483	121,483	120,124
Loans and advances to customers					-
-Individual					
Term loans	-	-	116,536	116,536	113,385
Overdrafts	-	-	40,873	40,873	36,658
-Corporate					
Term loans	-	-	1,473,073	1,473,073	1,459,156
Overdrafts	-	-	245,753	245,753	238,782
Others	-	-	120	120	119
Investment Securities - Amortised cost					
Treasury bills	-	-	-	-	-
Bonds	-	151,591	-	151,591	151,591
Other assets	-		73,564	73,564	73,564
Liabilities					
Deposits from banks	-	-	483,110	483,110	483,110
Deposits from customers	-	-	4,004,306	4,004,306	4,004,306
Other liabilities	-	123,241	-	123,241	123,241
Borrowings	-	-	522,895	522,895	455,772

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

i) Cash and bank balances

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

ii) Loans and advances

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

iii) Investment securities

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

iv) Other assets

The bulk of these financial assets have short (less than 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.

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 2022
In millions of Nigerian Naira

	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	173,452	(36,791)	136,661
Financial liabilities			
- Creditors and payables (note 36) (a)	291,676	(36,791)	254,885

Group
31 December 2021
In millions of Nigerian Naira

	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	348,398	(297,596)	50,802
Financial liabilities			
- Creditors (note 36) (a)	416,022	(297,596)	118,426

Bank
31 December 2022
In millions of Nigerian Naira

	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	88,391	(11,176)	77,215
Financial liabilities			
- Creditors (note 36) (a)	247,773	(11,176)	236,597

Bank
31 December 2021
In millions of Nigerian Naira

	Amounts offset		
	Gross amounts	**Gross amounts offset**	**Net amounts presented**
Financial assets			
- Electronic payments receivable (note 27) (a)	277,387	(264,474)	12,913
Financial liabilities			
- Creditors (note 36) (a)	320,469	(264,474)	55,995

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

8 Critical accounting estimates and judgments

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

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

(a) Key sources of estimation uncertainty

(i) Measurement of the expected credit loss allowance

The measurement of the expected credit loss(ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Details of the inputs, assumptions and estimation methodologies used in measuring ECL are described in note 3.27.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 3.27.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3.11. Further disclosures on the Group's valuation methodology have been made on note 6.1. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Deferred tax assets

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

(iv) Valuation of derivative contracts

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

	Interest rates		**Exchange rates**	
	5% decrease	**5% increase**	**5% decrease**	**5% increase**
In millions of Nigerian Naira				
Derivative assets	(11,436)	11,436	(28,336)	28,336
Derivative liabilities	36	(36)	1,063	(1,063)

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

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

(i) Fair value of equity instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see the Group's accounting policy on valuation of financial instruments in note 6.

(ii) Allowance for credit losses

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

	31 December 2022		31 December 2021	
In millions of Nigerian Naira	**Probability of Default -PD**	**Loss Given Default-LGD**	**Probability of Default -PD**	**Loss Given Default-LGD**
Increase/decrease				
1% increase	747	952	577	647
1% decrease	(747)	(952)	(577)	(647)

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

On an annual basis, the Group carries out impairment assessments of its cash generating units containing goodwill. The recoverable amounts of the cash-generating units (CGU) are determined based on value-in-use calculations which require the use of estimates including discount rates and terminal growth rates. Management's estimates of the recoverable amounts of these CGU's is sensitive to these estimates. The key assumptions underlying the recoverable amounts as well as sensitivity analysis of these key assumptions are disclosed in note 31.

(iv) Determination of exchange rate used for translation

The Group translates and records its foreign currency transactions and balances based on the exchange rate at which the future cash flows represented by the transactions or balances could have been settled, if those cash flows had occurred at the reporting date. The Nigerian Autonomous Foreign Exchange Fixing (NAFEX) (FMDQ) rate has been used for the translation of foreign currency balances as this remains the main source of foreign currencies for the Bank's transactions.

(v) Determination of incremental borrowing rate used for discounting lease liabilities

The incremental borrowing rate is defined by IFRS 16 as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

The effective borrowing rate used for discounting the future lease payments to present value was determined by using the corresponding FGN Bond/Bill yields of similar maturity profiles with the outstanding lease terms in addition to the Bank's risk premium based on the interest rate of the Bank's quoted subordinated series 3 notes. Hence, the bank applied a single discount rate to a portfolio of leases with reasonably similar characteristics but matched with their relevant lease terms.

9 Operating segments

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

Geographical segments

The Group operates in the following geographical regions:

- **Nigeria:** This comprises UBA Plc (excluding the branch in New York) and UBA Pensions Custodian Limited.
- **Rest of Africa:** This comprises all subsidiaries in Africa, excluding Nigeria. The African subsidiaries have been aggregated into one reportable segment as they are deemed to have similar economic characteristics.
- **Rest of the world:** This comprises UBA UK Limited, UBA New York branch and UBA Abu Dhabi. 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's operations have been classified into the following business segments:

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

Retail/ Commercial banking – This business segment has presence in all major cities in Nigeria and in nineteen other countries across Africa where the Group has operations . It provides commercial banking products and services to the middle and retail segments of the market.

Treasury and Financial Markets – This segment provides innovative financing and risk management solutions and advisory services to the Group's corporate and institutional customers. The segment is also responsible for formulation and implementation of financial market products for the Group's customers.

Unallocated Segment – This comprises assets that are held solely for the purpose of disposal. They are not utilized for the Group's day to day operations.

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.

(a) Geographical segments

(i) 31 December 2022

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
Total revenue[1]	**543,748**	**327,029**	**48,219**	**(66,132)**	**852,863**
Interest expenses	(126,146)	(64,286)	(8,208)	20,976	(177,663)
Fee and commission expense	(52,949)	(27,697)	-	(1,632)	(82,278)
Impairment loss recognised in income statement	(7,550)	(29,206)	(4,664)	-	(41,968)
Operating expenses	(222,984)	(113,262)	(13,966)	-	(350,389)
Share of gains in equity-accounted investee	-	-	-	311	311
Profit before tax	**134,119**	**92,578**	**21,381**	**(46,477)**	**200,876**
Income tax expenses	(10,055)	(20,362)	(255)	73	**(30,599)**
Profit for the year	**124,064**	**72,216**	**21,126**	**(46,404)**	**170,277**
31 December 2022					
Loans and advances	1,973,457	1,084,312	510,007	(127,648)	**3,440,128**
Deposits from customers and banks	5,297,530	3,289,139	856,235	(447,775)	**8,995,130**
Total segment assets[2]	6,730,082	3,915,863	889,347	(677,721)	**10,857,571**
Total segment liabilities	6,160,351	3,421,231	864,272	(510,386)	**9,935,467**
[1] Includes:					
Recognised at a point in time	118,847	88,022	2,459	-	209,183
Recognised over time	776	562	-	-	1,338
Total revenue within the scope of IFRS 15	**119,623**	**88,584**	**2,459**	-	**210,521**
[2] Includes:					
Expenditure for reportable segment:					
Depreciation	14,494	6,538	283	22	**21,338**
Amortisation	3,527	930	424	-	**4,881**

9 Operating segments - continued

(a) Geographical segments - continued

31 December 2021

In millions of Nigerian Naira	Nigeria	Rest of Africa	Rest of the World	Eliminations	Total
Total revenue[1]	**372,779**	**275,497**	**23,912**	**(13,897)**	**658,291**
Interest expenses	(100,657)	(56,504)	(4,690)	4,300	(157,551)
Fee and commission expense	(40,410)	(17,335)	-	(1)	(57,746)
Impairment loss recognised in income statement	(9,069)	(2,587)	(1,206)	(0)	(12,863)
Operating expenses	(165,366)	(104,191)	(9,429)	0	(278,986)
Share of gains in equity-accounted investee	-	1,928	-	-	1,928
Profit before tax	**57,277**	**96,807**	**8,587**	**(9,597)**	**153,073**
Income tax expenses	(4,300)	(30,096)	-	-	**(34,395)**
Profit for the year	**52,977**	**66,711**	**8,587**	**(9,597)**	**118,678**
31 December 2021					
Loans and advances	1,851,342	881,963	252,083	(150,824)	**2,834,564**
Deposits from customers and banks	4,220,848	2,761,409	472,536	(431,392)	**7,023,400**
Total segment assets[2]	5,305,657	3,312,971	501,645	(578,955)	**8,541,318**
Total segment liabilities	4,806,854	2,910,598	476,014	(456,954)	**7,736,511**
[1] Includes:					
Recognised at a point in time	81,136	74,436	1,751	(13)	157,310
Recognised over time	776	562	-	-	1,338
Total revenue within the scope of IFRS 15	**81,912**	**74,998**	**1,751**	(13)	**158,648**
[2] Includes:					
Investments in associate and accounted for by using the equity method	-	8,944	-	-	**8,944**
Expenditure for reportable segment:					
Non-current assets					
Depreciation	12,052	5,909	455	-	**18,417**
Amortisation	3,390	627	267	-	**4,283**

9 Operating segments - continued

(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 2022**

In millions of Nigerian Naira	**Corporate**	**Retail and commercial**	**Treasury and financial markets**	**Unallocated Segment**	**Total**
Revenue:					
Derived revenue from external customers	**298,693**	**392,005**	**162,165**	**-**	**852,863**
Interest expenses	(72,335)	(62,959)	(42,369)	-	(177,663)
Fee and commission expense	(275)	(80,072)	(1,931)	-	(82,278)
Impairment loss recognised in income statement	(44,968)	(14,979)	17,979	-	(41,968)
Operating expenses	(67,473)	(183,255)	(73,443)	-	(324,171)
Depreciation and amortisation	(5,457)	(14,821)	(5,940)	-	(26,218)
Share of profit of equity-accounted investee	-	311	-	-	311
Profit before income tax	**108,185**	**36,229**	**56,462**	**-**	**200,876**
Taxation	(16,480)	(5,519)	(8,601)	-	(30,599)
Profit for the year	**91,705**	**30,711**	**47,861**	**-**	**170,277**
31 December 2022					
Loans and advances	1,934,759	1,159,887	345,482	-	3,440,128
Deposits from customers and banks	1,712,196	5,622,468	1,660,466	-	8,995,130
Total segment assets	3,723,173	4,223,938	2,814,867	95,593	10,857,571
Total segment liabilities	1,773,238	5,870,436	2,196,201	95,593	9,935,467

31 December 2021

In millions of Nigerian Naira	**Corporate**	**Retail and commercial**	**Treasury and financial markets**	**Unallocated Segment**	**Total**
Revenue:					
Derived revenue from external customers	**292,797**	**241,991**	**123,503**	**-**	**658,291**
Interest expenses	(69,935)	(58,116)	(29,499)	-	(157,551)
Fee and commission expense	-	(57,746)	-	-	(57,746)
Net impairment Gain on financial assets	(5,710)	(4,745)	(2,408)	-	(12,863)
Operating expenses	(114,351)	(93,702)	(48,234)	-	(256,286)
Depreciation and amortisation	(10,076)	(8,373)	(4,250)	-	(22,700)
Share of profit of equity-accounted investee	-	1,928	-	-	1,928
Profit before income tax	**92,725**	**21,237**	**39,112**	**-**	**153,073**
Taxation	(20,835)	(4,772)	(8,788)	-	(34,395)
Profit for the year	**71,890**	**16,465**	**30,323**	**-**	**118,678**
31 December 2021					
Loans and advances	1,861,071	931,260	42,233	-	2,834,564
Deposits from customers and banks	1,624,869	4,908,303	490,228	-	7,023,400
					-
Total segment assets	5,544,947	2,774,632	125,831	95,909	8,541,318
Total segment liabilities	1,773,238	5,332,373	534,991	95,909	7,736,511

		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
10	**Interest income**				
	In millions of Nigerian Naira				
	Interest income on amortised cost and FVOCI securities				
	Cash and bank balances	18,415	12,721	21,619	12,641
	Interest income on loans and advances to banks	35,700	20,727	2,007	1,822
	Interest on loans to customers				
	- To individuals				
	Term loans	15,926	17,409	11,005	9,550
	Overdrafts	5,758	6,354	3,790	3,838
	- To corporates				
	Term loans	180,900	173,588	151,294	142,932
	Overdrafts	57,748	47,874	47,820	37,939
	Others	2,751	6,662	1,005	256
	Investment securities				
	- Treasury bills	117,893	129,130	55,100	68,671
	- Bonds	119,451	59,444	48,240	10,704
	- Promissory notes	2,196	-	2,196	-
		556,738	473,909	344,076	288,353
	Interest income on financial assets at FVTPL				
	- Bonds	415	353	415	211
	Total interest income	557,152	474,262	344,490	288,564

1.Interest income at amortized cost and fair value through OCI are calculated using the effective interest method.
2.Interest income includes accrued interest on impaired loans of N3.636billion for the Group (Bank: N3.015 billion) for the year ended 31 December 2022 and N4.522billion for the Group (Bank:4.237billion) for the year ended 31 December 2021.

		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
11	**Interest expense**				
	In millions of Nigerian Naira				
	Deposits from banks	11,209	20,301	10,673	6,016
	Deposits from customers	130,312	104,039	85,667	62,838
	Borrowings	34,881	32,543	30,287	32,543
	Lease liabilities	1,261	668	558	252
		177,663	157,551	127,185	101,649

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

		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
12	**Impairment charge for credit losses**				
	In millions of Nigerian Naira				
12a	**Impairment charge for credit losses on Loans**				
	Impairment charge for credit losses on loans and advances to customers:				
	- impairment for credit losses (Note 26(c))	23,348	9,901	3,542	5,111
	Allowance for credit losses on loans and advances to banks:				
	- allowance for credit losses/(reversal) ((Note 25)	(1)	645	(439)	427
	Write-off on loans and receivables	4,874	4,653	4,010	3,896
	Recoveries in allowance for credit loss	(8,550)	(5,348)	(1,444)	(385)
		19,671	9,851	5,669	9,049
12b	**Net impairment (write back)/charge on other financial assets**				
	Impairment charge/(reversal) on investment securities (Note 27(a))	17,979	784	1,978	371
	Impairment charge on off-balance sheet items	1,232	3,520	1,273	1,216
	Impairment charge /(reversal) on other assets (Note 28(a))	3,086	(1,292)	1,645	(887)
		22,297	3,012	4,896	700

Included in the N17.979 billion impairment charge on investment securities was N17.280 billion impairment loss attributable to Group's exposure in Ghana investment market, which significantly lost its value due to Domestic Debt Exchange Programme (DDEP) launched by Government of Ghana in December 5, 2022. DDEP was launched in response to Government of Ghana's defaulting in servicing its debts when it suspended payments on most of its external debts and to ensure debt sustainability aimed at securing $3b IMF economic support. See Note 49 for full details.

		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
13	**Fees and commission income**				
	In millions of Nigerian Naira				
	Credit-related fees and commissions[1]	27,010	20,858	13,775	9,474
	Commission on turnover	4,623	4,262	-	-
	Account maintenance fee	15,013	11,442	15,013	11,442
	Electronic banking income [2]	78,946	64,595	45,811	38,144
	Funds transfer fee	14,206	13,121	538	77
	Trade transactions income [3]	37,526	19,502	27,692	10,482
	Remittance fee	7,848	6,927	3,722	3,713
	Commissions on transactional services	17,894	11,758	7,388	3,304
	Pension funds custody fees	7,455	6,183	-	-
		210,521	158,648	113,939	76,636

[1] Credit related fees and commission income excludes amount included in determining effective interest rates on financial assets carried at amortized cost. Credit related fees are taken over the life of the related facility, whilst transaction related fees are earned when the service is rendered.

[2]Electronic banking income represents income taken on transactions processed via electronic channels such as ATM, POS, mobile banking as well as credit and debit card transactions.

[3]Trade transactions income entails one-off charges as related to letter of credits and other trade businesses which are excluded from those included in determining effective interest rates on those carried at amortized cost

14 Fees and commission expense

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
E-Banking expense	61,258	46,913	43,110	35,504
Trade related expenses	14,138	9,194	9,789	3,872
Funds transfer expense	6,882	1,639	1,728	1,034
	82,278	57,746	54,627	40,410

15 Net trading and foreign exchange income/(loss)

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Fixed income securities(i)	20,025	18,357	19,355	16,778
Foreign exchange trading income(ii)	39,873	19,457	23,076	6,068
Foreign currency revaluation gain/(loss)	5,743	(2,031)	4,253	(3,101)
Net fair value (loss) on derivatives (see note 33 (c))	6,509	(19,398)	6,509	(19,398)
	72,150	16,385	53,193	347

(i) This comprises gains and losses arising from trading and fair value changes.

(ii) Foreign exchange income comprises trading income on foreign currencies and gains and losses from revaluation of trading position.

16 Other operating income

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Dividend income (i)	4,042	3,352	51,859	12,660
Other Income (ii)	8,722	3,364	825	1,007
Rental income	255	288	249	287
Gain on disposal of property and equipment	21	1,992	-	1,992
	13,040	8,996	52,933	15,946

(i) Dividend income of N51.859 billion for the Bank includes a sum of N48.321 billion (Dec 2021: N9.593 billion) being total dividend received from the Bank's subsidiaries. This amount has been eliminated in arriving at the Group's dividend of N4.042 billion income from other equity investments .

(ii) Included in the other income of the Banks is the sum of N286.28 million in relation to income earned from asset under management, and of the Group the sum of N3.883bn being reameasurement gain from the initial 49% investment in UBA Zambia.

17 Employee benefit expenses

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Wages and salaries (note 44)	107,001	86,544	56,203	41,937
Defined contribution plans	4,215	3,761	1,653	1,371
Termination Benefits	2,772	2,939	2,595	2,677
	113,988	93,244	60,451	45,985

Included in the employee benefit expenses is the sum of N279.52million, which represents the amount set aside as Industrial Training Fund (ITF) contribution for FY2022 (Dec 2021:N281.87 million)

18 Depreciation and amortisation

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Depreciation of property and equipment (note 30)	17,717	14,913	13,145	10,606
Depreciation of right-of-use assets (note 30)	3,620	3,504	1,406	1,673
Amortisation of intangible assets (note 31)	4,881	4,283	3,765	3,482
	26,218	22,700	18,316	15,761

19 Other operating expenses

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Fuel, repairs and maintenance	29,657	29,321	26,278	14,472
Banking sector resolution cost [1]	31,594	27,978	31,296	27,978
Contract services	34,733	19,756	25,871	14,421
Deposit insurance premium	17,545	15,906	15,178	13,491
Occupancy and premises maintenance costs	17,896	13,877	2,691	1,990
Advertising, promotions and branding	11,022	8,747	9,132	6,804
Printing, stationery and subscriptions	11,477	8,016	8,802	5,498
IT support and related expenses	9,318	8,133	8,736	7,675
Security and cash handling expenses	7,884	7,046	4,327	4,016
Business travels	9,884	5,181	8,389	4,196
Donations	1,337	1,405	1,244	1,384
Communication	11,419	7,107	5,733	2,805
Non-deposit insurance costs	3,200	2,481	1,298	908
Bank charges	6,329	4,194	1,050	230
Auditors' remuneration	1,225	1,088	352	320
Training and human capital development	3,907	1,768	1,109	450
Penalties	1,142	513	-	377
Loan recovery expenses	542	453	537	333
Directors' fees	72	72	72	72
	210,183	163,042	152,095	107,420

1. Banking sector resolution cost represents Asset Management Corporation of Nigeria (AMCON) levy, which is applicable on total balance sheet size of the Bank. The current applicable rate based on AMCON Act of 2015 is 0.5% of total assets plus total off balance sheet asset.

20 Taxation

Recognised in the statement of comprehensive income

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
(a) Current tax expense				
Current period	30,599	34,497	7,621	1,850
(b) Deferred tax expense/(credit)				
Origination and reversal of temporary differences (Note 33)	-	(102)	-	-
Total income tax expense	30,599	34,395	7,621	1,850

(c) Current income tax payable

	Group Dec. 2022	Group Dec 2021	Bank Dec. 2022	Bank Dec 2021
Balance, beginning of period	21,415	9,982	2,751	1,478
Tax paid	(31,733)	(23,064)	(2,045)	(577)
Income tax charge	30,599	34,497	7,621	1,850
Balance, end of period	20,281	21,415	8,327	2,751

(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. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Domestic corporation tax rate	30%	30%	30%	30%
Profit before income tax	200,876	153,073	141,317	60,519
Income tax using the domestic corporation tax rate	60,263	45,922	42,395	18,156
Tax effects of :				
Information Technology Levy (i)	1,399	599	1,399	599
Nigerian Police Trust Fund Levy (ii)	7	3	7	3
Education tax (iii)	1,415	92	1,415	92
NASENI Levy (iv)	353	152	353	152
National Fiscal Stabilization Levy (v)	829	-	-	-
Financial Sector Recovery Levy (vi)	829	-	-	-
Minimum tax/excess dividend tax adjustment	2,804	1,002	2,804	1,002
Prior Year under Provision of Current Tax	5,177	5,177	-	-
Effect of Permanent differences - Income not subject to tax	(295,373)	(271,621)	(53,384)	(39,528)
Effect of Permanent differences - Expenses not deductible	252,897	253,069	12,632	21,374
	30,599	34,395	7,621	1,850
Effective tax rate	15%	22%	5%	3%

Companies Income Tax

The tax law is similar in most of the countries the Bank operates. The Companies Income Tax Act (CITA) in Nigeria requires companies having more than N100 Million Naira turnover to pay income tax at the rate of 30% of their taxable profits. Where the company do not have a taxable profit or where the income tax on the taxable profit is lower than the prescribed minimum tax, the minimum tax shall apply. Minimum tax in Nigeria is assessed at the rate of 0.5% of the turnover.

Due to unutilized tax losses and unclaimed capital allowance, the UBA Plc has no taxable profit for the year ended 31 December 2022, as a result, was assessed to minimum tax for the year under review. The minimum tax charge for the year was N2.82 billion.

i. Education Tax: Education tax is applicable to UBA Plc only and its imposed on Nigerian companies by the Tertiary Education Trust Fund Act. The rate applicable to the financial statement is 2% of the assessable profit. The rate has been increased to 2.5% effective from 1 January 2022. The education tax charge for the year was N1.40 billion.

ii. Information Technology Levy: UBA Plc is also required to pay 1% of its profit before tax (PBT)as the National Information Technology Development (NITD) levy. The levy is payable by specified companies in Nigeria with annual turnover of at least 100 million Naira. The information technology levy charge for the year was N1.402 billion.

iii. Nigerian Police Trust Fund Levy:

The Nigeria Police Trust Fund levy was introduced by the Nigeria Police Fund Trust Establishment Act 2019 and is charged at the rate of 0.005% of the net profit of companies operating in Nigeria. The Nigerian Police Trust Fund Levy for the year was N7.1million.

iv. National Agency for Science and Engineering Infrastructure (NASENI) levy: NASENI levy is imposed on Nigerian companies by the National Agency for Science and Engineering Infrastructure Act. The rate of the levy is 0.25% of the profit before tax for specific companies having more than 100million Naira turnover. The NASENI levy charge for the year was N354million.

v. National Fiscal Stabilization Levy: This levy is payable by certain companies in Ghana including Banks at a rate of 5% of profit before tax under the National Fiscal Stabilization Levy Act 2013 (Act 862). The National Fixcal Stabilzation charge for the year was N829 million.

vi: Financial Sector Recovery Levy: This levy is payable by Banks in Ghana at a rate of 5% of profit before tax and it is payable quarterly. The Financial Sector Recovery Levy charge for the yearwas N303million.

21 Earnings per share

The calculation of basic earnings per share as at 31 December 2022 was based on the profit attributable to ordinary shareholders of the Parent of N165.449 billion (Bank: N133.695 billion) and the weighted average number of ordinary shares outstanding of 34.199 billion (Bank: 34.199 billion). The Bank had no dilutive instruments as at period end (December 2021 : nil). Hence the basic and diluted earnings per share are equal.

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Profit attributable to equity holders of the parent	165,451	115,883	133,696	58,669
Weighted average number of ordinary shares outstanding *(in millions)*	34,199	34,199	34,199	34,199
Basic and diluted earnings per share (Naira)	4.84	3.39	3.91	1.72

22 Cash and bank balances

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Cash	127,738	126,078	51,124	50,997
Current balances with banks	652,007	420,361	559,134	272,073
Unrestricted balances with central banks	351,280	204,050	129,249	23,368
Money market placements	139,441	98,426	184,065	147,292
Restricted balances with central banks (note (i) below)	1,283,163	969,869	1,231,399	953,176
	2,553,629	1,818,784	2,154,971	1,446,906
Current	2,553,629	1,818,784	2,154,971	1,446,906
	2,553,629	1,818,784	2,154,971	1,446,906

(i) Restricted balances with central banks comprise:

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Mandatory reserve deposits with central banks (note (a) below)	1,255,811	915,151	1,204,047	898,458
Special Intervention Reserve (note (b) below)	27,352	54,718	27,352	54,718
	1,283,163	969,869	1,231,399	953,176

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

(b) This represents the Bank's contribution to the Central Bank of Nigeria's (CBN) Real Sector Support Facility (RSSF), warehoused in the Special Intervention Reserve held with the CBN. The Real Sector Support Facility is to be channeled towards providing credit to priority sectors of the Nigerian economy.

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

	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Cash and current balances with banks	779,745	546,439	610,258	323,070
Unrestricted balances with central banks	351,280	204,050	129,249	23,368
Money market placements (less than 90 days)	129,507	35,421	80,929	46,733
Cash and cash equivalents	1,260,532	785,910	820,436	393,171

23 Financial assets at fair value through profit or loss

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Government bonds	-	2,713	-	-
Treasury bills (above 90 days maturity). See note (i) below:	14,963	10,383	14,963	7,984
	14,963	13,096	14,963	7,984
Non-current	14,963	13,096	14,963	7,984

(i) This represents treasury bills measured at fair value through profit or loss, with maturity above three months from the date of purchase. They have been excluded from cash and cash equivalents for the purpose of the statement of cash flows.

24 Assets under management

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Relating to unclaimed dividends:				
Short term deposits - 6 months	10,877	-	10,877	-
Short term deposits - 12 months	2,046	-	2,046	-
	12,923	-	12,923	-

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported as “unclaimed dividend” in other liabilities).

25 Loans and advances to banks

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Gross amount	305,924	156,491	233,695	122,505
Less: Allowance for credit losses				
Stage 1 loans	(2,675)	(2,594)	(1,942)	(2,381)
	303,249	153,897	231,753	120,124
Current	303,249	153,897	231,753	120,124
Non-current	-	-	-	-
	303,249	153,897	231,753	120,124

(a) Allowance for credit losses on loans and advances to banks

31 December 2022

Group

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	2,594	-	-	2,594
Charge/(writeback) for the year	(1)	-	-	(1)
Exchange difference	82	-	-	82
Balance, end of year	**2,675**	**-**	**-**	**2,675**

Bank

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	2,381	-	-	2,381
Charge/(write back) for the year	(439)	-	-	(439)
Balance, end of year	**1,942**	**-**	**-**	**1,942**

31 December 2021

Group

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	1,975	-	-	1,975
Charge for the year	645	-	-	645
Exchange difference	(26)	-	-	(26)
Balance, end of year	**2,594**	**-**	**-**	**2,594**

Bank

Allowance for credit loss

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	1,962	-	-	1,962
Charge for the year	427	-	-	427
Exchange difference	(8)	-	-	(8)
Balance, end of year	**2,381**	**-**	**-**	**2,381**

26 Loans and advances to customers

In millions of Nigerian Naira	Group Dec. 2022	Group 31 Dec. 21	Bank Dec. 2022	Bank 31 Dec. 21
Gross amount	3,219,715	2,777,083	2,174,779	1,913,403
Allowance for credit losses	(82,836)	(96,416)	(51,682)	(65,301)
	3,136,879	2,680,667	2,123,097	1,848,102
Current	1,404,343	1,607,445	983,904	1,055,852
Non-current	1,732,536	947,530	1,139,193	756,684
	3,136,879	2,680,667	2,123,097	1,848,102

(a) 31 December 2022

Loans and advances to customers *In millions of Nigerian Naira*	**Group** **Dec. 2022**	**Group** **Dec. 2021**	**Bank** **Dec. 2022**	**Bank** **Dec. 2021**
Gross amount	3,219,715	2,777,083	2,174,779	1,913,403
Allowance for credit losses:				
- Impairment loss on Stage 1 loans	(64,409)	(55,811)	(30,587)	(38,026)
- Impairment loss on Stage 2 loans	(11,757)	(7,699)	(3,847)	(7,514)
- Impairment loss on Stage 3 loans	(6,670)	(32,906)	(17,247)	(19,761)
Total provision for credit losses	(82,836)	(96,416)	(51,682)	(65,301)
Carrying amount	**3,136,879**	**2,680,667**	**2,123,097**	**1,848,102**

Loans and advances to individuals *In millions of Nigerian Naira*	**Group** **Dec. 2022**	**Group** **Dec. 2021**	**Bank** **Dec. 2022**	**Bank** **Dec. 2021**
Gross amount	305,108	243,956	231,866	165,139
Provision for credit losses:				
- Impairment loss on Stage 1 loans	(8,944)	(6,754)	(4,742)	(4,259)
- Impairment loss on Stage 2 loans	(505)	(251)	(931)	(1,189)
- Impairment loss on Stage 3 loans	(12,807)	(17,987)	(10,456)	(9,647)
Total provision for credit losses	(22,256)	(24,992)	(16,129)	(15,095)
Carrying amount	**282,852**	**218,964**	**215,737**	**150,044**

Loans and advances to corporate entities and other organizations *In millions of Nigerian Naira*	**Group** **Dec. 2022**	**Bank** **Dec. 2021**	**Bank** **Dec. 2022**	**Bank** **Dec. 2021**
Gross amount	2,914,607	2,533,127	1,942,913	1,748,264
Provision for credit losses:				
- Impairment loss on Stage 1 loans	(55,465)	(49,057)	(25,845)	(33,767)
- Impairment loss on Stage 2 loans	(11,252)	(7,448)	(2,916)	(6,325)
- Impairment loss on Stage 3 loans	6,137	(14,919)	(6,791)	(10,114)
Total provision for credit losses	(60,580)	(71,424)	(35,553)	(50,206)
Carrying amount	**2,854,027**	**2,461,703**	**1,907,360**	**1,698,058**

31 December 2022
Group

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	28,001	(113)	(25)	(12,395)	(12,533)	15,468
Term loans	277,107	(8,831)	(480)	(412)	(9,723)	267,384
	305,108	**(8,944)**	**(505)**	**(12,807)**	**(22,256)**	**282,852**
Loans and advances to corporate entities and other organizations						
Overdrafts	826,988	(4,481)	(224)	(18,451)	(23,155)	803,833
Term loans	2,076,607	(50,863)	(11,028)	24,587	(37,305)	2,039,303
Others	11,012	(121)	-	-	(121)	10,891
	2,914,607	**(55,465)**	**(11,252)**	**6,137**	**(60,580)**	**2,854,028**

Bank

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	23,364	(113)	(6)	(6,913)	(7,032)	16,332
Term loans	208,502	(4,629)	(925)	(3,544)	(9,097)	199,405
	231,866	**(4,742)**	**(931)**	**(10,456)**	**(16,129)**	**215,737**
Loans and advances to corporate entities and other organizations						
Overdrafts	614,234	(4,460)	(217)	(2,978)	(7,655)	606,580
Term loans	1,328,679	(21,385)	(2,699)	(3,813)	(27,898)	1,300,781
	1,942,913	**(25,845)**	**(2,916)**	**(6,791)**	**(35,553)**	**1,907,361**

31 December 2021
Group

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	53,523	(475)	(76)	(15,416)	(15,967)	37,555
Term loans	190,433	(6,279)	(175)	(2,571)	(9,025)	181,408
	243,956	**(6,754)**	**(251)**	**(17,987)**	**(24,992)**	**218,963**
Loans and advances to corporate entities and other organizations						
Overdrafts	406,447	(3,550)	(1,077)	(13,203)	(17,830)	388,617
Term loans	2,126,559	(45,506)	(6,371)	(1,716)	(53,593)	2,072,966
Others	121	(1)	-	-	(1)	120
	2,533,127	**(49,057)**	**(7,448)**	**(14,920)**	**(71,424)**	**2,461,703**

Bank

Loans and advances to individuals	**Gross amount**	**Stage 1 - 12-month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total allowances**	**Carrying amount**
Overdrafts	44,768	(430)	(10)	(7,669)	(8,110)	36,658
Term loans	120,371	(3,828)	(1,179)	(1,978)	(6,986)	113,385
	165,139	**(4,259)**	**(1,189)**	**(9,648)**	**(15,095)**	**150,043**
Loans and advances to corporate entities and other organizations						
Overdrafts	244,749	(1,965)	(124)	(3,877)	(5,966)	238,782
Term loans	1,503,395	(31,801)	(6,201)	(6,237)	(44,239)	1,459,156
Others	121	(1)	-	-	(1)	119
	1,748,264	**(33,767)**	**(6,325)**	**(10,114)**	**(50,206)**	**1,698,057**

(c) Allowance for credit losses on loans and advances to customers

31 December 2022

(i) Group

In millions of Nigerian Naira	**Stage 1 - 12 month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of year	55,811	7,699	32,905	96,415
Impairment charge/(write back) in the year	10,131	3,168	10,839	24,137
Write offs	-	-	(37,869)	(37,869)
Transfer between stages	323	367	(689)	-
Exchange difference	(1,855)	523	1,485	153
Balance, end of year	**64,409**	**11,757**	**6,670**	**82,836**

Loans and advances to individuals

In millions of Nigerian Naira	**Stage 1 - 12 month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of year	6,754	251	17,987	24,992
Impairment charge/(write back) in the year	2,247	(512)	4,215	5,949
Write offs	-	-	(10,322)	(10,322)
Transfer between stages	(164)	706	(541)	-
Exchange difference	108	60	1,469	1,637
Balance, end of year	**8,944**	**505**	**12,807**	**22,256**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	**Stage 1 - 12 month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of year	49,057	7,448	14,918	71,423
Impairment charge/(write back) in the period	7,884	3,680	6,624	18,188
Write offs	-	-	(27,547)	(27,547)
Transfer between stages	487	(339)	(148)	-
Exchange difference	(1,963)	463	16	(1,484)
Balance, end of year	**55,465**	**11,252**	**(6,137)**	**60,580**

(ii) Bank

In millions of Nigerian Naira	**Stage 1 - 12 month ECL**	**Stage 2 - Lifetime ECL**	**Stage 3 - Lifetime ECL**	**Total**
Balance, beginning of year	38,026	7,514	19,761	65,301
Impairment charge/(write back) in the year	1,714	(960)	2,788	3,542
Write offs	-	-	(17,188)	(17,188)
Transfer between stages	(9,180)	(2,707)	11,886	-
Exchange difference	27	-	-	27
Balance, end of year	**30,587**	**3,847**	**17,247**	**51,682**

Loans and advances to individuals
Allowance for credit losses

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	4,259	1,189	9,647	15,095
Impairment charge/(write back) in the year	657	122	940	1,719
Write offs	-	-	(700)	(700)
Transfer between stages	(189)	(380)	569	0
Exchange difference	15			15
Balance, end of year	**4,742**	**931**	**10,456**	**16,129**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	33,767	6,325	10,114	50,206
Impairment charge/(write back) in the year	1,057	(1,082)	1,848	1,823
Reversal in allowance for credit loss				
Write offs		-	(16,488)	(16,488)
Transfer between stages	(8,991)	(2,327)	11,317	-
Exchange difference	12	-	-	12
Balance, end of year	**25,845**	**2,916**	**6,791**	**35,553**

31 December 2021
(iii) Allowance for credit losses on loans and advances to customers
Group

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	48,585	11,680	51,080	111,345
Impairment charge/(write back) in the year	4,290	(4,591)	10,201	9,900
Write offs	-	-	(27,543)	(27,543)
Transfer between stages	2,230	88	(2,318)	-
Exchange difference	705	523	1,485	2,714
Balance, end of year	**55,811**	**7,700**	**32,905**	**96,416**

Loans and advances to individuals

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	4,762	413	14,142	19,317
Impairment charge/(write back) in the year	1,987	(648)	3,577	4,916
Write offs	-	-	(877)	(877)
Transfer between stages	(103)	427	(324)	-
Exchange difference	108	60	1,469	1,637
Balance, end of year	**6,754**	**251**	**17,987**	**24,993**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	43,823	11,267	36,938	92,028
Impairment charge/(write back) in the year	2,303	(3,943)	6,624	4,984
Write offs	-	-	(26,666)	(26,666)
Transfer between stages	2,333	(339)	(1,994)	-
Exchange difference	598	463	16	1,077
Balance, end of year	**49,057**	**7,448**	**14,918**	**71,423**

(iv) Bank

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	32,521	7,868	21,933	62,322
Impairment charge in the year	2,946	(505)	2,670	5,111
Write offs	-	-	(2,226)	(2,226)
Transfer between stages	2,465	151	(2,616)	-
Exchange difference	94	-	-	94
Balance, end of year	**38,026**	**7,514**	**19,761**	**65,301**

26 Loans and advances to customers - continued

Loans and advances to individuals

Allowance for credit losses

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of year	3,335	589	9,960	13,884
Impairment charge/(write back) in the year	944	122	940	2,006
Write offs	-	-	(877)	(877)
Transfer between stages	(102)	478	(376)	-
Exchange Difference	82	-	-	82
Balance, end of year	**4,259**	**1,189**	**9,647**	**15,095**

Loans and advances to corporate entities and other organizations

In millions of Nigerian Naira	Stage 1 - 12 month ECL	Stage 2 - Lifetime ECL	Stage 3 - Lifetime ECL	Total
Balance, beginning of period (IFRS 9)	29,186	7,279	11,973	48,438
Impairment charge in the year	2,002	(627)	1,730	3,105
Write offs		-	(1,349)	(1,349)
Transfer between stages	2,567	(327)	(2,240)	-
Exchange difference	12	-	-	12
Balance, end of year	**33,767**	**6,325**	**10,114**	**50,206**

27 Investment securities

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Investment securities at FVOCI comprise (see note (i)):				
Treasury bills	1,379,678	633,315	1,352,863	612,882
Bonds	637,970	221,448	544,850	89,347
Equity investments	148,621	139,028	146,992	138,020
Promissory notes	26,984	-	26,984	-
	2,193,253	993,791	2,071,689	840,249
Investment securities at amortised cost comprise (see note (i)):				
Treasury bills	1,006,960	1,555,787	-	655,793
Bonds	999,345	787,832	118,520	151,591
Gross amount	2,006,305	2,343,619	118,520	807,384
Allowance for credit losses on investment securities (See note 49)	(18,867)	(1,780)	(3,144)	(1,167)
Net carrying amount	1,987,438	2,341,839	115,376	806,217
Carrying amount	**4,180,691**	**3,335,630**	**2,187,065**	**1,646,466**

	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
(a) Movement in allowance for credit losses				
Balance, beginning of year	1,780	892	1,167	797
Charge/(Write back) for the year (See note 12b)	17,979	784	1,978	371
Exchange difference	(892)	104	(1)	(1)
Balance, end of year	18,867	1,780	3,144	1,167

(i) (i) Included in investment securities at FVOCI , amortised cost and FVTPL instruments are pledged financial assets which cannot be re-pledged or resold by counterparties, and these securities are stated as follows:

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Treasury bills (at FVOCI)	178,216	177,029	178,216	177,029
Bonds (at amortised cost)	21,756	17,891	21,756	17,891
Total Pledged assets	199,972	194,920	199,972	194,920

(ii) Equity securities at FVOCI are analysed below:

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Africa Finance Corporation	115,524	107,849	115,524	107,849
SMEEIS investment	15,507	12,574	15,507	12,574
Unified Payment Services Limited	5,646	6,337	5,646	6,337
Central Securities Clearing System limited	3,346	4,900	3,346	4,900
Nigeria Interbank Settlement System Plc.	2,898	2,429	2,898	2,429
African Export-Import Bank	2,305	2,261	2,305	2,261
FMDQ OTC Plc	1,201	1,206	1,201	1,206
Credit Reference Company	464	361	464	361
NG Clearing Limited	101	101	101	101
Others[1]	1,628	1,008	-	-
	148,621	**139,026**	**146,992**	**138,020**

[1] This constitutes other unquoted equity investments (in enties such as GIM UEMOA, The Insurance and Reinsurance Company of the Gulf of Guinea (ARGG) and others) held by various subsidiaries.

28 Other assets

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Financial assets				
Electronic payments receivables (d)	136,661	50,802	77,215	12,913
Accounts receivable	94,739	80,718	5,080	14,383
Intercompany receivables	-	-	26,403	19,237
Dividends receivable	2,568	703	41,706	10,418
Pension custody fees receivable	769	1,469	-	-
Subscription for Investment in African Subsidiaries (c)	-	-	7,424	26,846
Allowance for impairment on accounts receivable (a)	(14,213)	(11,204)	(11,878)	(10,233)
	220,524	122,488	145,950	73,564
Non-financial assets				
Prepayments	6,881	15,739	5,204	9,093
Recoverable taxes	7,069	7,903	2,995	3,193
Stock of consumables	20,230	3,024	2,386	2,799
	34,180	26,666	10,585	15,085
	254,704	149,154	156,535	88,649
(a) *Movement in impairment for other assets*				
At start of year	11,204	11,204	10,233	10,233
Charge/(Reversal) for the year (Note 12)	3,086	(1,292)	1,645	(887)
Exchange difference	(77)	1,292	-	887
	14,213	11,204	11,878	10,233
(b) Current	250,736	143,881	154,149	85,717
Non-current	3,968	5,273	2,386	2,932
	254,704	**149,154**	**156,535**	**88,649**

(c) Subscription for investment balance relates to deposits paid for additional investment made in few of our African Subsidiaries awaiting Central bank's approval.

(d) The electronic payment receivables balance is presented on net basis in line with IAS 32. Details are provided in note 7 of this financial statement.

29 Investment in equity-accounted investee

On 01 March 2022, the Group increased its investment in UBA Zambia Limited from 49% to 84% for a cash consideration of N2.5bn and a debt-equity conversion of N885million which is the sum owed by UBA Zambia to UBA Plc. These total consideration were paid during the 2021 financial year and were reported as part of subscription for shares (Other assets) in the prior period accounts. This has been reclassified to investments in subsidiaries after control was gained during the current year.

The carrying amount of the investment prior to the date of control was N9.26bn while the fair value of the previously held equity investment was N13.14bn. The difference between the carrying amount as at the date control was obtained and the fair value of the previously held investment amounted to N3.88bn, this has been recognised in the profit or loss in line with the accounting policy of the Group. Additional information on the investments in subsidiaries are disclosed in note 45.

(a) Movement in investment in equity-accounted investee

In millions of Nigerian Naira	Group Dec 2022	Group Dec. 2021	Bank Dec 2022	Bank Dec. 2021
Balance, beginning of the year	8,945	4,504	2,715	2,715
Share of current period's result	311	1,928	-	-
Share of foreign currency translation differences	-	2,512	-	-
Reclassification	(9,256)	-	(2,715)	
Balance, end of the year	**-**	**8,945**	**-**	**2,715**

The table below sets out the shareholding structure of UBA Zambia Limited, before and after the additional investments by UBA Plc:

Name	**Number of shares (Before)**	**Number of shares (After)**	**Old % holding**	**Revised % holding**
Union investments	47,829,330	67,710,705	51%	16%
United Bank for Africa Plc	45,953,668	348,289,291	49%	84%
Others	2	4	0%	0%
	93,783,000	**416,000,000**	**100%**	**100%**

The table below shows the Group's (49%) share of UBA Zambia's profit at the date of control (01 March 2022).

	Nmillions
Profit After tax at the date of control	634
Shareholding	49%
Share of profit	**311**

(b) Net inflow of cash and cash equivalent acquired from business combination

In millions of Nigerian Naira	Group Dec 2022
Consideration paid in cash	(2,528)
Cash and cash equivalents acquired from business combination(see (i) below)	17,973
	15,445
(i) Cash and cash equivalents acquired from business combination	
Cash and Balances with Banks	17,110
Cash	862
	17,973

c) The table below sets out the Non-controlling interests in UBA Zambia as at the reporting period.

Non controlling interest at acquisition	3,152
Non controlling interest share of post acquisition retained earnings	550
As at 31 Dec 2022	**3,702**

30 Investment in subsidiaries

(a) Holding in subsidiaries

In millions of Nigerian Naira

Bank subsidiaries (see note (i) below):	Year of acquisition / Commenc	Previous Holding	Current Holding	Non-controlling interests	Country	Industry	Bank Dec. 2022	Bank Dec. 2021
UBA Ghana Limited	2004	91%	91%	9%	Ghana	Banking	8,048	8,048
UBA Cameroun (SA)	2007	100%	100%	0%	Cameroun	Banking	1,845	1,845
UBA Cote d'Ivoire	2008	100%	100%	0%	Cote d'Ivoire	Banking	12,295	12,295
UBA Liberia Limited	2008	100%	100%	0%	Liberia	Banking	2,330	2,330
UBA (SL) Limited	2008	100%	100%	0%	Sierra Leone	Banking	1,269	1,269
UBA Uganda Limited	2008	69%	80%	20%	Uganda	Banking	10,668	3,705
UBA Burkina Faso	2008	64%	64%	36%	Burkina Faso	Banking	5,352	5,352
UBA Benin	2008	86%	86%	14%	Benin Republic	Banking	11,451	11,451
UBA Kenya Bank Limited	2009	81%	94%	6%	Kenya	Banking	15,272	3,744
UBA Chad (SA)	2009	89%	89%	11%	Chad	Banking	2,440	2,440
UBA Senegal (SA)	2009	86%	86%	14%	Senegal	Banking	2,400	2,400
UBA Tanzania Limited	2010	82%	82%	18%	Tanzania	Banking	4,332	4,332
UBA Gabon	2010	100%	100%	0%	Gabon	Banking	2,760	2,760
UBA Guinea (SA)	2010	100%	100%	0%	Guinea	Banking	2,237	1,475
UBA Congo DRC (SA)	2011	100%	100%	0%	Congo DRC	Banking	22,410	10,375
UBA Congo Brazzaville (SA)	2011	100%	100%	0%	Congo Brazzaville	Banking	3,024	3,024
UBA Mozambique (SA)	2011	96%	97%	3%	Mozambique	Banking	13,320	8,156
UBA Mali	2017	100%	100%	0%	Mali	Banking	6,300	6,300
UBA UK Limited (see (ii) below)	2012	100%	100%	0%	United Kingdom	Banking	9,974	9,974
UBA Zambia Limited (note 28)	2010	49%	84%	16%	Zambia	Banking	6,267	-
Non-Bank Subsidiaries:								
UBA Pensions Custodian Limited (see (iii) below)	2004	100%	0%		Nigeria	Pension custody	2,000	2,000
							145,993	**103,275**

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.

During the year, the Group gained controlling interests in UBA Zambia by increasing its shareholding from 49% to 84%. As a result of this, UBA Zambia limited became a subsidairy of the Bank. Additional details are disclosed in notes 29 and 45 of the financial statements.
The Group also increased its interests in UBA Uganda, UBA Mozambique, UBA Guinea and UBA Kenya all due to regulatory purposes.

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

(ii) UBA UK Limited is a UK bank regulated by the Prudential Regulation Authority and the Financial Conduct Authority and received its banking licence in March 2018. Prior to gaining its bank status, the firm was authorised in the UK to undertake investment business and was originally incorporated on September 25, 1995. The bank is primarily engaged in wholesale banking, with a focus on facilitating trade and treasury flows between Europe and Africa. The bank offers trade finance, corporate banking and treasury solutions to corporate and institutional clients.

(iii) UBA Pensions 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.

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 interests at the end of the period ended 31 December 2022 is N38.147 billion (2021: N28.633 billion) is attributed to the following non-fully owned subsidiaries:

	Dec. 2022	Dec. 2021
UBA Ghana Limited	5,859	7,200
UBA Burkina Faso	11,607	9,672
UBA Benin	3,328	3,203
UBA Uganda Limited	1,807	981
UBA Kenya Bank Limited	542	732
UBA Senegal (SA)	4,525	4,167
UBA Mozambique (SA)	570	370
UBA Chad (SA)	2,017	1,523
UBA Tanzania Limited	850	785
UBA Zambia	3,702	-
	34,807	28,633

30 Investment in subsidiaries - continued

(ii) Set out below is summarised financial information for each subsidiary that has non-controlling interests as at 31 December 2022. The amounts disclosed for each subsidiary are before inter-company eliminations.

In millions of Nigerian Naira	UBA Ghana Limited		UBA Burkina Faso		UBA Benin		UBA Zambia
	Dec. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**
Summarised statement of financial position							
Cash and bank balances	99,747	71,476	32,372	37,569	34,363	52,037	30,089
Other financial assets	223,263	293,364	448,378	351,529	250,863	246,819	70,903
Non-financial assets	4,547	4,651	9,989	10,370	3,140	3,449	2,120
Total assets	**327,556**	**369,491**	**490,739**	**399,468**	**288,366**	**302,306**	**103,113**
Financial liabilities	259,510	285,067	450,219	367,771	259,950	273,837	82,674
Non-financial liabilities	4,574	6,417	8,510	5,023	3,943	4,917	1,907
Total liabilities	**264,084**	**291,484**	**458,729**	**372,794**	**263,893**	**278,754**	**84,581**
Net assets	**63,472**	**78,007**	**32,010**	**26,674**	**24,473**	**23,552**	**18,532**
Summarized statement of comprehensive income	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**
Operating Revenue	**50,299**	**20,083**	**24,857**	**11,403**	**19,557**	**9,483**	**14,048**
Profit for the year	2,583	5,806	7,607	2,499	3,602	2,313	3,435
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	**2,583**	**5,806**	**7,607**	**2,499**	**3,602**	**2,313**	**3,435**
Total comprehensive income allocated to non-controlling interest	238	536	2,758	907	490	374	550
Summarized cash flows							
Cash flows (used in)/ from operating activities	(16,145)	76,625	56,886	38,225	(17,713)	47,664	77,417
Cash flows(used in)/ from financing activities	(17,116)	(203)	(2,271)	(4,165)	(2,680)	(2,498)	16,782
Cash flows (used in)/ from investing activities	61,532	(71,046)	(59,812)	(33,459)	2,719	(31,784)	(64,110)
Net increase in cash and cash equivalents	**28,271**	**5,377**	**(5,197)**	**600**	**(17,675)**	**13,381**	**30,089**

In millions of Nigerian Naira	UBA Uganda Limited		UBA Kenya Bank Limited		UBA Senegal (SA)	
	Dec. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**
Summarised statement of financial position						
Cash and bank balances	23,962	35,000	9,175	27,211	43,424	40,842
Other financial assets	44,292	28,506	49,433	21,809	290,708	219,140
Non-financial assets	2,987	3,707	2,272	6,128	17,336	13,070
Total assets	**71,242**	**67,213**	**60,879**	**55,149**	**351,468**	**273,053**
Financial liabilities	52,348	55,152	46,757	46,653	312,324	231,936
Non-financial liabilities	9,722	8,884	5,082	4,644	5,649	10,283
Total liabilities	**62,069**	**64,036**	**51,839**	**51,297**	**317,974**	**242,219**
Net assets	**9,173**	**3,177**	**9,040**	**3,852**	**33,494**	**30,834**
Summarized statement of comprehensive income	**Dec. 2022**	**Dec. 2021**	**Dec. 2022**	**Jun. 2021**	**Dec. 2022**	**Jun. 2021**
Operating Revenue	**6,445**	**4,736**	**6,687**	**2,177**	**19,127**	**16,773**
Profit/(loss) for the year	(840)	974	(1,677)	(365)	5,919	3,855
Total comprehensive income	**(840)**	**974**	**(1,677)**	**(365)**	**5,919**	**3,855**
Total comprehensive income allocated to non-controlling interest	(165)	301	(101)	(69)	800	521
Summarized cash flows						
Cash flows (used in)/ from operating activities	(12,474)	14,694	(23,251)	(15,373)	87,671	44,285
Cash flows(used in)/ from financing activities	6,836	(325)	6,865	1,939	(3,259)	(3,635)
Cash flows (used in)/ from investing activities	(5,400)	(5,564)	(1,651)	25,952	(81,830)	(4,263)
Net increase/(decrease) in cash and cash equivalents	**(11,038)**	**8,805**	**(18,037)**	**12,517**	**2,582**	**36,387**

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

	UBA Mozambique (SA)		UBA Chad		UBA Tanzania	
In millions of Nigerian Naira	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
Summarised statement of financial position						
Cash and bank balances	39,633	23,836	15,806	14,812	3,088	9,985
Other financial assets	31,329	22,644	132,291	122,569	23,426	17,859
Non-financial assets	2,390	972	3,311	2,387	7,728	4,235
Total assets	**73,352**	**47,453**	**151,408**	**139,768**	**34,242**	**32,080**
Financial liabilities	53,126	32,909	121,794	108,191	27,909	25,878
Non-financial liabilities	1,590	5,932	11,281	17,727	1,586	1,817
Total liabilities	**54,716**	**38,841**	**133,075**	**125,918**	**29,496**	**27,695**
Net assets	**18,636**	**8,612**	**18,333**	**13,850**	**4,747**	**4,386**
Summarized statement of comprehensive income	**Dec. 2022**	**Jun. 2021**	**Dec. 2022**	**Jun. 2021**	**Dec. 2022**	**Jun. 2021**
Operating Revenue	**8,950**	**4,411**	**14,838**	**11,420**	**4,566**	**3,842**
(Loss)/Profit for the year	3,269	660	3,534	230	216	281
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**3,269**	**660**	**3,534**	**230**	**216**	**281**
Total comprehensive income allocated to non-controlling interest	100	9	389	129	39	106
Summarized cash flows						
Cash flows (used in)/ from operating activities	17,484	14,436	8,264	22,460	(2,511)	(2,929)
Cash flows(used in)/ from financing activities	6,755	1,471	950	(342)	145	53
Cash flows (used in)/ from investing activities	(8,442)	(10,488)	(8,220)	(16,749)	(4,531)	(1,657)
Net increase/(decrease) in cash and cash equivalents	**15,796**	**5,418**	**994**	**5,369**	**(6,897)**	**(4,534)**

31 Property and equipment

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Property and equipment	183,916	156,881	153,214	131,775
Right-of-use assets	24,123	21,236	10,627	9,806
Carrying amount	**208,039**	**178,117**	**163,841**	**141,581**

(a) Property and equipment
As at 31 December 2022
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 2022	35,625	42,624	23,600	24,192	16,728	20,637	61,917	58,515	18,055	301,894
Arising from business combination (See note 45)	-	-	221	-	151	165	575	261	142	1,515
Additions	241	12,156	3,791	-	5,267	2,163	3,328	3,916	9,501	40,364
Reclassifications	287	1,642	678	-	1,339	558	7,614	1,086	(13,203)	-
Disposals	-	(225)	(4)	-	(566)	(673)	(386)	(993)	(317)	(3,166)
Transfers (iii)	-	-	-	-	2,865	-	-	-	2,351	5,216
Write-off	-	(33)	(503)	-	(1,564)	(30)	(25)	(45)	(9)	(2,208)
Exchange difference (note i)	(19)	453	323	-	117	359	427	193	42	1,895
Balance at 31 December 2022	**36,134**	**56,617**	**28,106**	**24,192**	**24,336**	**23,178**	**73,449**	**62,934**	**16,563**	**345,510**
Accumulated depreciation										
Balance at 1 January 2022	-	19,134	12,808	-	13,441	16,228	41,877	41,524	-	145,012
Arising from business combination (See note 45)	-	-	84	-	120	129	273	105	-	712
Charge for the year	-	967	1,309	1,153	1,569	1,194	7,262	4,263	-	17,717
Reclassifications	-	(6)	6	-	-	-	(0)	0	-	-
Disposals	-	(65)	(4)	-	(599)	(642)	(385)	(940)	-	(2,636)
Transfers (iii)	-	-	-	-	494	-	-	-	-	494
Write-off	-	(8)	(499)	-	(648)	(27)	(22)	(29)	-	(1,234)
Exchange difference (note i)	-	309	328	-	103	275	335	179	-	1,529
Balance at 31 December 2022	**-**	**20,330**	**14,032**	**1,153**	**14,479**	**17,157**	**49,340**	**45,103**	**-**	**161,594**
Carrying amounts										
Balance at 31 December 2022	**36,134**	**36,287**	**14,074**	**23,039**	**9,857**	**6,021**	**24,109**	**17,831**	**16,563**	**183,916**
Balance at 31 December 2021	**35,625**	**23,490**	**10,792**	**24,192**	**3,287**	**4,409**	**20,040**	**16,991**	**18,055**	**156,881**

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

(ii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2021: nil)

(iii) N2.865bn of the transfers for the year relate to some staff status vehicles transferred to items of property, plant and equipment during the year. While N2.351bn relates to the capitalization of computer hardware from Intangible Assets work-in-progress. See note 31.

Group
December 31, 2021

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 2021	34,677	39,307	13,921	8,564	15,943	13,281	55,877	58,474	23,553	263,597
Additions	101	569	963	-	543	1,069	2,153	2,735	27,233	35,366
Reclassifications	376	906	3,733	24,192	104	196	1,149	1,433	(32,088)	-
Disposals	-	(53)	(11)	(8,565)	(286)	(197)	(124)	(443)	(425)	(10,103)
Transfers	-	-	-	-	-	-	-	-	(15)	(15)
Write-off	(6)	(59)	(19)	0	(119)	(16)	(6)	(115)	(6)	(347)
Exchange difference	478	1,955	5,013	0	543	6,305	2,868	(3,569)	(197)	13,396
Balance at 31 December 2021	**35,625**	**42,624**	**23,600**	**24,192**	**16,728**	**20,637**	**61,917**	**58,515**	**18,055**	**301,894**
Accumulated depreciation										
Balance at 1 January 2021	-	15,467	8,575	2,778	12,100	10,651	34,135	38,607	-	122,313
Charge for the year	-	1,086	994	408	728	1,372	5,932	4,393	-	14,913
Reclassifications	-	1	(1)	-	-	(0)	0	(0)	-	-
Disposals	-	-	(31)	(2,892)	(262)	(246)	(167)	(405)	-	(4,002)
Write-off	-	(17)	(15)	0	(19)	(11)	(4)	(50)	-	(116)
Exchange difference	-	2,597	3,286	(295)	894	4,462	1,980	(1,021)		11,905
Balance at 31 December 2021	**-**	**19,134**	**12,808**	**-**	**13,441**	**16,228**	**41,877**	**41,524**	**-**	**145,013**
Carrying amounts										
Balance at 31 December 2021	**35,625**	**23,490**	**10,792**	**24,192**	**3,287**	**4,409**	**20,040**	**16,991**	**18,055**	**156,881**

(b) Right-of-use assets
31 December, 2022
Group

In millions of Nigerian Naira	Land	Buildings	Total
			-
Right-of-use assets			
Balance - 1 January 2022	840	27,846	28,686
Arisising from Business Combination	-	1,056	1,056
New lease contracts	21	10,042	10,063
Terminations of lease contracts	-	(6,047)	(6,047)
Exchange difference	-	(610)	(610)
Balance - 31 December 2022	861	32,287	33,148
Accumulated depreciation			
Balance - 1 January 2022	144	7,306	7,450
Arisising from Business Combination	-	571	571
Depreciation charge for the year	59	3,561	3,620
Matured during the year	-	(2,316)	(2,316)
Exchange difference	-	(300)	(300)
Balance - 31 December 2022	203	8,822	9,025
Carrying amounts			
Balance at 31 December 2022	658	23,465	24,123
Balance at 31 December 2021	696	20,540	21,236

Right of use assets represent the group's leases, which have been accounted for in line with IFRS 16, as described under accounting policies in note 3.29

December 31, 2021
Group

In millions of Nigerian Naira	Land	Buildings	Total
			-
Right-of-use assets			
Balance - 1 January 2021	503	15,348	15,851
New lease contracts	337	12,498	12,835
Balance - 31 December 2021	840	27,846	28,686
Accumulated depreciation			
Balance - 1 January 2021	44	3,902	3,946
Depreciation charge for the year	100	3,404	3,504
Balance - 31 December 2021	144	7,306	7,450
Balance at 31 December 2021	696	20,540	21,236

Bank
(c) **As at 31 December 2022**

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 2022	34,116	28,725	5,018	24,192	11,304	9,030	51,884	50,313	15,015	229,596
Additions	170	10,062	2,181	-	4,840	904	1,613	2,070	9,327	31,166
Reclassifications	287	1,642	429	-	1,211	393	7,420	808	(12,189)	-
Disposals	-	-	-	-	(513)	(314)	(351)	(982)	(317)	(2,478)
Transfers (note iii)		-	-	-	2,865	-	-	-	2,351	5,216
Write-off	-	(33)	(454)	-	(1,564)	(30)	(25)	(45)		(2,150)
Exchange difference (note i)	-	-	36	-	4	19	110	5	-	175
Balance at 31 December 2022	**34,573**	**40,396**	**7,211**	**24,192**	**18,147**	**10,001**	**60,650**	**52,170**	**14,187**	**261,525**
Accumulated depreciation										
Balance at 1 January 2022	-	10,366	2,015	-	8,762	7,273	33,834	35,571	-	97,821
Charge for the year	-	455	115	1,153	1,152	566	6,058	3,646	-	13,145
Reclassifications	-	(6)	6	-	-	-	(0)	0	-	-
Disposals	-	-	-	-	(503)	(310)	(348)	(930)	-	(2,091)
Transfers (note iii)	-	-	(453)	-	494	-	-	-	-	40
Write-off	-	(8)	(0)	-	(648)	(27)	(22)	(29)	-	(735)
Exchange difference (note i)	-	-	37	-	4	20	64	6	-	131
Balance at 31 December 2022	**-**	**10,807**	**1,719**	**1,153**	**9,262**	**7,522**	**39,586**	**38,264**	**-**	**108,311**
Carrying amounts										
Balance at 31 December 2022	**34,573**	**29,589**	**5,492**	**23,039**	**8,885**	**2,479**	**21,064**	**13,906**	**14,187**	**153,214**
Balance at 31 December 2021	**34,116**	**18,359**	**3,003**	**24,192**	**2,542**	**1,757**	**18,050**	**14,742**	**15,015**	**131,775**

(i) Exchange differences arise from the translation of property and equipment of the UBA New York branch.
(ii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2021: nil)
(iii) N2.865bn of the transfers for the yearrelate to some staff status vehicles transferred to items of property, plant and equipment during the year.
While N2.351bn relates to the capitalization of computer hardware from Intangible Assets work-in-progress. See note 31.

(d) **December 31, 2021**
Bank

In millions of Nigerian Naira	**Land**	**Buildings**	**Leasehold improvements**	**Aircraft**	**Motor vehicles**	**Furniture and fittings**	**Computer hardware**	**Equipment**	**Work in progress**	**Total**
Cost										
Balance at 1 January 2021	33,645	27,833	4,864	8,564	11,273	8,500	49,485	47,328	16,814	208,306
Additions	101	45	60	-	244	408	1,387	2,302	26,041	30,589
Reclassifications	376	906	89	24,192	22	138	1,027	1,176	(27,926)	-
Disposals	-	-	(1)	(8,565)	(120)	(15)	(79)	(382)	(204)	(9,366)
Write-off	(6)	(59)	(17)	0	(119)	(14)	(5)	(115)	-	(335)
Exchange difference			23	-	3	12	69	3	290	402
Balance at 31 December 2021	**34,116**	**28,725**	**5,018**	**24,192**	**11,304**	**9,030**	**51,884**	**50,313**	**15,015**	**229,596**
Accumulated depreciation										
Balance at 1 January 2021	-	9,942	1,867	2,483	8,537	6,730	28,862	32,253	-	90,674
Charge for the year	-	440	143	408	350	557	5,000	3,708	-	10,606
Reclassifications	-	1	(1)	-	-	-	0	(0)	-	-
Disposals	-	-	(1)	(2,892)	(109)	(14)	(78)	(343)	-	(3,437)
Write-off	-	(17)	(15)	0	(19)	(11)	(4)	(50)	-	(116)
Exchange difference	-		22	-	3	12	53	3	-	94
Balance at 31 December 2021	**-**	**10,366**	**2,015**	**-**	**8,762**	**7,273**	**33,834**	**35,571**	**-**	**97,821**
Carrying amounts										
Balance at 31 December 2021	**34,116**	**18,359**	**3,003**	**24,192**	**2,542**	**1,757**	**18,050**	**14,742**	**15,015**	**131,775**

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

(e) Right-of-use assets
31 December, 2022
Bank

In millions of Nigerian Naira	**Land**	**Buildings**	**Total**
			-
Right-of-use assets			
Balance - 1 January 2022	452	14,279	14,731
New lease contracts	21	3,621	3,642
Terminations of lease contracts	(234)	(3,269)	(3,503)
Exchange difference	-	(182)	(182)
Balance - 31 December 2022	239	14,450	14,689
Accumulated depreciation			
Balance - 1 January 2022	144	4,781	4,925
Depreciation charge for the year	59	1,347	1,406
Matured during the year	-	(2,230)	(2,230)
Exchange difference	-	(39)	(39)
Balance - 31 December 2022	203	3,859	4,062
Carrying amounts			
Balance at 31 December 2022	36	10,591	10,627
Balance at 31 December 2021	308	9,498	9,806

31 December, 2021
Bank

In millions of Nigerian Naira	**Land**	**Buildings**	**Total**
Right-of-use assets			
Balance - 1 January 2021	166	8,889	9,055
New lease contracts	286	5,390	5,676
Balance - 31 December 2021	452	14,279	14,731
Accumulated depreciation			
Balance - 1 January 2021	44	3,208	3,252
Depreciation charge for the year	100	1,573	1,673
Balance - 31 December 2021	144	4,781	4,925
Carrying amounts			
Balance at 31 December 2021	308	9,498	9,806

32 **Intangible assets**

(a) (i) **As at December 31, 2022**

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2022	11,131	37,481	7,227	55,839
Arising from business combination (See note 45)	3,132	1,502	-	4,634
- Customer relationships		2,841	-	2,841
- Core deposits		132	-	132
Additions	-	2,084	1,324	3,408
Reclassifications	-	3,252	(3,252)	-
Disposal	-	(688)	(106)	(794)
Transfers see (i) below	-	-	(2,351)	(2,351)
Exchange difference	566	(473)	(6)	87
Balance at 31 December 2022	14,830	46,131	2,835	63,796
Amortization				
Balance at 1 January 2022	-	25,389	-	25,389
Arising from business combination (See note 45)	-	297	-	297
Amortisation for the year	-	4,584	-	4,584
Disposal	-	(86)	-	(86)
Exchange difference	-	144	-	144
Balance at 31 December 2022	-	30,328	-	30,328
Carrying amounts				
Balance at 31 December 2022	14,830	15,803	2,835	33,468
Balance at 31 December 2021	11,131	12,092	7,227	30,450

a) During the period, UBA Zambia became a subsidiary and a post audit of acuired net asset (purchase price allocation) was carried out to determine the fair values of the identifiable net assets of the company. This exercise led to recognition of goodwill which represents the difference between the purchase consideration and fair market values of net assets and non-controlling interest. See note 45

i) 'Transfer of N2.351bn relates to the transfer from Intangible assets work-in-progress to computer hardware (Property, Plant and Equipment) during the period. See note 30.

(ii) **December 31, 2021**

Group

In millions of Nigerian Naira	Goodwill	Purchased software	Work in progress	Total
Cost				
Balance at 1 January 2021	10,718	35,926	3,614	50,258
Additions	-	465	4,901	5,366
Reclassifications	-	1,176	(1,176)	-
Disposal	-	(52)	(9)	(61)
Exchange difference	413	(34)	(104)	275
Balance at 31 December 2021	11,131	37,481	7,227	55,838
Amortization				
Balance at 1 January 2021	-	21,358	-	21,358
Amortisation for the year	-	4,283	-	4,283
Exchange difference	-	(197)	-	(197)
Balance at 31 December 2021	-	25,389	-	25,389
Carrying amounts				
Balance at 31 December 2021	**11,131**	**12,092**	**7,227**	**30,450**

(b) (i) **Bank**

As at December 31, 2022	Purchased software	Work in progress	Total
Cost			
Balance at 1 January 2022	29,728	7,414	37,142
Additions	631	111	742
Reclassifications	3,027	(3,027)	-
Disposal	-	(106)	(106)
Transfers[1]	-	(2,351)	(2,351)
Write-off	(21)	-	(21)
Exchange difference	65	-	65
Balance at 31 December 2022	33,430	2,041	35,471
Amortization			
Balance at 1 January 2022	19,079	-	19,079
Amortisation for the year	3,765	-	3,765
Write-off	(21)	-	(21)
Exchange difference	30	-	30
Balance at 31 December 2022	22,853	-	22,853
Carrying amounts			
Balance at 31 December 2022	10,577	2,041	12,618
Balance at 31 December 2021	10,649	7,414	18,063

(i) Transfer of N2.351bn relates to the transfer from Intangible assets work-in-progress to computer hardware (Property, Plant and Equipment) during the period. See note 30.

32 Intangible assets - continued

December 31, 2021

(ii) Bank

Cost *In millions of Nigerian Naira*	**Purchased software**	**Work in progress**	**Total**
Balance at 1 January 2021	28,442	3,430	31,872
Additions	137	5,160	5,296
Reclassifications	1,167	(1,167)	-
Disposal	(52)	(9)	(61)
Exchange difference	34	-	34
Balance at 31 December 2021	29,728	7,414	37,142
Amortization			
Balance at 1 January 2021	15,635	-	15,635
Amortisation for the year	3,482	-	3,482
Disposal	(52)	-	(52)
Exchange difference	15	-	15
Balance at 31 December 2021	19,079	-	19,079
Carrying amounts			
Balance at 31 December 2021	**10,649**	**7,414**	**18,063**

There were no capitalised borrowing costs related to the internal development of software during the period (December 2021: nil). Computer software has a definite useful life of not more than five years while goodwill has an indefinite useful life and is annually assessed for impairment.

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

[2] Work in progress represents software implementation projects that were currently in their development phase as at reporting date.

(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 UK Limited have been identified as individual cash generating units. UBA Benin and UBA UK Limited operate under Rest of Africa and Rest of the World geographic segments respectively. The recoverable amounts of the CGUs have been determined based on value-in-use calculations; using cash flow projections based on financial forecasts covering a period of five years. Cash flows beyond the five-year period are extrapolated using estimated economic growth rates for the respective CGUs. These growth rates are consistent with forecasts included in industry reports specific to the economic environment in which each of the CGU's operates.

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

	UBA Benin		**UBA UK Limited**	
	Dec. 2022	**Dec. 2021**	**Dec. 2022**	**Dec. 2021**
Gross earnings (% annual growth rate)	17.7	16.4	7.3	10.2
Deposits (% annual growth rate)	6.6	6.2	7.4	32.0
Loans and advances (% annual growth rate)	10.0	10.0	8.1	9.0
Operating expenses (% annual growth rate)	5.1	3.0	2.1	2.0
Terminal growth rate (%)	6.0	1.2	4.2	3.3
Discount rate (pre-tax) (%)	18.8	13.0	7.9	4.8

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

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

32 Intangible assets - continued

Below is the result of the impairment test:

In millions of Nigerian Naira	UBA Benin Dec. 2022	UBA Benin Dec. 2021	UBA UK Limited Dec. 2022	UBA UK Limited Dec. 2021
Recoverable amount	46,859	61,258	97,125	58,253
Less: Carrying amount				
Goodwill	(6,300)	(6,300)	(4,626)	(4,626)
Net assets	(21,170)	(23,552)	(23,522)	(16,749)
Total carrying amount	(27,471)	(29,852)	(28,148)	(21,374)
Excess of recoverable amount over carrying amount	**19,388**	**31,406**	**68,977**	**36,879**

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

	Dec. 2022 % From	Dec. 2022 % To	Dec. 2021 % From	Dec. 2021 % To
UBA Benin				
Deposit growth rate	4.2	2.6	6.2	3.5
Discount rate	17.0	33.8	13.0	28.5
UBA UK Limited				
Deposit growth rate	8.7	7.3	32.0	32.1
Discount rate	7.0	11.7	4.8	7.2

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.

33 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(a)

In millions of Nigerian Naira *31 December 2022*	Group Assets	Group Liabilities	Group Net	Bank Assets	Bank Liabilities	Bank Net
Property, equipment, and software	9,430	-	9,430	11,854	-	11,854
Allowances for loan losses	-	82	(82)	8,428	-	8,428
Financial assets at FVOCI	-	-	-	379	-	379
Tax losses carried forward	6,323	-	6,323	6,083	-	6,083
Other liabilities	-	677	(677)	-	168	(168)
Fair value gain on derivatives	-	-	-	-	2,115	(2,115)
Foreign currency revaluation gain	-	-	-	-	1,382	(1,382)
Others	7,850	200	7,650	-	1,217	(1,217)
Net deferred tax assets /liabilities	23,603	959	22,644	26,744	4,882	21,862

In millions of Nigerian Naira *31 December 2021*	Group Assets	Group Liabilities	Group Net	Bank Assets	Bank Liabilities	Bank Net
Property, equipment, and software	19,524	7	19,517	19,478	-	19,478
Allowances for loan losses	1,354	11	1,343	611	-	611
Financial assets at FVOCI	-	13,475	(13,475)	-	13,476	(13,476)
Tax losses carried forward	21,491	-	21,491	19,741	-	19,741
Other liabilities	-	759	(759)	-	757	(757)
Fair value gain on derivatives	-	4,486	(4,486)	-	4,486	(4,486)
Foreign currency revaluation Loss	751	-	751	751	-	751
Others	209	879	(669)	-	-	-
Net deferred tax assets /liabilities	43,329	19,617	23,712	40,581	18,719	21,862

Movements in temporary differences during the period

(b) ***31 December 2022***

Group

In millions of Nigerian Naira	Opening	Recognised in profit or loss	Recognised in equity	Closing balance
Property, equipment, and software	19,517	(10,087)	-	9,430
Allowances for loan losses	1,343	(1,425)	-	(82)
Financial assets at FVOCI	(13,475)	13,475	-	-
Tax losses carried forward	21,491	(15,168)	-	6,323
Prior year DTA written-off in FY2020	(759)	759	-	-
Tax losses on fair value gain on derivatives	(4,486)	4,486	-	-
Foreign currency revaluation Loss	751	(751)	-	-
Others	(669)	8,711	-	6,973
	23,712	-	-	22,644

Bank *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	19,478	(7,624)	-	11,854
Allowances for loan losses	611	7,817	-	8,428
Financial assets at FVOCI	(13,476)	13,855	-	379
Tax losses carried forward	19,741	(13,658)	-	6,083
Prior year DTA written-off in FY2020	(757)	589	-	(168)
Tax losses on fair value gain on derivatives	(4,486)	1,154	-	(2,115)
Foreign currency revaluation Loss	751	(2,133)	-	(1,382)
	21,862	-	-	21,862

31 December 2021 **Group** *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or loss balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	23,148	(3,631)	-	19,517
Allowances for loan losses	3,890	(2,547)	-	1,343
Financial assets at FVOCI	(12,323)	(1,152)	-	(13,475)
Tax losses carried forward	7,522	13,969	-	21,491
Prior year DTA written-off in FY2019	882	(1,641)		(759)
Prior year DTL written-off in FY2021	119	(119)	-	-
Tax losses on fair value gain on derivatives	(3,218)	(1,268)	-	(4,486)
Foreign currency revaluation Loss	-	751	-	751
Loss on revaluation of investment securities	59	(59)	-	-
Others	3,532	(4,201)	-	(669)
	23,610	102	-	23,712

Bank *In millions of Nigerian Naira*	**Opening**	**Recognised in profit or los balance**	**Recognised in equity**	**Closing balance**
Property, equipment, and software	22,406	(2,928)	-	19,478
Allowances for loan losses	3,728	(3,117)	-	611
Impairment on account receivable	1,454	(1,454)	-	-
Financial assets at FVOCI	(13,475)	(1)	-	(13,476)
Tax losses carried forward	6,362	13,379	-	19,741
Prior year DTL written-off in FY2021	882	(1,639)	-	(757)
Tax losses on fair value gain on derivatives	(3,179)	(1,307)	-	(4,486)
Foreign currency revaluation Loss	3,625	(2,874)	-	751
Loss on revaluation of investment securities	59	(59)	-	-
	21,862	-	-	21,862

Unrecognised deferred tax assets

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Unused tax losses of the Bank for which no deferred tax asset has been recognized was N62 billion (2021: N143 billion).

Deferred tax assets relating to the group's deductible temporary differences is N65 billion (2021: N75billion). The deferred tax arising from the temporary differences above will not be recognized due to uncertainties relating to the periods we expect the assets to be realized.

34 Derivative financial instruments

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

In millions of Nigerian Naira

	Group Dec. 2022	**Group Dec. 2021**	**Bank Dec. 2022**	**Bank Dec. 2021**
Derivative assets				
Carrying value	39,830	33,340	39,830	33,340
Notional amount	576,375	551,614	576,375	551,614
Derivative liabilities				
Carrying value	79	98	79	98
Notional amount	36,821	52,807	36,821	52,807

(a) **Derivative assets**

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Instrument type:				
Cross-currency swaps	39,830	33,326	39,830	33,326
Foreign exchange forward contracts	-	14	-	14
	39,830	33,340	39,830	33,340
The movement in derivative assets is as follows:				
Balance, beginning of year	33,340	53,148	33,340	53,148
Derivatives derecognised	(33,340)	(53,148)	(33,340)	(53,148)
Derivatives acquired	39,830	33,340	39,830	33,340
Balance, end of year	39,830	33,340	39,830	33,340

Derivative assets are current in nature

(b) **Derivative liabilities**

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Instrument type:				
Cross-currency swap	48	67	40	67
Foreign exchange forward contracts	31	31	39	31
	79	98	79	98
The movement in derivative liability is as follows:				
Balance, beginning of year	98	508	98	98
Derivatives derecognised	(98)	(508)	(98)	(98)
Derivatives acquired	79	98	79	98
Balance, end of year	79	98	79	98

Derivative liabilities are current in nature

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

	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Derivative assets :				
Fair value gain on additions in the year	39,830	33,340	39,830	33,340
Fair value loss on maturities in the year	(33,340)	(53,148)	(33,340)	(53,148)
Net fair value loss on derivative assets	6,490	(19,808)	6,490	(19,808)
Derivative liabilities:				
Fair value loss on additions in the year	(79)	(98)	(79)	(98)
Fair value gain on maturities in the year	**98**	**508**	**98**	**508**
Net fair value loss on derivative liabilities	**19**	**410**	**19**	**410**
Net fair value gain/(loss) on derivative assets and liabilities (Note 15)	**6,509**	**(19,398)**	**6,509**	**(19,398)**

35 Non-Current Assets Held for Sale

	Group Dec 2022	Group Dec 2021	Bank Dec 2022	Bank Dec 2021
Opening balance - January 1st	**95,909**	**-**	**95,909**	**-**
Addition: Meassured at fair value (note 34.1)	**-**	**82,217**	**-**	**82,217**
Measured at lower of carrying amount and fair value less cost to sell (note 34.2)	**-**	**13,692**	**-**	**13,692**
Impairment	**(317)**	**-**	**(317)**	**-**
Closing balance - December 31	**95,592**	**95,909**	**95,592**	**95,909**

34.1 In December 2021, UBA Plc exercised its foreclosure rights over KANN Consortium's shares in AEDC, and holds the shares for the sole purpose of subsequent disposal in the ordinary course of banking business(credit extension). Following the foreclosure, the board of directors of UBA Plc approved the disposal of its interest in assets and liabilities of AEDC at the earliest possible time. The Bank is studying the offers from prospective investors following extensive discussions on the sale of its interest in the company. This will be made public after getting the necessary regulatory approvals.

34.2 The Bank repossessed properties held as collaterals against some customer loans. The fair value of these properties less cost to sell was N13.38bn (2021: 13.69bn). This amount has been presented in Note 6(a) as unallocated segment, in accordance with IFRS 8. The Group's policy is to pursue timely realization of the collaterals in an orderly manner. The Group does not intend to use these properties for its operations.

The assets have been valued by reputable estate surveyors and valuers using the comparable transactions method of valuation to arrive at the open market value.

36 Deposits from banks

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Money market deposits	841,581	407,855	511,992	240,173
Due to other banks	328,657	246,356	351,803	242,937
	1,170,238	**654,211**	**863,795**	**483,110**
Current	1,170,238	654,211	863,795	483,110

37 Deposits from customers

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Retail customers:				
Term deposits	197,391	71,291	43,643	18,808
Current deposits	864,495	649,573	446,006	329,747
Savings deposits	2,134,453	1,727,710	1,733,787	1,396,905
	3,196,340	**2,448,574**	**2,223,436**	**1,745,460**
Corporate customers:				
Term deposits	964,895	785,260	500,244	433,054
Current deposits	3,663,658	3,135,355	2,322,836	1,825,792
	7,824,893	**6,369,189**	**5,046,516**	**4,004,306**
Current	7,818,142	6,362,806	5,046,298	4,004,103
Non-current	6,751	6,383	218	203
	7,824,893	6,369,189	5,046,516	4,004,306

38 Other liabilities

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Financial liabilities				
Creditors and payables (ai)	254,885	118,426	236,597	55,995
Managers cheques	8,375	7,121	5,362	4,273
Unclaimed dividends (note (i))	12,636	11,499	12,636	10,240
Customers' deposit for foreign trade (note (ii))	28,417	24,034	30,989	31,415
Lease liabilities (note (iii))	20,077	16,760	6,883	5,487
Accrued expenses[1]	51,497	30,767	28,669	15,831
	375,887	208,607	321,136	123,241
Provisions (note (iv))	262	252	157	147
Allowance for credit losses on off-balance sheet items (note (v))	6,232	6,045	4,696	3,433
Deferred income	902	1,305	701	517
	7,396	7,602	5,554	4,097
Total other liabilities	**383,283**	**216,209**	**326,690**	**127,338**
Non-current	14,321	15,878	2,736	5,633
Current	368,962	197,796	323,954	121,705
	383,283	**213,674**	**326,690**	**127,338**

(ai) The creditors and payables balance is presented on net basis in line with IAS 32. Details are provided in note 7 of this financial statements.
(i) The amount represents unclaimed dividends due to UBA Plc's shareholders which have been returned by the Bank's Registrar.
(ii) Customers' deposit for foreign trade represents the naira value of foreign currencies held to cover letter of credit transactions. The corresponding balance is included in current balances with banks in note 22.
(iii) Finance cost on the lease liabilities is included in'Interest expense' in note 11.

The movement in lease liabilities balance during the year is as follows:

Balance - 31 December 2022	Group			Bank		
In millions of Nigerian Naira	**Land**	**Buildings**	**Total**	**Land**	**Buildings**	**Total**
Lease liabilities						
Balance - 1 January 2022	455	16,305	16,760	268	5,219	5,487
Arisising from Business Combination	-	569	569	-	-	-
Additions (new lease contracts) during the year	122	6,949	7,071	122	3,048	3,170
Principal repayments/cashflows during the year	(256)	(4,658)	(4,914)	(256)	(1,600)	(1,856)
Interest repayments/cashflows during the year	(9)	(456)	(466)	(9)	(417)	(426)
Termination of lease contracts	-	100	100	-	-	-
Interest accrued (note 11)	-	1,261	1,261	-	558	558
Exchange difference	-	(303)	(303)	-	(50)	(50)
Balance - 31 December 2022	**311**	**19,766**	**20,077**	**124**	**6,759**	**6,883**

Maturity analysis for Lease Liabilities

	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 1 year	Gross nominal amount	Total
Group	111	1,040	2,748	3,209	14,321	**21,429**	**20,077**
Bank	60	282	1,834	2,675	2,736	**7,587**	**6,883**

Balance - 31 December 2021	Group			Bank		
In millions of Nigerian Naira	Land	Buildings	Total	Land	Buildings	Total
Lease liabilities						
Balance - 1 January 2021	271	6,658	6,929	99	2,363	2,462
Additions (new lease contracts) during the year	163	10,607	10,770	182	3,830	4,013
Principal repayments/cashflows during the year	(2)	(1,338)	(1,340)	(22)	(1,112)	(1,134)
Interest repayments/cashflows during the year	(11)	(386)	(398)	(2)	(104)	(106)
Interest accrued (note 11)	35	633	668	11	241	252
Balance - 31 December 2021	**455**	**16,305**	**16,760**	**268**	**5,219**	**5,487**

Maturity analysis for Lease Liabilities

	Less than 1 month	1 - 3 months	3 - 6 months	6 - 12 months	More than 1 year	Gross nominal amount	Total
Group	90	200	228	1,041	15,878	**17,436**	**16,760**
Bank	-	82	123	325	5,633	**6,163**	**5,487**

(iv) 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 2022. 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. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
At 1 January	252	252	147	147
Additional provisions	10	-	10	-
At 31 December	262	252	157	147
Current	262	252	157	147

(v) This represents allowance for credit loss for off-balance sheet loan commitments and financial guarantees recognised upon adoption of IFRS 9.

The movement in allowance for credit lossess on off-balance sheet items during the year is as follows:

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Balance, beginning of the year	6,045	2,807	3,433	2,363
Charge to profit or loss	1,232	3,520	1,273	1,216
Reclassification	(262)	(252)	(157)	(147)
Exchange difference	(783)	(30)	147	1
Balance, end of the year	**6,232**	**6,045**	**4,696**	**3,433**

39 Borrowings

In millions of Nigerian Naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Long Term Borrowings				
- Central Bank of Nigeria (note 38.1)	31,611	58,516	31,611	58,516
- Bank of Industry (BoI) (note 38.2)	2,343	3,524	2,343	3,524
- European Investment Bank (EIB) (note 38.4)	14,403	17,670	14,403	17,670
- DEG (note 38.9)	23,034	21,122	23,034	21,122
- Afrexim (note 38.8)	8,608	49,860	8,608	49,860
- Eurobond debt security (note 38.5)	137,850	206,746	137,850	206,746
- African Development Bank (note 38.3)	23,594	32,151	23,594	32,151
- Agence Francaise de Development (AFD) (note 38.6)	9,225	8,453	9,225	8,453
- Proparco (note 38.7)	31,712	36,091	31,712	36,091
- Others (note 38.16)	5,290	-	-	-
	287,669	**434,131**	**282,380**	**434,131**
Short Term Borrowings				
- Africa Trade Finance (ATF) - 38.10	62,096	-	62,096	-
- First Rand Bank (RMB) - 38.11	92,365	-	92,365	-
- EmiratesNDB - 38.12	23,351	-	23,351	-
- Mashreq - 38.13	23,489	-	23,489	-
- SMBC - 38.14	23,202	-	23,202	-
- Abu Dhabi Commercial Bank (ADCB) -38.15	23,563	21,641	23,563	21,641
	248,066	**21,641**	**248,066**	**21,641**
	535,735	**455,772**	**530,446**	**455,772**
Current	256,681	133,332	256,681	133,332
Non-current	279,054	322,441	273,772	322,441
	535,735	**455,772**	**530,446**	**455,772**

39 Borrowings - continued

Movement in borrowings during the period:	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Opening balance	455,772	694,355	455,772	688,280
Additions	219,845	280,752	214,555	280,752
Interest expense	34,881	32,543	30,287	32,543
Interest paid	(26,582)	(34,805)	(26,582)	(33,782)
Repayments (principal)	(182,955)	(543,972)	(182,955)	(539,920)
Exchange difference	34,774	26,899	39,376	27,899
	535,735	455,772	530,446	455,772

2 **39.1** This represents on-lending facilities provided by the Central Bank of Nigeria (CBN):

2 **(a)** N18.441 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 6% and 3% respectively. The facility will terminate on 30 September 2025. The Bank is the primary obligor to CBN and assumes the risk of default.

2 **(b)** N6.993 billion of this facility represents the outstanding balance on the concessionary loans granted by the Central Bank of Nigeria to some State Governments. The facility attracts an interest rate of 3% and the Bank is under obligation to lend to participating states at a maximum rate of 6% per annum (inclusive of all charges). The principal is repayable monthly and the tenor of the facility is 20 years.

(c) N5.7 billion of this facility represents the outstanding balance on the loan granted by the Central Bank of Nigeria with respect to Real Sector Support Facility (RSSF) initiative to support the Federal Government's Special Fertilizer Intervention programme. The Central Bank shall lend to the Bank at 3% while the Bank shall on-lend to the customer at a maximum interest rate of 6% per annum, all charges inclusive. The 3% interest shall be remitted to CBN on a quarterly basis. The principal is repayable quarterly (after a one year moratorium) and the tenor of the facility is 7 years.

3 **39.2** 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 5% per annum. The Bank is the primary obligor to CBN/BOI and assumes the risk of default.

5 **39.3** This represents the amount granted under a $150million line of credit by African Development Bank in December 2016 for a tenor of 8 years. The first tranche of $120million was disbursed to the Bank in December 2016 while the second tranche of $30 million was disbursed to the Bank in November 2017. The facility is to be used for 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 commenced on a semi-annual basis after a moratorium period of 2 years. Outstanding balance on the facility is $50million and Facility matures August 2024.

39.4 The US$63million facility was granted under the Nigeria Private Enterprise Finance Facility extended by the European Investment Bank to a group of financial institutions located in Nigeria. The purpose of the facility is to finance capital expenditure for development of intermediation capacities and support small and medium sized enterprises in Nigeria. The facility is for a tenor of 9 years. The interest rate on the facility is six months USD LIBOR plus 337 basis points and is payable semi-annually. Principal repayment will be on a semi-annual basis after a moratorium period of 36 months. Outstanding balance on the facility is $31.32million. Facility matures December 2025.

39.5 This represents the amortised cost of the Eurobond issued by the Bank in November, 2021. The $300million Notes issued by the Bank on November 19 2021 is for a tenor of 5 years with interest rate(coupon) of 6.75% p.a, payable semi-annually with bullet repayment of the Principal sum at maturity. The maturity date of the Eurobond is November 19, 2027.

39.6 This represents the amount granted under a $20 million trade loan facility granted by Agence Francaise de Development (AFD) in May 2020. The facility is for a tenor of ten (10) years and Interest rate is six (6) months USD LIBOR plus 303 basis points. The interest repayments are payable semi-annually while the principal repayment will commence on a semi-annual basis following the 3 year grace period, final maturity is in May 2029.

39.7 This represents the amount granted under a $85 million trade loan facility granted by Proparco in April 2020. The facility is for a tenor of seven (7) years and Interest rate is six (6) months USD LIBOR plus 320 basis points. The interest repayments are payable semi-annually while the principal repayment commenced on a semi-annual basis following the 2 year grace period. Outstanding balance on the facility is $68million and the facility matures in October 2026.

39.8 This represents the amount granted under a $150 million and $50 million loan facilities granted by African Export-Import Bank in November 2020 with two (2) and three (3) years tenor respectively. The facilities' Interest rate is three (3) months USD LIBOR plus 485 basis points and 316 basis points respectively. The interest repayments are on a quarterly basis while the principal repayment commenced on a quaterly basis in June 2021 and December 2021 respectively. The first tranch of $150 million matured in Sepetember 2022 and has been repaid while the outstanding balance on the second facility is $31.25million and matures in September 2023.

39.9 This represents the amount granted under a $50 million loan facilities granted by DEG - Deutsche Investitions-und Entwicklungsgesellschaft MBH Bank in August 2021 with a tenor of six (6) years. The Interest rate is six (6) months USD LIBOR plus 360 basis points. The interest repayments are payable semi-annually while the principal repayment is due upon maturity in June 2027.

Borrowings - continued

39.10 This represents the amount granted under a $115 million and $20million trade finance loan facility granted by African Trade Finance Bank in June and August 2022 respectively with a tenor of one (1) year. The interest rate on the facility is three (3) months SOFR plus 240 basis points and is payable quarterly. The principal repayment is due upon maturity in June 2023.

39.11 This represents the amount granted under a $150 million and $50million trade finance loan facility granted by Rand Merchant Bank in June and July 2022 respectively with a tenor of one (1) year. The interest rate on the facility is three (3) months SOFR plus 235 basis points and is payable quarterly. The principal repayment is due upon maturity in June 2023.

39.12 This represents the amount granted under a $50 million trade finance loan facility granted by Emirates NDB Bank in two tranches of $25 million each in July and August 2022 respectively with a tenor of nine (9) months. The interest rate on the facility is three (3) months SOFR plus 290 basis points and is payable quarterly. The principal repayment is due upon maturity in March and May 2023 respectively.

39.13 This represents the amount granted under a $50 million trade finance loan facility granted by Mashreq Bank in September 2022 with a tenor of six (6) months. The interest rate on the facility is six (6) months SOFR plus 350 basis points. The principal and interest repayment is due upon maturity in March 2023.

39.14 This represents the amount granted under a $50 million trade finance loan facility granted by SMBC in November 2022 with a tenor of six (6) months. The interest rate on the facility is six (6) months SOFR plus 354 basis points. The principal and interest repayment is due upon maturity in May 2023.

39.15 This represents the amount granted under a $50 million trade finance loan facility granted by Abu Dhabi Commercial Bank in August 2022 with a tenor of one (1) year. The interest rate on the facility is twelve (12) months SOFR plus 310 basis points. The principal and interest repayment is due upon maturity in

39.16 This represents the amount granted by Bank of Zambia with a tenor of five (5) years to strengthen and enhance financial sector resilience, particularly in the wake of the outbreak of the Coronavirus disease (COVID-19) and its potentially devastating impact on the domestic economy. Interest rate is fixed at 9% while both principal and interest is due upon maturity. The facility is secured by government bonds.

40 Statement of cash flow reconciliation

In millions of Nigerian Naira

		Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
i	**Change in financial assets at FVTPL**				
	Opening balance	13,096	139,299	7,984	95,957
	Closing balance	(14,963)	(13,096)	(14,963)	(7,984)
	Movement during the year	(1,867)	126,203	(6,979)	87,973
	Finance cost - interest expense	415	(353)	415	(211)
	Mark to Market Gains	(344)	243	(344)	101
	Recognised in cash flow statement	**(1,796)**	**126,093**	**(6,908)**	**87,863**
ii	**Change in cash reserve balance with CBN**				
	Opening balance	969,869	1,103,888	953,176	1,072,094
	Closing balance	(1,283,163)	(969,869)	(1,231,399)	(953,176)
	Recognised in cash flow statement	**(313,294)**	**134,019**	**(278,223)**	**118,918**
iii	**Change in loans and advances to banks**				
	Opening balance	153,897	77,419	120,124	65,058
	Closing balance	(303,249)	(153,897)	(231,753)	(120,124)
	Movement during the year	(149,352)	(76,478)	(111,629)	(55,066)
	Impairment of loans and advances to banks	1	645	439	427
	Finance cost - (interest income)	35,700	(20,261)	2,007	(1,284)
	Interest received	(36,366)	19,849	(1,830)	1,126
	Recognised in cash flow statement	**(150,017)**	**(76,245)**	**(111,013)**	**(54,797)**
iv	**Change in loans and advances to customers**				
	Opening balance	2,680,667	2,554,975	1,848,102	1,812,536
	Closing balance	(3,136,879)	(2,680,667)	(2,123,097)	(1,848,102)
	Movement during the year	(456,212)	(125,692)	(274,995)	(35,566)
	Impairment of loans and advances to customers	(23,348)	(9,901)	(3,542)	(5,111)
	Loans and Advances written off	(4,874)	(4,653)	(4,010)	(3,896)
	Finance cost - (interest income)	263,083	251,887	214,914	194,515
	Interest received	(249,637)	(246,476)	(280,485)	(175,768)
	Reclassification to held for sale	-	(95,909)	-	(95,909)
	Recognised in cash flow statement	**(470,988)**	**(230,744)**	**(348,118)**	**(121,735)**
v	**Change in other assets**				
	Opening balance	149,154	110,829	88,649	96,524
	Closing balance	(254,704)	(149,154)	(156,535)	(88,649)
	Movement during the year	(105,550)	(38,325)	(67,886)	7,875
	Impairment charges on other assets	(3,086)	1,292	(1,645)	887
	Effect of exchange flunctuation	5,743	22,810	50,262	24,798
	Transfer of PPE and Intangibles	(10,484)	-	(2,825)	-
	Change in deferred tax asset	19,726	(2,727)	(0)	-
	Changes in investment in associate	8,634	(2,512)		-
	Effect of translation difference	34,162	3,740	4,253	-
	Dividend income	-	-	51,859	-
	Subscription for shares - African subsidiaries	-	-	(35,295)	26,846
	Recognised in cash flow statement	**(50,855)**	**(15,722)**	**(1,278)**	**60,406**
vi	**Change in deposits from banks**				
	Opening balance	(654,211)	(418,157)	(483,110)	(121,815)
	Closing balance	1,170,238	654,211	863,795	483,110
	Movement during the year	516,027	236,054	380,685	361,295
	Finance cost - (interest expense)	(11,209)	(20,301)	(10,673)	(6,016)
	Interest paid	9,585	19,257	9,302	4,796
	Recognised in cash flow statement	**514,403**	**235,010**	**379,314**	**360,075**
vii	**Change in deposits from customers**				
	Opening balance	(6,369,189)	(5,676,011)	(4,004,306)	(3,824,143)
	Closing balance	7,824,892	6,369,189	5,046,514	4,004,306
	Movement during the year	1,455,703	693,178	1,042,208	180,163
	Finance cost - (interest expense)	(130,312)	(104,039)	(85,667)	(62,838)
	Interest paid	119,129	94,707	76,658	53,545
	Recognised in cash flow statement	**1,444,520**	**683,846**	**1,033,199**	**170,870**
viii	**Change in placement with banks**				
	Opening balance	63,005	51,237	100,559	6,400
	Closing balance	(9,934)	(63,005)	(103,136)	(100,559)
	Movement during the year	53,071	(11,768)	(2,577)	(94,159)
	Finance cost - (interest income)	18,415	12,721	21,619	12,641
	Interest received	(19,800)	(12,011)	(21,246)	(11,463)
	Recognised in cash flow statement	**51,687**	**(11,059)**	**(2,204)**	**(92,981)**

ix	**Change in other liabilities and provisions**				
	Opening balance	(199,449)	(150,897)	(121,851)	(91,207)
	Closing balance	363,206	199,449	319,807	121,851
	Movement during the year	163,757	48,552	197,956	30,644
	Deferred tax liabilities		2,727	-	-
	Impairment of finanial assets	(1,232)	(3,520)	(1,273)	(1,216)
	Recognised in cash flow statement	**162,525**	**47,759**	**196,683**	**29,428**
x	**Interest received**				
	Interest income	557,152	474,262	344,490	288,564
	Movement in interest receivables	(29,630)	(12,086)	61,484	(21,980)
	Recognised in cash flow statement	**527,522**	**462,176**	**405,974**	**266,584**
xi	**Interest paid**				
	Interest expense	(177,663)	(157,551)	(127,185)	(101,649)
	Movement in interest payables	48,948	43,587	41,224	43,309
	Recognised in cash flow statement	**(128,715)**	**(113,964)**	**(85,961)**	**(58,340)**
xii	**Proceeds from sale/redemption of investment securities**				
	Opening Balance of Investment Securities - FVOCI	993,791	1,421,527	840,249	1,233,684
	Opening Balance of Investment Securities - Amortised cost	2,341,839	1,159,264	806,217	71,479
	Closing Balance of Investment Securities - FVOCI	(2,193,253)	(993,791)	(2,071,689)	(840,249)
	Closing Balance of Investment Securities - Amortised cost	(1,987,438)	(2,341,839)	(115,376)	(806,217)
	Movement during the year	(845,061)	(754,839)	(540,599)	(341,303)
	Impairment charges on investment securities	17,979	(784)	1,978	(371)
	Interest income	(239,540)	(188,574)	(105,536)	(79,375)
	Interest received	221,376	163,208	102,070	53,239
	Fair value adjustment	17,837	16,290	16,198	15,905
	Purchase of investment securities	7,987,297	7,890,948	3,414,166	7,148,520
	Recognised in cash flow statement	**7,159,888**	**7,126,249**	**2,888,277**	**6,796,615**
xiii	**Purchase of investment securities**				
	Purchase of FVOCI bills	2,003,645	3,073,300	2,003,645	3,073,300
	Purchase of Amortised cost bills	601,462	1,412,339	601,462	1,412,339
	Purchase of FVOCI bonds	285,657	824,468	285,657	824,468
	Purchase of Amortised cost bonds	523,401	1,838,413	523,401	1,838,413
	Purchase of subsidiaries' investment securities	4,573,131	742,428	-	-
	Recognised in cash flow statement	**7,987,297**	**7,890,948**	**3,414,166**	**7,148,520**

41 Capital and reserves

(a) **Share capital**

Share capital comprises:	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Issued and fully paid - 34,199,421,366 Ordinary shares of 50k each	17,100	17,100	17,100	17,100

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

In millions				
Number of shares in issue at end of the period	34,199	34,199	34,199	34,199

In line with CAMA 2020, the Bank cancelled its un-issued portion of its authorised share capital while amending the memoramdum of association to reflect the change. The cancellation of the un-issued part of the authorised share capital was approved at the last Annual General Meeting (AGM) held on Thursday April 7 2022.

(b) **Share premium**

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

(c) **Retained earnings**

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

(d) **Other Reserves**

Other reserves include the following:	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
In millions of Nigerian Naira				
Foreign operations translation reserve (note (i))	41,676	44,252	-	-
Statutory reserve (note (ii))	158,948	133,110	132,377	112,322
Fair value reserve (note (iii))	88,680	106,517	91,318	107,223
Regulatory (Credit) risk reserve (note (iv))	52,645	40,637	54,265	41,705
	341,949	324,516	277,960	261,250

(i) **Foreign operations translation reserve**

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

(ii) **Statutory reserve**

Statutory reserve includes:

- Statutory reserve: this represents the cumulative appropriation from earnings in accordance with existing legislation that require the Bank to make an annual appropriation, In the current period, the Bank transferred **N20.300 billion** representing 15% (2021: 15%) of its profit after taxation to statutory reserves.

- Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserves of N2.635 billion as at 31 December 2022 (December 2021: N2.635 billion) . The Bank has since suspended further appropriation to SMEEIS reserve in line with the directives of the Central Bank of Nigeria.

- Agriculture/Small and Medium Enterprises Equity Investment Scheme (AGSMEEIS) reserves of N15.468 billion as at 31 December 2022 (December 2021: N15.468bn). The reserve was set aside in compliance with Central Bank of Nigeria's directive of April 2017.

(iii) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of investments at fair value through other comprehensive income. The net cumulative fair value change on equity instruments is transferred to retained earnings when the investment is derecognised while the net cummulative fair value change on debt instruments is recycled to the income statement.

(iv) **Regulatory (Credit) risk reserve**

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

42 Dividends

	Bank 31-Dec-22	Bank 31-Dec-21
Dividend Proposed	**37,619**	**34,199**
Number of Shares in Issue and Ranking for Dividend	34,199	34,199
Proposed Dividend Per Share (Naira)	**1.10**	**1.00**
Interim Dividend Per Share Proposed (Naira)	0.20	0.20
Final Dividend proposed	0.90	0.80
Final Dividend paid during the year	27,360	11,970
Interim dividend paid during the year	6,840	6,840
Total dividend paid during the year	**34,199**	**18,810**

The Board of Directors has proposed a final dividend of N0.90 per share, which in addition to the N0.20 per share paid as interim dividend, amounts to a total dividend of N1.10 per share (Dec 2021: N1.00 per share) from the retained earnings account as at 31 December 2022. The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2022 and 31 December 2021 respectively.
Payment of dividend to shareholders is subject to withholding tax at a rate of 10%.

43 Contingencies

(i) Litigation and claims

The Group, in the ordinary course of business is currently involved in 1,422 legal cases (2021:1,363). The total amount claimed in the cases against the Group is estimated at N666.124 billion (2021: N698.950 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.

Nature of instruments

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

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

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

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

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

In millions of Nigerian naira	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Performance bonds and guarantees	1,381,089	681,489	364,161	355,178
Allowance for credit losses	(4,066)	(4,852)	(3,064)	(2,240)
Net carrying amount	1,377,022	676,637	361,097	352,938
Letters of credits	629,077	319,543	340,306	310,131
Allowance for credit losses	(2,165)	(1,193)	(1,632)	(1,193)
Net carrying amount	626,912	318,350	338,674	308,938
Gross amount	2,010,166	1,001,032	704,467	665,309
Total allowance for credit losses	(6,232)	(6,045)	(4,696)	(3,433)
Total carrying amount for performance bonds and guarantees	2,003,934	994,987	699,771	661,876

(iii) Loan commitments

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions. The Group's loan commitments are usually conditioned on the maintenance of a satisfactory financial standing by the customer and absence of defaults on other covenants. At the reporting date, the Group had loan commitments amounting to N127.73 billion (December 2021: N245 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 N12.10 billion (December 2021: N5.358 billion) in respect of authorised and contracted capital projects.

In millions of Nigerian naira	Group Dec. 2022	Group Dec. 2021
Property and equipment	9,448	3,569
Intangible assets	2,650	1,788
	12,098	5,358

44 Related parties and insider related credits

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

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

(a) Subsidiaries

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

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

Name of Subsidiary	Nature of Balance	Dec. 2022	Dec. 2021
In millions of Nigerian naira			
UBA UK Limited	Money market placement	130,029	137,172
UBA UK	Nostro Balances	67,992	55,113
UBA Congo DRC	Money market placement	1,383	12,723
UBA Kenya	Money market placement	31,355	2,969
UBA Uganda	Money market placement	-	6,404
UBA Mozambique	Money market placement	-	4,750
		230,759	219,131

44 Related parties and insider related credits - continued

(ii) Loan and advances

Name of Subsidiary	Type of Loan	Dec. 2022	Dec. 2021
In millions of Nigerian naira			
UBA Cameroun	Overdraft	391	9,481
UBA Congo DRC	Overdraft	276	7,576
UBA Gabon	Overdraft	82	7,138
UBA Chad	Overdraft	0	2,610
UBA Kenya	Term Loans	-	29
UBA Burkina Faso	Overdraft	3,917	-
UBA Congo Brazzaville	Overdraft	739	-
UBA Benin	Overdraft	4,400	-
UBA Liberia	Overdraft	5	-
UBA Senegal	Overdraft	1,473	-
UBA Ghana	Overdraft	16	-
		11,299	26,834

(iii) Deposits

Name of Subsidiary	Type of Deposit	Dec. 2022	Dec. 2021
In millions of Nigerian naira			
UBA Congo DRC	Current	1,399	2,396
UBA Uganda	Current	171	632
UBA Senegal	Current	33	388
UBA Mozambique	Current	663	256
UBA Mali	Current	517	239
UBA Congo Brazzaville	Current	89	134
UBA Sierra Leone	Current	46	121
UBA Ghana	Current	188	118
UBA Benin	Current	212	93
UBA Cameroun	Current	26	92
UBA Kenya	Current	61	76
UBA Guinea	Current	41	44
UBA Chad	Current	70	71
UBA Pension Custodian	Current	9	20
UBA Liberia	Current	3	24
UBA UK Limited	Current	-	7
UBA Tanzania	Current	66	6
UBA Burkina Faso	Current	59	3
UBA Cote D'Ivoire	Current	2	3
UBA Gabon	Current	6	4
UBA Liberia	Domicilliary	-	23,200
UBA Uganda	Domicilliary	3,888	15,692
UBA Ghana	Domicilliary	1,773	9,372
UBA Guinea	Domicilliary	522	1,319
UBA Senegal	Domicilliary	744	2,820
UBA Benin	Domiciliary	181	2,614
UBA Sierra Leone	Domicilliary	778	430
UBA Kenya	Domicilliary	34	317
UBA Burkina Faso	Domicilliary	78	123
UBA Cameroon	Domicilliary	31	117
UBA Cote D'Ivoire	Domicilliary	159	48
UBA Chad	Domicilliary	40	186
UBA Tanzania	Domicilliary	37	54
UBA Gabon	Domicilliary	71	34
UBA Ghana	Money market deposit	6	44
		12,004	61,094

(iv) Accounts receivable from the following subsidiaries are:

In millions of Nigerian naira		Dec. 2022	Dec. 2021
UBA Ghana	Accounts receivable	7,008	5,714
UBA Cote D'Ivoire	Accounts receivable	1,526	918
UBA Cameroon	Accounts receivable	2,941	1,593
UBA Burkina Faso	Accounts receivable	294	1,157
UBA Benin	Accounts receivable	593	1,306
UBA DRC Congo	Accounts receivable	1,084	985
UBA Zambia	Accounts receivable	161	1,008
UBA Gabon	Accounts receivable	1,265	749
UBA Congo Brazzaville	Accounts receivable	1,536	850
UBA Senegal	Accounts receivable	159	684
UBA Guinea	Accounts receivable	540	929
UBA Uganda	Accounts receivable	-	614
UBA Chad	Accounts receivable	1,700	1,275
UBA Liberia	Accounts receivable	96	55
UBA Sierra Leone	Accounts receivable	131	214
UBA Pension Custodian	Accounts receivable	40	20
UBA Tanzania	Accounts receivable	-	297
UBA Kenya	Accounts receivable	19	351
UBA Mali	Accounts receivable	88	50
UBA Mozambique	Accounts receivable	747	468
		19,930	19,237

44 Related parties and insider related credits - continued

(v) Dividend receivable from the following subsidiaries are:	Dec. 2022	Dec. 2021
In millions of Nigerian naira		
UBA Pension Custodian	-	3,300
UBA Ghana	1,291	1,188
UBA Gabon	4,228	1,132
UBA Chad	3,132	930
UBA Sierra Leone	5,394	2,311
UBA Liberia	3,696	855
UBA Senegal	858	-
UBA Congo Brazzaville	13,833	-
UBA Zamnia	1,743	-
UBA Cameroon	9,222	-
	43,397	9,715

	Dec. 2022	Dec. 2021
(ix) Internal charges for Cost Incured On behalf of Subsidiaries:		
UBA Ghana	974	224
UBA Burkina Faso	880	292
UBA Cote d' Ivoire	750	342
UBA Benin	769	133
UBA Cameroun	1,210	178
UBA Senegal	426	278
UBA Congo DRC	433	-
UBA Liberia	308	145
UBA Sierra Leone	418	97
UBA Zambia	265	-
UBA Chad	505	101
UBA Kenya	91	21
UBA Congo Brazaville	627	217
UBA Gabon	465	153
UBA Guinea Conakry	354	-
UBA Mozambique	221	33
UBA Pension	109	75
UBA UK	51	-
UBA Mali	215	37
	9,072	2,324

(b) Key management personnel

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

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

Loans and advances to key management personnel	Dec. 2022	Dec. 2021
In millions of Nigerian Naira		
Loans and advances as at year end	295	179

	Dec. 2022	Dec. 2021
Interest income earned during the year	24	11

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 (2021: Nil) have been recorded against related party loans.

Loans and advances to key management personnel's related persons and entities as at 31 December 2022

In millions of Nigerian naira

Name of company/ individual	Name of Director	Facility Type	Security	Status	Rate	Currency	Dec. 2022	Dec. 2021
Heirs Holdings	Mr. Tony O. Elumelu, CFR	Term Loan	Real Estate	Performing	11.5%	NGN	13,442	15,104
							13,442	**15,104**

	Dec. 2022	Dec. 2021
Interest income earned during the year	1,546	709

Deposit liabilities

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

In millions of Nigerian Naira	Dec. 2022	Dec. 2021
Deposits as at year end	467	549

	Dec. 2022	Dec. 2021
Interest expense during the year	4	1

Compensation

Aggregate remuneration to key management staff during the period is as follows:	Dec. 2022	Dec. 2021
In millions of Nigerian Naira		
Executive compensation	457	642
Defined contribution plan	14	19
	471	661

45 Compensation to Employees and Directors

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

(In absolute units)	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Group executive directors	6	6	6	6
Management	116	104	84	80
Non-management	9,475	10,089	5,777	6,548
	9,597	10,199	5,867	6,634

Compensation for the above personnel (including executive directors):	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
In millions of Nigerian Naira				
Salaries and wages	107,001	86,544	56,203	41,937
Termination Benefits	2,772	2,939	2,595	2,677
Defined contribution plans	4,215	3,761	1,653	1,371
	113,988	93,244	60,451	45,985

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

(In absolute units)

	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
N300,001 - N2,000,000	2,535	3,207	760	1,484
N2,000,001 - N2,800,000	943	852	455	481
The Bank repossessed properties held as	429	564	228	246
N3,500,001 - N4,000,000	1,272	1,250	1,079	1,080
N4,000,001 - N5,500,000	1,726	1,665	1,405	1,458
N5,500,001 - N6,500,000	590	563	420	423
N6,500,001 - N7,800,000	161	163	-	1
N7,800,001 - N9,000,000	540	556	448	422
N9,000,001 - above	1,395	1,373	1,066	1,033
	9,591	10,193	5,861	6,628

(iii) Directors

In millions of Nigerian naira

Remuneration paid to the Group's Directors was:	Group Dec. 2022	Group Dec. 2021	Bank Dec. 2022	Bank Dec. 2021
Fees and sitting allowances	108	72	108	72
Executive compensation	457	642	457	642
Defined contribution plan	14	19	14	19
	579	733	579	733
Fees and other emoluments disclosed above includes amounts paid to:				
The Chairman	77	30	77	30
The highest paid Director	215	143	215	143

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

(In absolute units)				
N5,500,001 and above	16	16	16	16
	16	16	16	16

46 Business Combination - UBA Zambia

a On March 1, 2022, UBA Plc acquired control stake in UBA Zambia (previously reported as an associate). This acquisition significantly increased group's holding in UBA Zambia from initial initial investments of 49% to 84% for a cash consideration of N2.53bn and a debt to equity conversion of N885million which is the sum owed by UBA Zambia to UBA Plc.

The purchase price allocation for the acquired intangibles from UBA Zambia were Core deposits - N132mn, Customer relationships - N2.841bn, and Goodwill - N3.152bn. These intangibles are categorised as follow:

Intangible	**Useful life**
Core deposits	Definite
Customer relationship	Definite
Goodwill	Indefinite

Core deposits, and customer relationship are amortized over 10 years, goodwill with indefinite useful life are tested for impairment annually or whenever there is an impairment trigger. The goodwill is attributable to the workforce and the profitability of the acquired business. It will not be deductible for tax purposes.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets Acquired	Valuation technique
Investment securities	Reference to quoted observable market prices of the instruments or similar instruments
Property, plant & equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence
Intangible assets	Multi-period excess earnings method (MPEEM) values an intangible asset as the sum of the present value of excess earnings arising as a result of the intangible asset over its estimated useful life. This is done by estimating the proportion of after-tax operating earnings attributable to the intangible asset and deducting contributory asset charges representing the fair rates of return from other assets utilised in the generation of earnings attributed to the intangible asset. In valuing customer relationships, useful life is estimated as a function of the business' customer attrition rate. The funding benefit method assumes that an acquirer enjoys some funding benefit by acquiring the deposits of the Target at a lower cost of fund than what is prevailing in the market. Assessed through an appropriate stratification exercise, the value of a CDI is calculated as the difference between the fully-loaded core deposit costs (interest expense and service expense) and alternative costs of funding over the average life of the deposit balance. The after-tax difference between the core deposit cost and the cost of alternative funding over the useful life of the deposits is discounted at the appropriate discount rate to arrive at the present value.

b Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Group
Considerations:	**March. 2022**
Cash payment	2,528
Debt to equity conversion	885
Fair value of initial investment	13,139
Total Consideration	**16,552**
Fair value of NCI@16%	3,152
Fair value of net assets/(liabilities) acquired from business combination - see note 45c below	(16,573)
Goodwill	**3,132**

c

	Group
	March. 2022
Assets	
Cash and balance with banks	17,973
Loans and advances to banks	15,159
Loans and advances to customers	4,286
Investment securities	39,363
Other assets	11,282
Property, plant and equipment	803
Intangible assets	4,476
Total assets	**93,343**
Liabilities	
Deposits from banks	2,209
Deposits from customers	63,722
Other liabilities	10,839
Total liabilities	**76,770**
Net assets/(liabilities)	16,573
Non controlling interest (NCI)	3,152
Owners of the Bank	**19,725**

47 Non-audit services

During the year, the Bank's external auditors (Ernst & Young) rendered the following non-audit service to the Bank:

(i) Provision of assurance services over the Bank's 2021 sustainability report. The fee paid by UBA PLC for this service was N3 million.
(ii) NDIC deposit certification. The fee paid for this service was N5.00 million.
(iii) Compliance with section 5.2.10 of the CBN Code of corporate governance – Review of risk management practices, internal control and compliance with regulatory directives . The fee paid for this service was N17.00 million.
(iv) Assessment of the Banks Recovery and Resolution plan. The fee paid for this service was N4.84 million.

Note: These non-audit service was undertaken by different E&Y teams. These payments are included as part of contract services expense in "other operating expenses" in note 19.

48 Compliance with banking regulations

For FY2022, the bank did not incur any penalty from the Central Bank of Nigeria.

49 Ghana's domestic debt exchange programme

On 5th December 2022, the Government of Ghana launched the first Ghana's Domestic Debt Exchange programme (DDEP), an invitation for the voluntary exchange the domestic notes and bonds for a package of New Bonds to be issued by the Republic in a transparent, efficient and expedited manner. The DDEP became imperative in view of the need to reposition the country's debt on a sustainable path and improve the country's debt servicing capacity. The Exchange excludes Treasury Bills, and notes and bonds held by individuals (natural persons).

As of 14th of February, 2023 Government indicated a successful completion of the DDEP with 84.91% achievement above the 80% target set. Following the completion, the Government of Ghana is currently in engagements with external creditors towards an orderly and comprehensive resolution of the country's debt challenges.

(i) Group exposure in Ghana's government securities

The Group's exposure in Ghana debt market was through the investment activities of UBA Ghana, UBA UK and our New York branch. While UBA Ghana currently maintains investments in the Ghana domestic and Eurobond market, UBA UK and New York branch of the Bank were primarily in Ghana Eurobond segment.

In December 2022, when the Government of Ghana announced the suspension of all debt service payments under certain categories of external debt including Eurobonds, pending an orderly restructuring of the affected obligations. The suspension announcement effectively represents a default given the high likelihood of bondholders taking hair-cuts on principal and interest on Eurobonds. We have thus classified the Eurobonds in stage 3 under IFRS and have recognized ECL charge on the assumption of a 30% and 59% haircut on principal and interest for UBA New York & UBA UK respectively.

Entity	Issuer	Nature of Exposure	Maturity Date	Face Value (N'm)	Purchase Value (N'm)	Classification	Amortized Cost (N'm)	Market Value (N'm)	ECL Provision (N'm)	Fair Value Loss (in OCI) (N'm)	% Provision on PV (Haircut)	Classification
UBA New York	Republic of Ghana	Eurobonds	02/11/2027	13,833	11,052	Fair value through OCI	11,882	5,781	-1,951	-6,101	30%	Stage 3
UBA UK	Republic of Ghana	Eurobonds	07/04/2025	2,306	1,842	Amortised Cost	1,215	-	-1,091	-	59%	Stage 3

(ii) Impact on UBA Ghana

Total bond portfolio by UBA Ghana eligible for the exchange is N38.576 billion. The present value of the new bond using the weighted average rate on the existing bonds is N24.338 billion, resulting in a derecognition/impairment loss of N14.238 billion. Consequently, Consequently, the subsidiary recorded a decline in FY2022 PBT from N18.071 billion to N3.833 billion.

The bank's recent Stress Test conducted indicated that the bank's Capital Adequacy Ratio will close above the prudential requirement of 13% even after taking losses from the Debt restructuring, while Liquidity ratio also remains healthy and above the Industry average of 35.30% (per the bank of Ghana report for banking sector in December 2022) after considering the impact of the debt restructure. The successful participation of the Domestic Debt Exchange Programme will have minimal impact on the earning capacity of UBA Ghana.

Response from the Bank of Ghana
To help manage the potential impact and preserve financial stability, the Bank of Ghana has designed the following regulatory reliefs for banks that fully participate in the Debt Exchange until further notice:

- Reduction of Cash Reserve Ratio (CRR) from 14% to 12% on domestic currency deposits;Reduction of Cash Reserve Ratio (CRR) from 14% to 12% on domestic currency deposits;
- Reduction of Capital Conservation Buffer from 3% to zero, effectively reducing the minimum Capital Adequacy Ratio (CAR) from 13% to 10%;
- Derecognition losses emanating from the Debt Exchange shall be spread equally over a period of four (4) years for the purposes of CAR computation;
- Banks have a maximum of four (4) years to restore the minimum paid-up capital as a result of any capital shortfall arising solely from the derecognition losses;
- Risk-weights attached to New Bonds to be set at 0% for CAR computation, and at 100% for Old Bonds;
- New Bonds will be fully deductible in determining the financial exposure of banks to counterparties under section 62(8) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), while Old Bonds will not be deductible for that purpose; and
- Existing loan provisioning and classification (staging) rules shall be applied to all other Government exposures. These exposures shall not be downgraded as a result of the effect of the Debt Exchange, unless there is clear evidence of significant increase in credit risk.

50 Events after the reporting date

There were no events after the reporting date that could have material effect on the financial condition of the Group and the Bank as at 31 December 2022 and the profit and other comprehensive income for the year ended which have not been adjusted or disclosed.

51 Securities Trading Policy

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

52 Free Float Declaration

United Bank for Africa Plc with a free float percentage of 82.7% (and a free float value of N215,057,840,976.40 as at 31 December 2022, is compliant with free float requirements for companies listed on the Premium Board of The Nigerian Exchange Limited.

53 Condensed result of consolidated subsidiaries

for the year ended 31 December 2022

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 Revenue	50,299	6,967	29,987	19,127	6,687	14,063	13,457	19,557
Total operating expenses	(24,493)	(4,640)	(16,825)	(12,087)	(7,424)	(6,730)	(9,661)	(15,755)
Net impairment gain/(reversal) on financial assets	(21,970)	(503)	(2,703)	(131)	(940)	(193)	124	(11)
Profit before income tax	**3,835**	**1,825**	**10,458**	**6,910**	**(1,677)**	**7,140**	**3,921**	**3,790**
Income tax expense	(1,252)	(485)	(581)	(991)	-	(2,448)	(1,176)	(188)
Profit for the year from continuing operations	**2,583**	**1,340**	**9,877**	**5,919**	**(1,677)**	**4,692**	**2,745**	**3,602**
Profit for the year	**2,583**	**1,340**	**9,877**	**5,919**	**(1,677)**	**4,692**	**2,745**	**3,602**
Condensed statements of financial position								
Assets								
Cash and bank balances	99,747	17,471	36,440	43,424	9,175	55,996	7,649	34,363
Loans and Advances to Banks	-	-	18,795	6,618	25,477	-	-	-
Loans and advances to customers	83,027	13,571	159,610	86,530	10,595	20,607	26,901	72,752
Investment securities	130,096	38,468	291,455	197,559	13,360	76,497	85,959	172,665
Other assets	10,140	42,524	16,002	16,133	895	(1,539)	5,961	5,446
Property and equipment	3,713	1,358	2,195	1,193	1,366	1,665	4,272	3,140
Intangible assets	110	4	161	10	10	12	110	-
Deferred tax assets	723	216	737	-	-	-	-	-
Total assets	327,556	113,612	525,394	351,468	60,879	153,238	130,851	288,366
Financed by:								
Deposits from banks	3,921	2,982	89,388	109,590	17,278	2,921	(1)	47,381
Deposits from customers	255,590	95,541	364,864	202,734	29,479	129,052	101,784	212,569
Other liabilities	10,102	1,515	19,764	4,559	5,082	587	5,834	3,738
Current income tax liabilities	(5,528)	687	-	1,090	-	2,695	1,293	205
Deferred tax liability	-	-	861	-	-	-	-	-
Total Equity	63,473	12,888	50,516	33,494	9,040	17,983	21,942	24,473
Total liabilities and equity	327,556	113,612	525,394	351,468	60,879	153,238	130,851	288,366
Condensed cash flows								
Net cash from/(used in)operating activities	(16,145)	2,906	31,732	87,671	(23,251)	43,119	17,666	(17,713)
Net cash from /(used in)financing activities	(17,116)	406	1,916	(3,259)	6,865	2,540	2,869	(2,680)
Net cash from/(used in) investing activities	61,532	(24,727)	(29,158)	(81,830)	(1,651)	(28,872)	(14,536)	2,719
Increase/(decrease) in cash and cash equivalents	**28,271**	**(21,414)**	**4,490**	**2,582**	**(18,037)**	**16,786**	**6,000**	**(17,675)**
Cash and cash equivalents at beginning of the year	71,476	38,886	31,950	40,842	27,211	39,210	1,649	52,037
Cash and cash equivalents at end of the year	**99,747**	**17,472**	**36,440**	**43,424**	**9,174**	**55,996**	**7,649**	**34,362**

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	UBA Mali
Condensed statements of comprehensive income									
Operating Revenue	13,964	24,857	14,838	6,445	24,815	8,950	40,097	8,847	2,917
Total operating expenses	(4,938)	(18,449)	(8,447)	(6,326)	(14,594)	(4,903)	(23,193)	(1,582)	(3,247)
Net impairment gain/(reversal) on financial assets	(159)	1,339	(747)	(487)	(180)	(236)	(530)	-	(1,212)
Profit before income tax	**8,867**	**7,748**	**5,644**	**(369)**	**10,041**	**3,811**	**16,374**	**7,265**	**(1,542)**
Income tax expense	(2,224)	(141)	(2,110)	(471)	-	(542)	(5,838)	(2,434)	(29)
Profit/(loss) for the year from continuing operations	**6,643**	**7,607**	**3,534**	**(840)**	**10,041**	**3,269**	**10,536**	**4,831**	**(1,571)**
Profit for the year	6,643	7,607	3,534	(840)	10,041	3,269	10,536	4,831	(1,571)
Condensed statements of financial position									
Assets									
Cash and bank balances	56,898	32,372	15,806	23,962	36,113	39,633	56,087	13,607	7,064
Loans and advances to customers	10,534	157,070	39,206	10,825	54,302	11,395	176,212	-	35,874
Investment securities	50,564	291,308	93,085	26,336	89,607	19,934	258,931	-	28,127
Other assets	870	6,243	1,347	816	18,022	735	15,887	784	4,701
Property and equipment	2,093	3,613	1,943	2,088	1,504	1,550	1,889	116	3,547
Intangible assets	-	133	21	84	1	105	4	40	461
Deferred tax assets	-	-	-	-	-	-	-	65	-
Non-current assets held for distribution	-	-	-	-	-	-	-	-	-
Total assets	120,959	490,739	151,408	71,242	199,549	73,352	509,011	14,612	79,774
Financed by:									
Derivative liabilities	-	-	-	-	-	-	-	-	-
Deposits from banks	4,797	131,086	16,542	8,676	1,262	1,720	25,659	-	22,054
Deposits from customers	87,978	319,133	105,252	43,672	131,366	51,407	409,308	871	47,954
Other liabilities	10,303	8,355	8,961	9,661	9,541	1,590	9,308	-	4,278
Current income tax liabilities	(47)	154	2,320	60	-	-	6,416	2,838	45
Deferred tax liability	(19)	-	-	-	-	-	-	12	-
Total Equity	17,947	32,010	18,333	9,173	53,621	18,636	58,320	10,891	5,443
Total liabilities and equity	120,959	490,739	151,408	71,242	199,549	73,352	509,011	14,612	79,774
Condensed cash flows									
Net cash from/(used in)operating activities	44,787	56,886	8,264	(12,474)	(32,164)	17,484	41,580	2,479	7,608
Net cash from /(used in)financing activities	(1,471)	(2,271)	950	6,836	5,391	6,755	(6,404)	(25)	(734)
Net cash from/(used in) investing activities	(10,806)	(59,812)	(8,220)	(5,400)	4,088	(8,442)	(14,663)	38	(10,357)
Increase/(decrease) in cash and cash equivalents	**32,510**	**(5,197)**	**994**	**(11,038)**	**(22,685)**	**15,796**	**20,513**	**2,493**	**(3,483)**
Cash and cash equivalents at beginning of the year	24,388	37,569	14,812	35,000	58,799	23,836	35,574	11,114	10,547
Cash and cash equivalents at end of the year	**56,898**	**32,372**	**15,806**	**23,962**	**36,114**	**39,632**	**56,087**	**13,607**	**7,064**

53 Condensed result of consolidated subsidiaries continued

	UBA Tanzania	UBA Congo DRC	UBA UK Limited	UBA Zambia Limited	Bank	Group Adjustments	Group
In millions of Nigerian Naira							
Condensed statements of comprehensive income							
Operating Revenue	4,566	11,387	18,564	14,048	564,555	(66,131)	852,863
Total operating expenses	(3,851)	(10,146)	(11,679)	(9,533)	(412,673)	20,847	(610,330)
Net impairment gain/(reversal) on financial assets	(58)	(864)	(1,649)	255	(10,565)	(548)	(41,968)
Share of Profit of equity-accounted investee	-	-	-	-	-	311	311
(Loss)/Profit before income tax	**657**	**376**	**5,237**	**4,770**	**141,317**	**(45,521)**	**200,876**
Income tax expense	(441)	(111)	(255)	(1,335)	(7,621)	73	(30,599)
Profit/(loss) for the year from continuing operations	**216**	**265**	**4,982**	**3,435**	**133,696**	(45,448)	**170,277**
(Loss)/Profit for the year	**216**	**265**	**4,982**	**3,435**	**133,696**	**(45,448)**	**170,277**
Condensed statements of financial position							
Assets							
Cash and bank balances	3,088	89,403	14,010	30,089	2,154,971	(323,738)	2,553,629
Financial assets at FVTPL	-	-	-	-	14,963	-	14,963
Assets under management	-	-	-	-	12,923	-	12,923
Derivative assets	-	-	-	-	39,830	-	39,830
Loans and Advances to Banks	1,201	-	186,743	-	231,753	(174,470)	303,249
Loans and advances to customers	12,526	34,638	-	8,914	2,123,097	(11,305)	3,136,879
Investment securities	9,699	-	63,031	61,990	2,187,065	(5,044)	4,180,691
Other assets	6,751	2,359	721	1,702	156,535	(58,332)	254,704
Investments in equity-accounted investee	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	145,993	(145,993)	-
Property and equipment	969	2,974	818	1,263	163,841	930	208,039
Intangible assets	8	35	856	857	12,618	17,829	33,468
Deferred tax assets	-	-	-	-	21,862	-	23,603
Non-current assets held for distribution	-	-	-	-	95,593	-	95,593
Total assets	**34,242**	**129,408**	**266,178**	**104,815**	**7,361,044**	**(700,123)**	**10,857,571**
Financed by:							
Derivative liabilities	-	-	-	-	79	-	79
Deposits from banks	-	9,387	240,434	3,819	863,795	(432,450)	1,170,238
Deposits from customers	27,909	96,233	2,150	78,854	5,046,515	(15,322)	7,824,892
Other liabilities	1,586	1,309	2,199	936	326,690	(62,615)	383,282
Current tax liability	-	119	269	(664)	8,327	-	20,281
Borrowings	-	-	-	1,530	530,446	-	535,735
Deferred tax liability	-	-	-	105	-	-	959
Total Equity	4,747	22,360	21,127	20,234	585,193	(189,738)	922,104
Total liabilities and equity	**34,242**	**129,408**	**266,178**	**104,815**	**7,361,045**	**(700,125)**	**10,857,570**
Condensed cash flows							
Net cash from/(used in)operating activities	(2,511)	11,232	(4,478)	77,417	1,063,228	(7,631)	1,397,692
Net cash from /(used in)financing activities	145	12,496	(604)	16,782	(31,463)	(29,341)	(31,418)
Net cash from/(used in) investing activities	(4,531)	(2,312)	(6,052)	(64,110)	(604,497)	19,622	(891,976)
Increase/(decrease) in cash and cash equivalents	**(6,897)**	**21,416**	**(11,134)**	**30,089**	**427,268**	**(17,350)**	**474,298**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	-	(3)	325	322
Cash and cash equivalents at beginning of the year	9,985	67,986	25,144	-	393,171	(265,277)	785,910
Cash and cash equivalents at end of the year	**3,088**	**89,402**	**14,010**	**30,089**	**820,436**	**(282,302)**	**1,260,530**

53 Condensed result of consolidated subsidiaries

for the year ended 31 December 2021

	UBA Ghana	UBA Liberia	UBA Cote D' Ivoire	UBA Senegal	UBA Kenya	UBA Guinea	UBA Gabon	UBA Benin
In millions of Nigerian Naira								
Condensed statements of comprehensive income								
Operating Revenue	44,903	7,117	30,443	16,773	2,177	10,062	13,983	19,372
Total operating expenses	(22,762)	(3,877)	(16,357)	(10,308)	(6,261)	(4,689)	(8,776)	(14,833)
Net impairment gain/(reversal) on financial assets	(5,895)	(44)	1,165	887	(1,031)	(105)	478	216
Profit before income tax	**16,246**	**3,196**	**15,251**	**7,353**	**(5,115)**	**5,268**	**5,685**	**4,756**
Income tax expense	(6,274)	(770)	(1,634)	(461)	530	(1,786)	(1,767)	(199)
Profit for the year	**9,972**	**2,426**	**13,617**	**6,892**	**(4,585)**	**3,482**	**3,918**	**4,557**
Condensed statements of financial position								
As at 31 December 2021								
Assets								
Cash and bank balances	71,476	38,886	31,950	40,842	27,211	39,210	1,649	52,037
Loans and Advances to Banks	-	-	5,472	17,355	3,228	-	-	-
Loans and advances to customers	71,631	12,018	124,117	86,568	7,017	3,950	23,161	65,947
Investment securities	190,970	13,774	262,982	115,217	11,565	47,974	71,847	175,075
Other assets	30,763	19,514	6,497	11,355	2,858	506	997	5,797
Property and equipment	4,368	1,323	1,588	1,716	1,509	1,304	3,944	3,445
Intangible assets	114	6	82	(1)	12	25	13	4
Deferred tax assets	170	86	743	-	1,750	-	-	-
Total assets	369,491	85,606	433,433	273,053	55,149	92,968	101,612	302,306
Financed by:								
Deposits from banks	4,057	-	65,177	46,461	5,128	665	50	62,800
Deposits from customers	281,010	71,786	312,727	185,476	41,525	78,272	74,268	211,037
Other liabilities	6,237	1,406	15,962	9,823	4,644	1,294	9,220	4,720
Current income tax liabilities	180	1,273	-	460	-	1,984	1,747	197
Deferred tax liability	-	-	843	-	-	-	-	-
Total Equity	78,006	11,142	38,723	30,834	3,852	10,752	16,328	23,552
Total liabilities and equity	369,491	85,606	433,433	273,053	55,149	92,968	101,612	302,306
Condensed cash flows								
Net cash from/(used in)operating activities	76,625	12,356	76,172	44,285	(15,373)	29,940	7,014	47,664
Net cash from /(used in)financing activities	(203)	1,559	(4,866)	(3,635)	1,939	(3,173)	287	(2,498)
Net cash from/(used in) investing activities	(71,046)	(1,887)	(85,535)	(4,263)	25,952	(8,258)	(15,520)	(31,784)
Increase/(decrease) in cash and cash equivalents	**5,377**	**12,028**	**(14,229)**	**36,387**	**12,517**	**18,509**	**(8,220)**	**13,381**
Cash and cash equivalents at beginning of the year	66,099	26,858	46,179	4,455	14,694	20,701	9,869	38,656
Cash and cash equivalents at end of the year	**71,476**	**38,886**	**31,950**	**40,842**	**27,211**	**39,210**	**1,649**	**52,037**

Condensed result of consolidated subsidiaries continued

for the year ended 31 December 2021

	UBA Sierra Leone	UBA Burkina Faso	UBA Chad	UBA Uganda	UBA Congo Brazza-ville	UBA Mozambique	UBA Cameroun	UBA Pension Custodian	UBA Mali
In millions of Nigerian Naira									
Condensed statements of comprehensive income									
Operating Revenue	10,224	23,502	11,420	4,736	25,627	4,411	35,746	7,142	4,484
Total operating expenses	(3,942)	(18,651)	(7,381)	(5,977)	(15,035)	(3,221)	(20,808)	(1,369)	(4,319)
Net impairment gain/(reversal) on financial assets	(36)	(37)	(1,073)	(71)	(68)	(92)	(2)	-	(10)
Profit before income tax	**6,247**	**4,813**	**2,966**	**(1,312)**	**10,525**	**1,098**	**14,936**	**5,773**	**155**
Income tax expense	(1,571)	(138)	(2,736)	(644)	(6,037)	(438)	(5,974)	(2,450)	(58)
Profit for the year	4,676	4,675	230	(1,956)	4,488	660	8,962	3,323	97
Condensed statements of financial position									
As at 31 December 2021									
Assets									
Cash and bank balances	24,388	37,569	14,812	35,000	58,799	23,836	35,574	11,114	10,547
Financial assets at FVTPL	-	-	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-	-	-
Loans and Advances to Banks	-	-	-	-	-	-	-	-	-
Loans and advances to customers	6,048	119,874	37,752	7,869	60,388	10,368	157,161	-	19,875
Investment securities	40,276	231,655	84,817	20,636	93,783	12,276	244,548	-	20,577
Other assets	210	6,783	375	1,235	6,590	101	21,938	1,086	1,658
Investments in equity-accounted investee	-	-	-	-	-	-	-	-	-
Investments in Subsidiaries	-	-	-	-	-	-	-	-	-
Property and equipment	1,575	3,464	1,984	2,449	1,400	820	1,571	129	1,165
Intangible assets	-	123	28	23	17	51	42	65	36
Deferred tax assets	-	-	-	-	-	-	-	-	-
Total assets	72,497	399,468	139,768	67,213	220,976	47,453	460,834	12,393	53,858
Financed by:									
Derivative liabilities	-	-	-	-	-	-	-	-	-
Deposits from banks	958	67,511	-	6,908	52,831	5,463	9,405	-	2,212
Deposits from customers	51,080	300,260	108,191	48,244	119,988	27,446	377,197	3,895	41,390
Other liabilities	7,613	4,886	16,243	8,884	3,497	5,932	14,138	-	2,450
Current income tax liabilities	51	137	1,484	-	2,711	-	5,907	2,407	58
Borrowings	-	-	-	-	-	-	-	-	-
Deferred tax liability	19	-	-	-	-	-	-	7	-
Total Equity	12,775	26,674	13,850	3,177	41,949	8,612	54,188	6,084	7,748
Total liabilities and equity	72,497	399,468	139,768	67,213	220,976	47,453	460,834	12,393	53,858
Condensed cash flows									
Net cash from/(used in)operating activities	19,471	38,225	22,460	14,694	56,497	14,436	35,001	6,012	4,563
Net cash from /(used in)financing activities	(2,360)	(4,165)	(342)	(325)	(828)	1,471	613	(2,591)	(223)
Net cash from/(used in) investing activities	(8,188)	(33,459)	(16,749)	(5,564)	(50,733)	(10,488)	(56,539)	7,674	(9,848)
Increase/(decrease) in cash and cash equivalents	**8,923**	**600**	**5,369**	**8,805**	**4,936**	**5,418**	**(20,925)**	**11,096**	**(5,508)**
Cash and cash equivalents at beginning of the year	15,465	36,969	9,443	26,195	53,863	18,418	56,499	18	16,055
Cash and cash equivalents at end of the year	**24,388**	**37,569**	**14,812**	**35,000**	**58,799**	**23,836**	**35,574**	**11,114**	**10,547**

Condensed result of consolidated subsidiaries continued
for the year ended 31 December 2021

In millions of Nigerian Naira	UBA Tanzania	UBA Congo DRC	UBA UK Limited	Bank	Group Adjustments	Group
Condensed statements of comprehensive income						
Operating Revenue	3,842	6,674	8,056	381,493	(13,897)	658,291
Total operating expenses	(3,458)	(7,377)	(7,958)	(311,225)	4,300	(494,283)
Net impairment gain/(reversal) on financial assets	(34)	3,164	(526)	(9,749)	-	(12,863)
Share of loss of equity-accounted investee	-	-	-	-	1,928	1,928
(Loss)/Profit before income tax	**350**	**2,461**	**(428)**	**60,519**	**(7,668)**	**153,073**
Income tax expense	(69)	(67)	-	(1,850)	-	(34,395)
Profit/(loss) for the year from continuing operations	**281**	**2,394**	**(428)**	**58,669**	(7,668)	**118,678**
(Loss)/Profit for the year	**281**	**2,394**	**(428)**	**58,669**	**(7,668)**	**118,678**
Condensed statements of financial position						
As at 31 December 2021						
Assets						
Cash and bank balances	9,985	67,986	25,144	1,446,906	(286,138)	1,818,784
Financial assets at FVTPL	5,112	-	-	7,984	-	13,096
Derivative assets	-	-	-	33,340	-	33,340
Loans and Advances to Banks	-	-	135,199	120,124	(127,481)	153,897
Loans and advances to customers	12,748	29,415	-	1,848,102	(23,343)	2,680,667
Investment securities	-	-	56,758	1,646,466	(5,567)	3,335,630
Other assets	3,203	881	938	88,649	(62,777)	149,154
Investments in equity-accounted investee	-	-	-	2,715	6,230	8,945
Investments in Subsidiaries	-	-	-	103,275	(103,275)	-
Property and equipment	1,031	733	1,017	141,581	1	178,117
Intangible assets	2	(36)	876	18,063	10,906	30,450
Deferred tax assets	-	-	-	21,862	18,719	43,329
Non-current assets held for distribution	-	-	-	95,909	-	95,909
Total assets	**32,080**	**98,979**	**219,932**	**5,574,976**	**(572,725)**	**8,541,318**
Financed by:						
Derivative liabilities	-	-	0	98	-	98
Deposits from banks	4,540	344	202,066	483,110	(365,475)	654,211
Deposits from customers	21,338	75,664	7	4,004,306	(65,918)	6,369,189
Other liabilities	1,817	13,303	1,082	127,338	(44,281)	216,209
Current tax liability	-	69	-	2,751	-	21,415
Borrowings	-	-	-	455,772	-	455,772
Deferred tax liability	-	-	28	-	18,719	19,617
Total Equity	4,386	9,599	16,749	501,601	(115,771)	804,807
Total liabilities and equity	**32,080**	**98,979**	**219,932**	**5,574,976**	**(572,726)**	**8,541,318**
Condensed cash flows						
Net cash from/(used in)operating activities	(2,929)	25,824	17,376	671,618	(93,825)	1,108,106
Net cash from /(used in)financing activities	53	314	664	(312,999)	12,739	(318,572)
Net cash from/(used in) investing activities	(1,657)	138	(9,658)	(398,547)	(10,427)	(796,386)
Increase/(decrease) in cash and cash equivalents	**(4,534)**	**26,276**	**8,382**	**(39,928)**	**(91,513)**	**(6,852)**
Effects of exchange rate changes on cash and cash equivalents	-	-	-	(330)	(1,502)	(1,832)
Cash and cash equivalents at beginning of the year	14,519	41,710	16,762	433,429	(172,262)	794,594
Cash and cash equivalents at end of the year	**9,985**	**67,986**	**25,144**	**393,171**	**(265,277)**	**785,910**

Other National Disclosures

UNITED BANK FOR AFRICA PLC

Value Added Statement

	2022 N'million	%	2021 N'million	%
Group				
Gross revenue	853,174		660,219	
Interest paid	(177,663)		(157,551)	
	675,511		502,668	
Administrative overheads:				
- local	(312,032)		(208,992)	
- foreign	(2,726)		(14,808)	
Value added	**360,753**	**100**	**278,868**	**100**
Distribution				
Employees				
- Salaries and benefits	113,988	32	93,244	33
Government				
- Current Income tax	30,599	8	34,395	12
The future				
- Asset replacement (depreciation and amortization)	26,218	7	22,700	8
- Asset replacement (provision for losses)	19,671	5	9,851	4
- Expansion (transfer to reserves and non-controlling interests)	170,277	47	118,678	43
	360,753	**100**	**278,868**	**100**

	2022 N'million	%	2021 N'million	%
Bank				
Gross revenue	564,555		381,493	
Interest paid	(127,185)		(101,649)	
	437,370		279,844	
Administrative overheads:				
- local	(211,017)		(147,857)	
- foreign	(600)		(673)	
Value added	**225,753**	**100**	**131,314**	**100**
Distribution				
Employees				
- Salaries and benefits	60,451	27	45,985	35
Government				
- Taxation	7,621	3	1,850	1
The future				
- Asset replacement (depreciation and amortization)	18,316	8	15,761	12
- Asset replacement (provision for losses)	5,669	3	9,049	7
- Expansion (transfer to reserves and non-controlling interests)	133,696	59	58,669	45
	225,753	**100**	**131,314**	**100**

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

UNITED BANK FOR AFRICA PLC

Five - Year Financial Summary-Group

Statement of financial position *In millions of Nigerian Naira*	**31 December 2022**	**31 December 2021**	**Restated * 31 December 2020**	**31 December 2019**	**31 December 2018**
ASSETS					
Cash and bank balances	2,553,629	1,818,784	1,874,618	1,396,228	1,220,596
Financial assets at fair value through profit or loss	14,963	13,096	214,400	102,388	19,439
Assets under management	12,923	-	-	-	-
Derivative assets	39,830	33,340	53,148	48,131	34,784
Loans and advances to banks	303,249	153,897	77,419	108,211	15,797
Loans and advances to customers	3,136,879	2,680,667	2,554,975	2,061,147	1,715,285
Investment securities					
- At fair value through other comprehensive income	2,193,253	993,791	1,421,527	901,048	1,036,653
- At amortised cost	1,987,438	2,341,839	1,159,264	670,502	600,479
Other assets	254,704	149,154	110,829	139,885	63,012
Investments in equity-accounted investee	-	8,945	4,504	4,143	4,610
Property and equipment	208,039	178,117	153,191	128,499	115,973
Intangible assets	33,468	30,450	28,900	17,671	18,168
Deferred tax assets	23,603	43,329	40,602	43,054	24,942
Asset Classified as Held for Sale	95,593	95,909		-	-
TOTAL ASSETS	**10,857,571**	**8,541,318**	**7,693,377**	**5,620,907**	**4,869,738**
LIABILITIES					
Derivative liabilities	79	98	508	852	99
Deposits from banks	1,170,238	654,211	418,157	267,070	174,836
Deposits from customers	7,824,892	6,369,189	5,676,011	3,832,884	3,349,120
Other liabilities	383,283	216,209	157,826	107,255	120,764
Current income tax liabilities	20,281	21,415	9,982	9,164	8,892
Borrowings	535,735	455,772	694,355	758,682	683,532
Subordinated liabilities	-	-	-	30,048	29,859
Deferred tax liabilities	959	19,617	16,992	16,974	28
TOTAL LIABILITIES	**9,935,467**	**7,736,511**	**6,973,831**	**5,022,929**	**4,367,130**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	115,815	115,815
Reserves	771,482	660,359	575,836	462,758	367,654
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	887,297	776,174	691,651	578,573	483,469
Non-controlling interests	34,807	28,633	27,895	19,405	19,139
TOTAL EQUITY	922,104	804,807	719,546	597,978	502,608
TOTAL LIABILITIES AND EQUITY	**10,857,570**	**8,541,318**	**7,693,377**	**5,620,907**	**4,869,738**

Summarized Statement of Comprehensive Income

In millions of Nigerian Naira	**31 December 2022**	**31 December 2021**	**31 December 2020**	**31 December 2019**	**31 December 2018**
Net operating income	592,922	442,994	403,042	346,293	308,218
Operating expenses	(350,389)	(278,986)	(249,847)	(217,167)	(197,342)
Net impairment loss on loans and receivables	(41,968)	(12,863)	(27,009)	(18,252)	(4,529)
Share of profit/(loss) of equity-accounted investee	311	1,928	1,071	413	419
Profit before income tax expense	**200,876**	**153,073**	**127,257**	**111,287**	**106,766**
Income tax expense	(30,599)	(34,395)	(18,095)	(22,198)	(28,159)
Profit after taxation	**170,277**	**118,678**	**109,162**	**89,089**	**78,607**
Profit for the year	**170,277**	**118,678**	**109,162**	**89,089**	**78,607**
- Non-controlling interests	4,826	2,795	3,253	2,869	3,248
- Equity holders of the parent	165,451	115,883	105,909	86,220	75,359
Other comprehensive income for the year	(19,786)	(14,607)	43,326	35,350	(33,273)
Total comprehensive income for the year	**150,491**	**104,071**	**152,488**	**124,439**	**45,334**

UNITED BANK FOR AFRICA PLC

Five -Year Financial Summary-Bank

Statement of financial position

In millions of Nigerian Naira	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
ASSETS					
Cash and bank balances	2,154,971	1,446,906	1,436,822	1,182,554	1,015,199
Financial assets at fair value through profit or loss	14,963	7,984	171,058	102,388	19,439
Assets under management	12,923	-	-	-	-
Derivative assets	39,830	33,340	53,148	48,131	34,784
Loans and advances to banks	231,753	120,124	65,058	99,849	15,516
Loans and advances to customers	2,123,097	1,848,102	1,812,536	1,503,380	1,213,801
Investment securities					
- At fair value through other comprehensive income	2,071,689	840,249	1,233,684	772,658	925,892
- At amortised cost	115,376	806,217	71,479	73,556	84,265
Other assets	156,535	88,649	96,524	111,607	49,642
Investments in subsidiaries	145,993	103,275	103,275	103,275	103,777
Investments in equity-accounted investee	-	2,715	2,715	2,715	2,715
Property and equipment	163,841	141,581	123,435	107,448	97,502
Intangible assets	12,618	18,063	16,237	7,070	6,911
Deferred tax assets	21,862	21,862	21,862	21,862	21,862
Non-current assets held for Sale	95,593	95,909	-	-	-
TOTAL ASSETS	**7,361,044**	**5,574,976**	**5,207,833**	**4,136,493**	**3,591,305**
LIABILITIES					
Derivative liabilities	79	98	508	852	99
Deposits from banks	863,795	483,110	121,815	92,717	30,502
Deposits from customers	5,046,514	4,004,306	3,824,143	2,764,388	2,424,108
Current income tax liabilities	8,327	2,751	1,478	722	706
Subordinated liabilities	-	-	-	30,048	29,859
Borrowings	530,446	455,772	688,280	744,094	657,134
Other liabilities	326,691	127,338	93,669	57,150	84,299
TOTAL LIABILITIES	**6,775,852**	**5,073,375**	**4,729,893**	**3,689,971**	**3,226,707**
EQUITY					
Share capital and share premium	115,815	115,815	115,815	115,815	115,815
Reserves	469,378	385,786	362,125	330,707	248,783
TOTAL EQUITY	585,193	501,601	477,940	446,522	364,598
TOTAL LIABILITIES AND EQUITY	**7,361,045**	**5,574,976**	**5,207,833**	**4,136,493**	**3,591,305**

Summarized statement of comprehensive income

In millions of Nigerian Naira	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Net operating income	382,743	239,434	236,068	227,464	191,144
Operating expenses	(230,861)	(169,166)	(155,844)	(141,032)	(131,537)
Net impairment loss on loans and receivables	(10,565)	(9,749)	(21,864)	(16,369)	(4,257)
Profit before income tax expense	**141,317**	**60,519**	**58,360**	**70,063**	**55,350**
Income tax expense	(7,621)	(1,850)	(1,449)	(7,313)	(14,303)
Profit for the year	**133,696**	**58,669**	**56,911**	**62,750**	**41,047**
Other comprehensive income for the year	(15,905)	(16,198)	5,427	48,244	(12,009)
Total comprehensive income for the year	**117,791**	**42,471**	**62,338**	**110,994**	**29,038**