unionbank

2018
Annual Report

2018 ANNUAL REPORT

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NOTICE OF 50TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 50th Annual General Meeting of Union Bank of Nigeria Plc will be held in the H. A. B. Fasinro Hall, Lagos City Hall, Catholic Mission Street, Lagos on Tuesday, 7th May, 2019 at 12:00 noon to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Group Financial Statements for the financial year ended 31st December 2018 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.
2. To elect/re-elect Directors.
3. To authorise the Directors to fix the remuneration of the Auditor.
4. To elect/re-elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

Ordinary Resolution

1. To approve the remuneration of the Directors.

Special Resolution

2. To delete the provisions of Article 56(b) of the Articles of Association and replace same with *"the tenure of office of Non-Executive Directors shall be for a maximum period of 3 terms of 4 years each, subject to statutory directives"*.

NOTES

a) PROXY

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in its, his or her stead. A proxy need not be a member of the Company. A proxy form is supplied with this Notice. For completed proxy forms to be valid for the purpose of the meeting, they must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Company Registrar, Greenwich Registrars and Data Solutions Limited, 274 Murtala Muhammed Way, Yaba, Lagos not less than forty-eight (48) hours before the meeting.

b) STATUTORY AUDIT COMMITTEE

Any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination, attaching the curriculum vitae of the nominee to the Company Secretary at least twenty-one (21) days before the Annual General Meeting.

Shareholders are enjoined to note that the Securities and Exchange Commission requires members of the Statutory Audit Committee to have basic financial literacy and an ability to read financial statements.

c) CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed from Monday 22nd April 2019 to Friday 26th April 2019 (both days inclusive) for the purpose of preparing an up-to-date Register of Members.

d) RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook provides that it is the right of every shareholder to ask questions at the Annual General Meeting and also in writing prior to the meeting. We therefore urge that such questions be submitted to the Company Secretary not later than two (2) weeks before the date of the meeting.

e) 2018 FINANCIAL STATEMENTS (WEB LINK)

Shareholders can access the 2018 Financial Statements on the Bank's website by using the following link: https://www.unionbankng.com/reports-statements-presentations/

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
Company Secretary
FRC/2013/NBA/00000002061
Union Bank of Nigeria Plc
Stallion Plaza
36 Marina
Lagos

Dated this 19th day of March, 2019

CORPORATE PROFILE

Union Bank was established in 1917 and is one of Nigeria's longest-standing and most respected financial institutions. We offer a portfolio of banking services to individual, SME, commercial and corporate clients, and our vision is to be Nigeria's most reliable and trusted banking partner.

Our offerings include savings and deposit account services, funds transfer, foreign currency domiciliation, loans, overdrafts, equipment leasing and trade finance, amongst others. These services are provided through our electronic channels, including online banking, mobile banking, debit cards and point-of-sale terminals and an extensive network of over 300 sales and service centers and over 1,000 automated teller machines spread across Nigeria.

Union Bank's ownership structure comprises of Union Global Partners Limited (UGPL), a consortium of strategically aligned investors with 65.31% shareholding, Atlas Mara Ltd with 25.06%, and a diverse group of shareholders that account for the remaining 9.63%.

Union Bank employs all its resources in the achievement of its mission to make lives better by delivering the simplest, smartest solutions and guaranteeing the best experience every time, with a strategy focused on the right talent, optimized processes and platforms, robust technology and a re-energized brand.

UNION BANK AT A GLANCE

Our Vision

We are Nigeria's most reliable and trusted banking partner.

Our Mission

We make lives better by delivering the simplest, smartest solutions and guaranteeing the best experience every time.

Our Most Valuable Players

Customers...
We make your lives better - less banking, more living

Communities...
We positively impact our society and build up our people – sustainable future

Stakeholders...
We deliver value – Growth beyond expectations

Fitch
B- Long Term IDR
(Stable Outlook)

Moody's
B3 - Foreign Currency Rating
(Stable Outlook)

GCR
BBB + Long Term IDR
(Stable Outlook)

Agusto & Co
A- (Stable Outlook)

₦1.46Trn
Total Assets

₦226Bn
Total Equity

4.5m
Customers

2,600+
Employees

Our Footprint

300
Sales & Service Centres

1,100
ATMs

7,900
POS

1.3m
Active for ATM, POS, online & mobile

443,000
Online Users

CHAIRMAN'S STATEMENT

Introduction

Distinguished shareholders, ladies and gentlemen, on behalf of the Board of Union Bank of Nigeria Plc, it gives me great pleasure to welcome you all to our 50th Annual General Meeting and present our annual report for the financial year ended December 31, 2018.

The Global Economy
Overall, 2018 was an eventful year in the global financial markets as most economies emerged from the recession experienced in 2016 and 2017. According to the World Bank, Gross Domestic Product (GDP) growth was 3.0% in 2018 compared to 3.1% in 2017. The slight slowdown in growth is attributed to softer international trade and manufacturing activities as well as trade tensions between the US and China.

Developed economies grew by 2.2% in 2018 compared to 2.3% in 2017. This was largely driven by growth in the US, which was bolstered by fiscal stimulus and slowing net exports in the Euro region. Emerging markets and developing economies growth dipped slightly to 4.2%, compared with 4.3% in 2017, due to heightened financial market pressures and slowdown in economic activities. Specifically, Sub-Saharan Africa's economy maintained steady growth, reaching an estimated 2.7% in 2018, slightly higher than 2.6% growth recorded in 2017.

Global oil benchmark price was volatile, falling by 24% to a 17-month low of US$45.9 per barrel in 2018 from US$60 per barrel in 2017. Global Foreign Direct Investment (FDI) flows fell by 19% in 2018; however, FDI flows to Africa, driven by activities in South Africa and Egypt, increased by 6% from US$38 billion in 2017 to US$40 billion in 2018.

The African Union established a treaty to create a single continental market for goods and services in member nations of the African Union. The African Continental Free Trade Area will require members to remove tariffs from 90% of goods, allowing free access to commodities, goods, and services across the continent. So far 48 out of 55 countries in Africa have signed up to the treaty. Nigeria is yet to sign on to the treaty, which is still to be ratified.

The Nigerian Economy
In 2018, the Nigerian economy entered a post-recovery phase coming off the first recession in two decades. Following modest growth in 2017, GDP grew by 1.9% compared to 0.9% in 2017. The non-oil sector, driven by the manufacturing, information and communication sectors, recorded an annual growth of 2%, higher than the 0.5% recorded in 2017. On the other hand, the oil sector only grew by 1.1% compared to 4.7% growth in 2017.

Modest increases in oil prices in the earlier part of 2018 boosted the macro-economic fundamentals, but by the close of the year there was a steep decline with prices falling to US$54 per barrel from a peak of US$86 in early October, posing a risk to the stability of the macro economy.

FDI flows into Nigeria fell by 36% in 2018 to US$2.2 billion, now overtaken by Ghana, which saw US$3.3 billion inflows during the period.

The exchange rate was relatively stable during the year across segments of the Foreign Exchange (FX) market. At the Investors and Exporters (I&E) FX window, the Naira traded within the tight band of ₦360.9 - ₦363.2 to the US Dollar ($). The Central Bank of Nigeria's (CBN) continued defense of the Naira through sustained Open Market Operations brought convergence across various rate regimes.

After 18 consecutive months of decline, the inflation rate began to inch upwards in August 2018 from 11.3% and closed the year at 11.4%. With the new minimum wage coming into effect in 2019 as well as adjustments to petrol prices and power tarrifs, the inflation rate is projected to inch upwards of 13%.

External reserves increased from US$38.8 billion in December 2017 to US$43 billion in December 2018 – supported by proceeds from the Sovereign Eurobond issuances in 2018, crude oil receipts from higher oil prices recorded in most of 2018 and positive capital flows in the first half of 2018. The Nigerian Stock Exchange All Share Index stood at 31,430, 18% lower than 38,243 recorded in 2017, in line with the global trend in the capital markets.

The Monetary Policy Committee (MPC) of the CBN retained a tightening of its monetary policy in 2018 with the Monetary Policy Rate (MPR), Cash Reserve Ratio (CRR), and Liquidity Ratio at 14%, 22.5% and 30% respectively, maintained throughout the year.

The 2018 World Bank Ease of Doing Business report ranked Nigeria 146 out of 190 countries, after moving up 23 places from its 2016 position. The ranking considers trading regulations, property rights, contract enforcement, investment laws and availability of credit.

Nigeria remains a potentially robust economy with a large consumer market, abundant natural resources and a productive population.

Our Bank

Having successfully concluded our five-year transformation in 2017, the Bank focused on leveraging on its platform for productivity and profitability in 2018. The following notable achievements were recorded during the year:

- **Stronger Retail and Transaction Banking Offerings:** During the year, we intensified our efforts in building a solid retail business, supported by a strong alternative channel network. We witnessed a 68% growth in our new-to-bank retail customers. Our active mobile users grew by 30% to 1.3 million and active online users grew by 77% to 443,000. Our active ATMs and POS also grew by 16% and 13% respectively to 1,100 and 7,900. We launched Union360, an innovative payment and collections platform for corporates and Small Businesses. We also introduced the first local letter of credit product to support growth in trade across Nigeria.

- **Inaugural ₦13.5 Billion Bond Issue:** As part of our growth and funding strategy, we registered a ₦100 billion Debt Issuance Programme and successfully concluded our inaugural issuance of ₦7.2 billion Series I and ₦6.3 billion Series II Bonds which were oversubscribed at 165%. The response to our debt issuance is a testament to the growing strength of the Bank's business fundamentals, which is driving investor confidence.

- **Launch of Robotics Process Automation (RPA):** Leading the industry, we launched RPA towards leaner and more efficient processes to enhance our *simpler, smarter banking* proposition. Our first application of RPA was in our ATM reconciliation process, which has yielded significant cost savings and service improvement for the Bank.

- **Our People:** We continued to invest in our people through training and development programmes. We graduated the first set of participants from Union Leadership Initiative (ULI), ensuring a deep leadership bench and succession plan for the Bank. We aligned compensation for our entry to mid-level employees to market, and made investments to create a more enabling environment for our employees to be more productive. All these efforts and more contributed to being ranked the 4th Best Place to Work in Nigeria by Jobberman.

- **Citizenship, Sustainability and Innovation (CSI):** As an organisation that understands the importance of making a positive impact in the communities where we live and operate, we remained committed to furthering our CSI efforts. During the year we stretched our efforts and gained recognition for our CSI activities winning several brand, innovation and sustainability awards. Through our partnerships with notable organisations such as LEAP Africa, Okada books, and Beeta Playwright Competition, we are geared towards actualising the United Nations Sustainable Development Goals (SDGs) by 2030.

2018 Financial Performance

Notwithstanding the challenging macro-economic environment and a tightened regulatory regime, the Bank continued to make significant investments in our people, process, technology and brand, which resulted in improved profitability for the Group.

Profit Before Tax (PBT) for the Group grew by 33% from N13.9 billion in 2017 to ₦18.5 billion in 2018. Total Assets for the Group increased slightly from ₦1,455.5 billion in 2017 to ₦1,463.9 billion in 2018. Customer deposits grew by 7% to ₦857.6 billion versus ₦802.4 billion in December 2017, as we continued to push an improved portfolio of customer-led products and increased investments in our channels and transaction banking capabilities.

As a result of our loan book clean up, the Non-Performing Loan (NPL) ratio for the Bank improved significantly from 20.8% in 2017 to 8.1% at the end of 2018. Our capital position remains strong, with Capital Adequacy Ratio at 16.4%, above the regulatory minimum requirement of 15%.

Our 2018 performance was solid and we have a good foundation to build on in 2019.

Board Changes

Mrs. Oyinkansade Adewale retired from the Bank and consequently from the Board after six years of committed service to the Bank. I thank her for immense contributions and wish her continued success in future endeavors.

Mr. John Botts has also retired from the Board after serving for seven years. We also thank him for his service and wish him all the best in the future.

I am pleased to be welcoming Mr. Mark Patterson to the Board as a Non- Executive Director. Mr. Patterson is a senior international banker and lawyer with a 32-year career in leading positions with multinational banks.

Looking Ahead

In 2019, global economic growth is expected to decline to 2.9% compared to 3.0% in 2018, due to tightening monetary policy, moderating international trade and investments as well as political challenges confronting major economies. The domestic economy is estimated to grow by approximately 2.2% in 2019 with the growth expected in the second half of the year following the elections.

We have positioned the Bank to take advantage of the emerging opportunities in the economy and remain optimistic about the future of Union Bank. We will execute our 2019-2021 strategic objectives – ***Sweating our Assets, Digitizing our Bank, and Positioning for the Future*** - towards being *Nigeria's most reliable and trusted banking partner*. We will focus on embedding disciplined cost management as well as mining synergies across business segments and functions to improve the profitability of our business and deliver value to all our stakeholders – shareholders, customers, business partners' and employees.

Conclusion

2018 has been a year of good progress for our Bank and we are well positioned to execute our short to medium term strategy.

We are grateful for the confidence you, our shareholders, have placed in us and assure you of our commitment to delivering superior value to all our stakeholders.

I would like to thank the Board, management and our employees for their hard work and contribution to Union Bank.

Thank you.

Cyril Odu
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

Welcome to our 50th Annual General Meeting. I am pleased to present the financial scorecard of our Bank for the year ended 31st December 2018.

2018 was noteworthy for Union Bank. We were resilient in a tough operating environment and focused on harnessing *'our platform'* - people, technology, capital, infrastructure and brand - for better productivity and profitability.

We remained true to our mission to make the lives of our customers better and our vision to be recognized as Nigeria's most reliable and trusted banking partner.

Review of 2018

The Nigerian economy recorded a modest growth of 1.9% in 2018, up from 0.8% in 2017 – primarily driven by the non-oil sector. Other macroeconomic indices including inflation and foreign exchange (FX) rates as well as fiscal and monetary policies were relatively stable during the year.

The banking industry had its share of notable events in 2018 including the implementation of IFRS 9 reporting standards, and some pockets of consolidation in the industry. In 2018, banks also had to contend with a fragile economic recovery, a challenging operating environment as well as tightened monetary policies.

Notwithstanding these events, we remained focused on executing our key priorities including: enhancing productivity across board; improving our asset quality; and optimizing the Bank's capital and funding base. We are pleased to report that we made significant strides in these three areas, which resulted in improved profitability for our Bank.

Key Operational Highlights in 2018

In line with our *simpler, smarter* banking proposition, we continued to invest in our platform to ensure we deliver the highest standards of service to our customers. We made key strides in deepening customer acquisition and non-branch channel penetration; intensifying our service and product innovation efforts - driven by digitization and automation; and strengthened our capital and funding base. We continued to empower our communities through several citizenship, sustainability and innovation efforts towards *"enabling success"* for all Nigerians.

Customer Acquisition: We deepened customer acquisition resulting in a 68% growth in new-to-bank accounts through our improved engagement strategy, service delivery and robust digital platforms – we now have 4.5 million customers served across all our touch points. Today, we have over one million active mobile users and over 400,000 active online users. Specifically, increased channel activity contributed to a 101% increase in fees to N2.2bn in 2018 from N1.1bn in 2017.

Product and Service Innovation: During the year, we introduced Robotics Process Automation (RPA) in our back-end processes – pioneering this technology in the industry. RPA has led to improved customer experience and staff productivity.
We launched a first of its kind local letter of credit to facilitate and expand domestic trade in Nigeria. We also rolled out Union360, a dedicated online banking platform to facilitate transaction banking for corporates and small businesses.

Capital and Funding: As part of our efforts to optimize the Bank's capital and funding structure, we successfully registered our ₦100 billion domestic bond programme and issued the first tranche to raise ₦13.5 billion, which is now listed on the FMDQ platform. We are encouraged by the market and investor community response to the bond issue, which was 165% subscribed. Additionally, we registered and launched our ₦100 billion Commercial Paper programme in the year with planned issuances in 2019 and beyond.
Brand and Citizenship: We identified the education sector as a key ecosystem that

presents both business and citizenship opportunities for Union Bank. To this end, we hosted over 3,000 participants at our inaugural Edu360 education festival. Edu360 is an annual event designed to foster collaboration and engagement among all stakeholders on key issues affecting the education sector in Nigeria.

We debuted a TV commercial themed "Enabling Success" – which is now Nigeria's **Most Watched Advert** ever on YouTube with nearly 4 million views, and over 8 million views across all social media platforms. In the three months following the campaign, brand survey results reflect a 30% improvement in the Bank's Net Promoter Scores and 4.9% bump in our brand equity scores.

We continued to demonstrate our commitment to citizenship and sustainability with various initiatives including:

- Impacting over 6,400 students during our Financial Literacy and World Savings Day initiatives.
- Over 50,000 employee volunteer hours recorded with citizenship partners.
- Training and empowering 50 women in urban farming and financial literacy with our partner,
- Gartner Callaway Sustainability Company.
- Supported more than 40 charities nationwide with donations totaling over ₦30 million
- Donated 6,000 *UnionCares* bags to the less privileged.

Awards and Recognition: We are pleased to have received numerous awards and recognitions for our continued support to empower our customers, employees and communities. During the course of the year, Union Bank received the following accolades:

- Excellence in Innovation in Banking (New Age Banking Awards 2018)
- Fastest Growing Retail Bank in Nigeria (International Finance Magazine 2018)
- Most Efficient Bank on E-Reference Operations (Efficiency Awards 2018)
- 8th in retail customer satisfaction (up from 12th in 2017) (KPMG's 2018 Customer Satisfaction Survey)
- 4th Best Place to Work (up from 8th in 2017) (Jobberman 2018)
- 2018 Advertiser of the Year, Pitcher Awards
- Innovative Financial Brand of the Year (2018 Marketing World Awards)
- Marketing Campaign of the Year (2018 Marketing World Awards)
- Best Company in Environmental Excellence and 'Most Outstanding Company in CSR/Sustainability (2018 Sustainability, Enterprise and Responsibility Awards)

Our Financial Performance in 2018

Our 2018 financial performance is positive across key financial metrics, which is indicative of successful execution of our strategy and priorities during the year.

Profit Before Tax (PBT) for the Group grew by 33% to ₦18.5 billion from ₦13.9 billion in 2017. Net Revenues After Impairment is at ₦93.5 billion in 2018, a 16% increase compared to ₦80.6 billion in December 2017. The improvement is attributed largely to a more diversified income base across segments and platforms. Operating Expenses grew by 12% to ₦75 billion from ₦66.7 billion, due to our expanded agency banking footprint and staff costs driven by increase in compensation for our entry to mid-level employees in line with the market. Customer Deposits grew by 7% to ₦857.6 billion in 2018 against ₦802.4billion in 2017.

Our Group Balance Sheet including the impact of IFRS 9 adjustments, remains healthy with total assets relatively flat at ₦1,463.9 billion versus ₦1,455.5 billion in 2017. There were notable improvements in some of our key ratios. The Non-Performing Loan (NPL) Ratio is down to 8.1% in 2018 compared to 20.8% in 2017. We will continue to focus on recoveries while prudently rebuilding the loan book and maintaining a conservative risk profile. Our Return on Tangible Equity (ROTE) improved to 9.6% from 6.2% in 2017, while Capital Adequacy Ratio (CAR) closed at 16.4% compared with 16.7% in 2017. CAR remains above the regulatory requirement of 15%.

Priorities and Outlook

In 2019, we expect the Nigerian economy to grow by 2.2%. With elections early in the year, economic activity will be less than robust in the first half of 2019. Our industry is undergoing another wave of consolidation and one certainty is that the competitive environment will be more intense, requiring more focus, ownership and disciplined execution.

With this in mind, we have clearly defined what success means for us in Union Bank and we are optimistic about 2019 being a strong performance year for the Bank. We have prioritized the following key areas to drive our growth and success:

- *Customer Acquisition:* We will continue to deepen customer acquisition and retention through product and service innovation, robust and reliable channel platforms and customer experience.
- *Digital and Automation:* We will leverage digitization to improve sales and service productivity, operational efficiency and revenue. We will extend RPA to other routine and repetitive processes in order to reduce cost to serve and improve service delivery.
- *Portfolio Diversification:* We will accelerate lending propositions to priority sectors and emerging segments of the Nigerian economy while staying in line with Bank's lending policies and maintaining a conservative risk profile. We will maintain a disciplined approach to risk monitoring and collections, and continue our aggressive recoveries regime.
- *Cost Optimization:* We will intensify our operational efficiency and institutionalize our Long-Term Efficiency Acceleration Programme (LEAP), a comprehensive transformation effort to embed cost discipline across the Bank. LEAP will deliver significant cost savings in 2019 and entrench a culture of efficiency across all areas of the Bank.
- *Ecosystems for Value Creation and Growth:* We will further harness synergies across our business segments to ensure

we maximize opportunities across entire value chains and ecosystems. We will focus on mining opportunities within manufacturing and trade, education, agribusiness and other key value chains.

- *Enabling Nigeria's Success:* We will continue to focus on key pillars for Nigeria's sustainable development including education, technology, SME and women. We will continue to create value added services and tailored solutions to each segment, while leveraging on our citizenship, sustainability and innovation (CSI) efforts to deliver sustainable impact.

In closing, I would like to assure our esteemed shareholders that we are committed to delivering on our strategic priorities in 2019 and beyond. We are focused on delivering higher returns for our shareholders, and in order to do this we will continue to emphasize and drive revenue productivity and cost efficiency across all facets of our business.

I am grateful for your continued support and the support of our Board of Directors and the management team during the year.

Finally, I want to commend the Bank's employees for all their efforts and contributions to our 2018 achievements while looking forward to a more productive 2019 ahead.

Thank you.

Emeka Emuwa
Chief Executive Officer

CORPORATE INFORMATION

Directors

Cyril Odu	-	*Chairman*
Emeka Emuwa	-	*Chief Executive Officer*
Oyinkansade Adewale	-	*Executive Director/Chief Financial Officer*[1]
Kandolo Kasongo	-	*Executive Director/Chief Risk Officer/Compliance Executive*
Emeka Okonkwo	-	*Executive Director*
Adekunle Sonola	-	*Executive Director*
Nath Ude	-	*Executive Director*
Obafunke Alade-Adeyefa (Mrs.)	-	*Independent Non-Executive Director*
John Botts	-	*Non-Executive Director*[2]
Richard Burrett	-	*Non-Executive Director*
Ian Clyne	-	*Non-Executive Director*
Beatrice Hamza Bassey (Mrs.)	-	*Non-Executive Director*
Furera Isma Jumare (Mrs.)	-	*Independent Non-Executive Director*
Richard Kramer OFR	-	*Non-Executive Director*
Taimoor Labib	-	*Non-Executive Director*
Mark Patterson	-	*Non-Executive Director*[3]

[1] *Retired with effect from 30 September, 2018*
[2] *Retired with effect from 19 March, 2019*
[3] *Appointed with effect from 17 April, 2019*

Company Secretary

Somuyiwa Adedeji Sonubi
FRC/2013/NBA/00000002061

Registered Office
Union Bank of Nigeria Plc
Stallion Plaza
36 Marina
Lagos

Auditor
KPMG Professional Services KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
Lagos

Registrar & Transfer Office
Greenwich Registrars and Data Solutions Limited
274 Murtala Muhammed Way
Yaba
Lagos

Board Appraiser
DCSL Corporate Services Limited
235, Ikorodu Road
Ilupeju
Lagos

MANAGEMENT TEAM

Emeka Emuwa	*Chief Executive Officer*
Joseph Mbulu	*Chief Financial Officer (CFO)*
Kandolo Kasongo	*Chief Risk Officer and Compliance Executive*
Omolola Cardoso	*Chief Digital And Innovation Officer*
Rosemary David-Etim	*Regional Business Executive, South*
Ikechukwuka Emerole	*Head, Treasury*
Tetem Feyi-Waboso	*Chief Information Officer (CIO)*
Olajumoke Sherifat Odulaja	*Chief Credit Officer*
Emeka Okonkwo	*Head, Corporate Bank and Treasury*
Adekunle Sonola	*Head, Commercial Banking*
Miyen Swomen	*Head, Human Resources*
Nath Ude	*Head, Services and Technology*
Carlos Wanderley	*Head, Retail Banking*
Taiwo Adeneye	*Head, Central Processing Centre*
Oluwagbenga Adeoye	*Head, Financial Control*
Sheahan Arasaratnam	*Head, Retail Products*
Paul Aseme	*Head, Retail Segments*
Anthony Asonye	*Head, SME Banking*
Bulus Ayuba	*Head, Branch Services*
Fatai Baruwa	*Head, Sales and Distribution, Retail Area III*
Helen Brume	*Head, Oil and Gas*
Lateef Dabiri	*Chief Compliance Officer*
Abigail Duopama-Obomanu	*Head, Internal Control/Chief Information Security Officer*
Muyiwa Ebitanmi	*Head, Alternative Channels*
Olusegun Edun	*Head, Credit Analysis*
Ogochukwu Ekezie	*Head, Corporate Communications and Marketing*
Chidi Ileka	*Chief Transformation Officer, LEAP*
Abolade Jegede	*Regional Business Executive, West*
Adebanji Jimoh	*Head, Sales and Distribution, Retail Area II*
Ali Kadiri	*Head, CBG General*
Uchenna Kenneth Ufere	*Head, Business Support and Recovery*
Segun Lamidi	*Head, Operations*
Anthony Ogba	*Divisional Executive, Commercial Banking*
Dupe Ogunbiyi	*Head, Services*
Mobolade Ojeahere	*Head, Transaction Banking*
Morenike Olabisi	*Head, CBG FMCG*
Babatunde Olagbaju	*Head, Credit Portfolio Management and Regulatory Compliance*
Olusola Olubi	*Head, CBG Specialized*
Gloria Omereonye	*Sector Executive, Commercial Banking*
Oghenefovie Oyawiri	*Head, Operational Risk Mgt/Chief Information Security Officer*
Sesan Sobowale	*Legal Counsel*
Olumuyiwa Theophilus	*Head, IT For Business (ITFB)*
George Udoh	*Group Head, Commercial*

THE BOARD

Cyril Akporuere Odu
Chairman

Mr. Cyril Akporuere Odu joined the Board of Directors in 2012 and was appointed Chairman in November 2015. Prior to his appointment as Chairman, Mr. Odu was the Chairman of the Bank's Board Risk Management Committee and served as a member of the Board Finance and General Purpose and Board Credit Committees.

Mr. Odu has nearly 47 years of professional, managerial and director level experience. His 40-year distinguished career at ExxonMobil saw him rise from Trainee to Vice Chairman of the Board of Mobil Producing Nigeria and Chief Financial Officer of ExxonMobil Upstream Companies in Nigeria, making him the highest ranking Nigerian in the organisation until his retirement in 2012.

In 2008, he served on a presidential committee tasked with accelerating the expansion of Nigeria's power infrastructure. After his retirement from Exxon Mobil in 2012, Mr. Odu joined African Capital Alliance and is currently the Chief Executive of the firm.

Mr. Odu holds a Bachelor's degree in Geology from the University of Ibadan, where he graduated with honours. He also has an MBA from Texas Southern University in Houston, Texas.

Emeka Emuwa
Chief Executive Officer

Mr. Emeka Emuwa was appointed to the Board of Union Bank as the Chief Executive Officer (CEO) and Group Managing Director in November 2012.

He joined Union Bank after 25 years at Citibank where he rose through the ranks from Management Associate to Managing Director, Citibank Nigeria Ltd, and Citi Country Officer, Nigeria. While at Citibank, he served as Citi Country Officer in Cameroon, Tanzania, Gabon, Congo, Ghana and Niger and also worked in various positions within Nigeria. In 2005, he became the first Nigerian to be appointed as Chief Executive Officer and Managing Director of Citibank Nigeria Limited.

He has extensive experience in credit risk management, strategy, negotiation, leadership and people management in addition to treasury, corporate finance and cash management product training.

Mr. Emuwa holds a BSc. in Finance from the University of Lagos and an MSc. in Management from the Krannert School of Management, Purdue University, USA.

Kandolo Kasongo
Executive Director and
Chief Risk Officer/Compliance Executive

Mr. Kandolo Kasongo joined the Board of Directors of Union Bank as an Executive Director and Chief Risk Officer in 2013.

He entered the banking industry in 1981 with Citigroup in Kinshasa (D.R. Congo) and has since built a diverse career in front, middle and back office across Africa and Middle East. His career in risk management commenced in 1998 with his role as Head of Risk and Senior Credit Officer in Citibank for East, West and North/West Africa successively based in Johannesburg, Abidjan/Lagos and Cairo.

After 27 years at Citigroup, he moved to Barclays Bank as Risk Director for Global Retail and Commercial Banking where he had oversight for 14 African countries, the Middle East, India, Pakistan, and Russia. In April 2009 he relocated to Lagos, Nigeria, to take up the position of Credit Head for Nigeria with the Standard Bank Group before joining Union Bank.

Mr. Kasongo holds a degree Ingénieur Commercial et de Gestion from the Faculte Universitaire Catholique de Mons, Belgium.

Emeka Okonkwo
Executive Director and Head,
Corporate and Investment Banking

Mr. Emeka Okonkwo joined Union Bank in 2013 as an Executive Director heading the Bank's Corporate and Investment Banking businesses.

Mr. Okonkwo's career in the banking industry commenced 28 years ago as an officer in Citibank Nigeria and has spanned Corporate Finance, Credit Risk Management, Marketing, Treasury and Strategic Management in Citibank Nigeria and London.

In 2009, he was appointed to the board of Citibank Nigeria as an Executive Director for Commercial Banking and Global Subsidiaries. Prior to joining Union Bank, he was Director and head of the Corporate and Investment Banking Division of Citibank Bangladesh and had the responsibility of maintaining client relationships of corporate institutions, financial institutions, public sector and global subsidiaries in the country.

Mr. Okonkwo has a Bachelor's degree in Civil Engineering from the University of Nigeria, Nsukka; an MSc in Construction Management from the University of Lagos and an MBA from Warwick Business School, UK.

Adekunle Sonola

Executive Director and
Head, Commercial Banking

Mr. Adekunle Sonola was appointed to the Board in 2015 as an Executive Director in charge of the Bank's Commercial Banking business.

Prior to joining the Union Bank, he worked at Guaranty Trust Bank where he rose from being a member of the Corporate Finance Group to Divisional Head, Corporate Banking. He left Guaranty Trust Bank as Managing Director, East Africa, where he successfully rolled out the franchise in Uganda, Rwanda and Kenya.

Mr. Sonola has also served as Director, Investment Banking Africa for Standard Bank of South Africa. He has more than 28 years of banking experience.

He holds a Bachelor's Degree in English from Ogun State University, Ogun State, Nigeria, an LL.B in Law from Obafemi Awolowo University, Ile-Ife, Nigeria and an MBA from Durham University Business School, Durham, United Kingdom.

Nath Ude

Executive Director and
Head, Service & Technology

Mr. Nath Ude joined Union Bank in January 2017 as Executive Director, Service & Technology. He is a seasoned banker with over 28 years of experience in both the international and Nigerian banking environments.

He started his banking career with Citibank in 1990, where he held various roles within operations, process management, service quality, cash management, internal control and general management in Nigeria, South Africa and India.

Mr. Ude joined Standard Chartered Bank, South Africa in 2004 where he was the Country Head, Technology and Operations (Wholesale and Consumer Banking). From 2007 he served as Group Head of Operations and Technology for FCMB and was later appointed Executive Director, Service Management & Technology.

He holds a Bachelor's Degree in Finance from University of Nigeria Nsukka and an MBA from Bayero University, Kano.

Obafunke Alade-Adeyefa
Independent Non-Executive Director

Mrs. Obafunke Alade-Adeyefa was appointed to the Board in April 2017 as an Independent Non-Executive Director.

Mrs. Alade-Adeyefa started her career as an accountant with Peat, Marwick, Ani, Ogunde & Co. before moving into the banking industry where she worked for 10 years in different capacities and then moved on to Texaco Overseas (Nigeria) Petroleum Unlimited as the Head of Treasury.

Prior to joining Union Bank, she worked with Chevron Nigeria Limited for 14 years during which she served as the MD/ CEO of the organisation's Closed Pension Fund Administrator.

Mrs. Alade- Adeyefa holds a Bachelor of Science degree in Economics from Obafemi Awolowo University, Ile-Ife. She is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

John Botts (CBE)
Non-Executive Director

Mr. John Botts joined the Board of Union Bank in 2012.

He is a Senior Adviser to Allen & Company Advisors LLP and Corsair Capital LLC, both located in the UK; Non-Executive Chairman of Euromoney Institutional Investor Plc; Chairman of The Ink Factory Films Limited; Director of Brait SE; Trustee of the Tate Foundation and Chairman of Glyndebourne Productions Limited.

Mr. Botts has held management positions with Citibank in New York and other major cities. His other roles in Citigroup include Chief Executive Officer of Citicorp Investment Bank and Business Manager for Citibank`s Global Investment Bank in Europe, Middle East and Africa.

In 2003, he was presented with an honorary CBE (Commander of the Order of the British Empire).

Richard Burrett
Non-Executive Director

Mr. Richard Burrett joined the Board in 2013. His career spans more than 30 years, 25 of which he spent in International Banking, garnering a deep understanding of project finance and sustainability. He is currently a partner at Earth Capital Partners, a fund management business that targets sustainable asset classes.

During his over 20 years at ABN AMRO, he developed vast experience in project and structured finance, specialising in the energy and infrastructure sectors. Whilst there, he was instrumental to the creation of the Equator Principles, a market recognised standard for managing environmental and social risk issues in project financing.

As Global Head of Project Finance he was responsible for ABN AMRO's award winning business franchises in Europe, Asia, Australia, North America and Brazil.

Mr. Burrett has held a number of board level advisory roles and has been Co-Chair of the United Nations Environment Programme. He is also a Fellow of the Cambridge University Programme for sustainability.

He holds a Master's Degree in Business Administration from Durham University Business School.

Ian Clyne
Non-Executive Director

Mr. Ian Clyne joined the Board of Union Bank as a Non-Executive Director in 2014.

His 39 year career began at the National Australia Bank Group in 1978. He has worked in various executive management positions in international companies around the world including the Papua New Guinea Banking Corporation and the Calyon Group (formerly Banque Indosuez).

In his immediate past role as the MD/CEO of Bank South Pacific Limited, a publicly listed company on the Port Moresby Stock Exchange, he oversaw a successful transformation programme to near completion.

He holds a Bachelor of Business Management Studies from the Curtin University of Technology, Perth, Australia.

Beatrice Hamza Bassey
Non-Executive Director

Mrs. Beatrice Hamza Bassey joined the Board of Union Bank as a Non-Executive Director in 2015.

Currently, she is the General Counsel and Chief Compliance Officer at Atlas Mara Co-Nvest Limited. A lawyer of great repute with extensive experience in corporate governance and financial institutions, she is an authority in compliance and represents clients globally in compliance and anti-corruption matters.

Mrs. Bassey interfaces with U.S. and international regulators, designs integrated compliance programmes, policies and procedures tailored to client specification, internal investigations and more.

She holds an LL.B in Law from University of Maiduguri, Nigeria, a BL from the Nigerian Law School and an LL.M from Harvard Law School. She was called to the Nigerian Bar in 1995 and the New York Bar in 1999. She is a Fellow of the prestigious David Rockefeller Fellows Program of the Partnership for New York City.

Furera Isma Jumare
Independent Non-Executive Director

Mrs. Furera Isma Jumare was appointed to the Board of Union Bank as an Independent Non-Executive Director in May 2017.

She worked with the Central Bank of Nigeria (CBN) for 21 years, gaining extensive experience in the field of development through her involvement in Government development programmes such as the Agriculture Credit Guarantee Scheme (ACGS) and the Small and Medium Enterprises Equity Investment Scheme (SMEEIS).

Since leaving the CBN, Mrs. Jumare has served as the Chief Executive Officer of MicroDevelopment Consulting Limited (MCDL) focusing on research, project management and capacity development.

She earned a Bachelor of Science (B.Sc) degree in Botany from Ahmadu Bello University, Zaria and holds three Masters degrees in Crop Physiology, Rural Development and International Development Management. Mrs. Jumare also has the UK Chartered Institute of Personnel and Development (CIPD)'s certificate in training practice and is a Nigerian Institute of Management (NIM) Certified Professional Manager.

Richard Kramer (OFR)
Non-Executive Director

Mr. Richard Kramer joined Union Bank's Board of Directors as a Non-Executive Director in 2012.

Mr. Kramer is the Chairman of African Capital Alliance, an organization that has pioneered the management of private equity investments in high potential sectors of the Nigerian economy.

A trained accountant, he earned an MBA from Harvard Business School prior to joining Arthur Andersen in 1958 where he worked in all areas of the firm's practice in the USA, Latin America, Middle East, Europe, India as well as Africa. He became the founding Managing Partner of the firm in Nigeria in 1978.

Upon his retirement in 1994, Dick remained in Nigeria to consult, invest and continue community service activities. He is a member of the Lagos Business School Advisory Board and the American Business Council.

He was the Founder and First Vice Chairman of the Nigeria Economic Summit Group; President, Harvard Business School Association of Nigeria (HBSAN); Head, Technical Team and Member of Vision 2010 Committee. He is also a recipient of the Zik Prize in Leadership.

Taimoor Labib
Non-Executive Director

Mr. Taimoor Labib joined Union Bank's Board of Directors as a Non-Executive Director in November 2017. Mr. Labib is a global emerging market investor with approximately 20 years of direct private equity and investment banking experience from leading international and regional financial institutions including Standard Chartered Bank, Jadwa Investment and EFG-Hermes Investment Bank. He holds a Bachelor of Science degree in Industrial Management and Business Administration from Carnegie Mellon University, Pittsburgh.

He is also a Member of the Board of Directors at Topaz Energy and Marine, Dubai and the Vice Chairman of the Board of Directors at Fine Tissues Company, Jordan.

Mark Patterson
Non-Executive Director

Mr. Mark Patterson joined the Board of Union Bank as a Non-Executive Director in April 2019.

Mr. Patterson is a senior international banker and lawyer with a 32-year career in leading positions with multinational banks, including Deutsche Bank and ANZ Bank.

He was previously the Global Head, Corporate Development at Standard Chartered Bank, London, where he led a number of the bank's major acquisitions and investments, as well as market fundraising exercises to strengthen Standard Chartered Bank's balance sheet.

Mr. Patterson has a demonstrable track record in bringing a strong commercial perspective to strategic planning and risk planning and leadership across a broad range of organisations.

He graduated from Oxford University and was admitted as a solicitor in 1980.

CORPORATE GOVERNANCE

Corporate Governance practices in Union Bank of Nigeria Plc ("UBN" or "the Bank") are as codified in the Central Bank of Nigeria's ("CBN") Code of Corporate Governance of 2014, the Securities and Exchange Commission ("SEC") Code of Corporate Governance of 2011, the Banks and Other Financial Institutions Act of 1991 (as amended) and other relevant statutes. All these provide guidance for the governance of the Bank, compliance with regulatory requirements and form the basis of the core values upon which the Bank is run. These codes and statutes are geared towards ensuring the accountability of the Board of Directors ("the Board") and Management to the stakeholders of the Bank in particular and emphasize the need to meet and address the interests of a range of stakeholders, to promote the long-term sustainability of the Bank.

UBN is committed to the best corporate governance practices and believes that adherence and commitment to high governance principles and standards is the panacea for effective control and management of the Bank. The principle of good corporate governance practices remains one of our core values and an important ingredient in creating, protecting, promoting and sustaining shareholders' interests, rights and values, as well as delivering excellent service to our customers. The Bank is committed to the highest ethical standards and transparency in the conduct of its business.

In compliance with the requirements of the CBN, the Bank undertakes internal reviews of its compliance with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN. Also, an annual board appraisal review is conducted by an independent consultant appointed by the Bank, whose report is submitted to the CBN and presented to shareholders at the Annual General Meeting (AGM) of the Bank, in compliance with the provisions of the CBN Code of Corporate Governance.

Securities Trading Policy

To further demonstrate its commitment to transparency and ensure compliance with regulatory requirements, the Bank has developed a Securities Trading Policy in line with the Codes of Corporate Governance of the CBN and SEC respectively, and Section 14 of the Amendment to the Listings Rules of the Nigerian Stock Exchange. The Policy sets out the process by which directors, staff, shareholders, key management personnel, third party service providers or any other connected persons who have direct or indirect access to the Bank's insider information can deal in the Bank's securities. It also prohibits the trading of the Bank's securities during 'closed' periods. The policy is designed to ensure that its compliance is monitored on an ongoing basis.

Complaints Management Policy

The Bank's Complaints Management Policy has been prepared pursuant to the Rules Relating to the Complaints Management Framework of the Nigerian Capital Market issued by the SEC on 16th February 2015. The Policy applies strictly to the Bank's shareholders and provides an avenue for them to make complaints regarding their shareholding and relationship with the Bank.

The Complaints Management Policy aims to promote and safeguard the interest of the Bank's shareholders and investors, with its primary objective of ensuring that the activities of the Board and Management are in the best interest of the Bank and its shareholders. The policy, jointly implemented by the Registrar and the Company Secretary, sets out the process and channels through which shareholders can submit their complaints, and the process for managing these complaints.

Whistle Blowing Procedures

In line with the Bank's commitment to instil the best corporate governance practices, the Bank's anonymous whistle-blowing channel is independently managed by Deloitte. This is to uphold commitment to the highest standards of openness, integrity, accountability and ethical standards. To this end, there is a toll-free hotline, a dedicated e-mail address, web portal and a Mobile App on Android and iOS devices. The hotline number is 08008476337 and the email address is tip-offs@deloitte.com.ng. There is a direct link to the web portal https://tip-offs.deloitte.com.ng on the Bank's website and intranet to enable stakeholders, including members of staff, report all suspected breaches of the Bank's Code of Corporate Governance.

Remuneration Policy for Directors and Senior Management

The Bank's Remuneration Policy for Directors and Senior Management is geared towards attracting, retaining and motivating the best talent and enables the Bank achieve its financial, strategic and operational objectives. The policy sets out amongst others, the structure and components of the remuneration packages for Executive and Non-Executive Directors, and ensures that the remuneration packages comply with the CBN and SEC Codes of Corporate Governance.

In line with the provisions of the extant regulations and codes of corporate governance, the remuneration of Directors and Senior Management is set at levels, which are fair and competitive, and take into consideration the economic realities in the financial services sector and the Bank's financial performance.

Governance Structure

The following governance bodies are in place:

A. The Board of Directors

The Board of Directors oversees the management of the Bank, and comprises a Non-Executive Chairman, two Independent Non-Executive Directors, six other Non-Executive Directors, the Chief Executive Officer and five Executive Directors, as listed below:

S/NO	NAME	28/02/2018	05/06/2018	05/06/2018	25/09/2018	21/10/2018	22/10/2018	11/12/2018
1	ODU, Cyril Akporuere	✓	✓	✓✓	✓	✓✓✓	✓	✓
2	EMUWA, Emeka	✓	✓	✓✓	✓	✓✓✓	✓	✓
3	ADEWALE, Oyinkansade Mrs[1]	✓	✓	✓✓	O	R	R	R
4	ALADE-ADEYEFA, Obafunke (Mrs)	✓	✓	✓✓	✓	✓✓✓	✓	✓
5	BOTTS, John	✓	✓	✓✓	✓	✓✓✓	✓	✓
6	BURRETT, Richard	✓	✓	✓✓	✓	✓✓✓	✓	✓
7	CLYNE, Ian	✓	✓	✓✓	✓	✓✓✓	✓	✓
8	HAMZA BASSEY, Beatrice (Mrs)	✓	✓	✓✓	✓	✓✓✓	✓	✓
9	JUMARE, Furera Isma (Mrs)	✓	✓	✓✓	✓	✓✓✓	✓	✓
10	KASONGO, Kandolo	✓	✓	✓✓	✓	✓✓✓	✓	✓
11	KRAMER, Richard	✓	✓	✓✓	✓	✓✓✓	✓	O
12	LABIB, Taimoor	✓	✓	✓✓	✓	O	✓	✓
13	OKONKWO, Emeka	✓	✓	✓✓	✓	✓✓✓	✓	✓
14	SONOLA, Adekunle	✓	✓	✓✓	✓	✓✓✓	✓	✓
15	UDE, Nath	✓	✓	✓✓	✓	✓✓✓	✓	✓

✓ *Present*
1 *Retired with effect from 30 September, 2018*
O *Absent*
R *Resigned/Retired*
✓✓ *AGM*
✓✓✓ *Board Strategy Session*

Responsibilities of the Board of Directors

The Board, the highest decision making body approved by the shareholders, met seven (7) times during the year to provide strategic direction, policies and leadership in attaining the objectives of the Bank.

The Board monitors the activities of the Chief Executive Officer and Executive Directors and the accomplishment of set objectives through reports at its meetings. In performing its oversight function over the Bank's business, the Board operates through the following Board and Management Committees.

B. Standing Board Committees

The Board of Directors has six standing committees, which deal with specific operations of the Bank, namely:
1. Board Credit Committee
2. Board Finance & General Purpose Committee
3. Board Governance Committee
4. Board Risk Management Committee
5. Board Nomination and Remuneration Sub-Committee
6. Board Audit Committee

There is also an Independent Statutory Audit Committee.

1. Board Credit Committee

The Committee met eleven (11) times during the year. It is comprised of the following members:

S/NO	NAME	25/01/2018	05/02/2018	26/02/2018	28/03/2018	17/05/2018	30/05/2018	26/07/2018	24/09/2018	22/10/2018	21/11/2018	10/12/2018
1	BURRETT, Richard	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	EMUWA, Emeka	0	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	ALADE-ADEYEFA, Obafunke (Mrs.)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	BOTTS, John	0	0	✓	0	✓	✓	✓	✓	✓	✓	✓
5	HAMZA BASSEY, Beatrice (Mrs.)	✓	✓	✓	0	0	0	0	✓	✓	0	✓
6	KASONGO, Kandolo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	OKONKWO, Emeka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	SONOLA, Adekunle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ *Present*
O *Absent*
R *Resigned/Retired*

Its responsibilities include the following, amongst others:
- Consider and approve credits and other credit related matters within its set limit;
- Review and recommend credits and other credit related matters above its limit to the Board for consideration and approval;
- Review the credit portfolio; and
- Serve as a catalyst for the Bank's credit policy changes from the Board Credit Committee to the Board.

2. Board Finance and General Purpose Committee

The Committee met thirteen (13) times during the year. It is comprised of the following members:

S/NO	NAME	22/01/2018	29/01/2018	27/02/2018	17/04/2018	02/05/2018	04/06/2018	19/07/2018	24/09/2018	22/10/2018	26/11/2018	30/11/2018	11/12/2018	21/12/2018
1	KRAMER, Richard Lee	✓	✓	✓	✓	✓	✓	O	✓	✓	✓	O	O	O
2	EMUWA, Emeka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	ADEWALE, Oyinkansade (Mrs)[1]	✓	✓	✓	✓	✓	✓	✓	O	R	R	R	R	R
4	ALADE-ADEYEFA, Obafunke (Mrs)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	BURRETT, Richard	✓	✓	✓	O	O	✓	✓	✓	✓	✓	✓	✓	✓
6	CLYNE, Ian	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	OKONKWO, Emeka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	LABIB, Taimoor	-	-	-	-	-	-	✓	✓	✓	✓	O	✓	✓

✓ Present *[1]Retired with effect from 30 September, 2018*

O Absent

R Resigned/Retired

Its responsibilities include the following, amongst others:

- Review and report to the Board on the Bank's financial projections, capital and operating budgets, progress of key initiatives, including actual financial results against targets and projections.
- Review and recommend to the Board, the Bank's capital structure, including, but not limited to, allotment of new capital, debt limits and any changes to the existing capital structure.
- Review and recommend to the Board the Bank's annual plan for the allocation of capital and material changes during the course of the year.
- Formulate guidelines from time to time on cost control and reduction, consistent with maximum efficiency, and make appropriate recommendations to the Board.
- Review major expense lines, as warranted, and approve expenditures within the Committee's approved limits and review and recommend for Board approval, expenditures beyond the Committee's approved limits.
- Review and report to the Board on the Transformation program, against goals, including timing, budget, quality of delivery, and trade-offs between transformation plans and business-as-usual (if required).
- Review and recommend for Board approval, the Bank's Transformation budget and any associated expenditures beyond that delegated to Management.
- Review and provide feedback to the Board on the development of the Bank's strategic planning process and performance objectives to ensure the achievement of the financial targets expected by shareholders.
- Review and report to the Board on the effectiveness of the Bank's strategic planning and implementation monitoring process.
- Review and provide feedback to the Board on high-impact initiatives not otherwise managed by another committee that may have a material impact on the Bank's finances, regulatory relationships, customers and/or infrastructure.
- Review and recommend for Board approval any transactions associated with high-impact initiatives and any associated expenditures beyond that delegated to Management.
- Review and recommend for Board approval any change to the delegation of authorities to Management and Management Committees on financial matters.
- Review and recommend for Board approval the Bank's dividend policy, including amount, nature and timing.

3. Board Governance Committee

The Committee met five (5) times during the year. It is comprised of the following members:

S/NO	NAME	26/02/2018	30/05/2018	19/09/2018	22/10/2018	04/12/2017
1	JUMARE, Furera Isma (Mrs)	✓	✓	✓	✓	✓
2	EMUWA, Emeka	✓	✓	✓	✓	✓
3	BOTTS, John	✓	✓	✓	✓	✓
4	HAMZA BASSEY, Beatrice (Mrs)	✓	O	✓	✓	✓
5	BURRETT, Richard	✓	✓	✓	✓	✓
6	SONOLA, Adekunle	✓	✓	✓	✓	✓
7	UDE, Nath	✓	✓	O	✓	✓

✓ Present
O Absent
R Resigned/Retired

Its responsibilities include the following, amongst others:

- Consider, review and approve appointments, promotions, recruitment, discipline and severance of Principal Managers (“PM”).
- Review and recommend appointments, promotions, severance and discipline of Assistant General Managers (”AGM”), Deputy General Managers (”DGM”) and General Managers (”GM”), to the Board for consideration and approval.
- Consider and recommend compensation increments for PM to GM to the Board for consideration and approval.
- Consider and review staff compensation, welfare, service conditions and industrial relations matters and make appropriate recommendations to the Board from time to time.
- Articulate and recommend strategic and succession plans for the Bank, to the Board from time to time.
- Review and report to the Board, annually, on the broad key performance indicators set by executive management for staff groups below the executive management level (“Staff”) to achieve that year's business and financial goals.
- Review and report to the Board annually on the key performance evaluations of staff conducted by management for the prior year's performance and the overall outcome of the annual performance process.
- Review and report to the Board annually, the overall training policy and program for Staff and any changes as they arise to achieve business and financial goals.
- Review and recommend to the Board, approval of the remuneration policy, annual quantum, structure, and distribution of compensation (including base, overall annual bonus pool and awards, and benefits in kind) for Staff and changes thereto.
- Review and report to the Board annually, the total cash compensation package for Staff to ensure it will attract, retain and motivate key talent who add value to the Bank based on individual and team contributions.
- Review and recommend for approval of the Board, the severance policy for Staff.
- Review and recommend for Board approval, the Bank's organisational structure, key human capital policies and practices, including those affecting compensation, welfare, performance management, career management and transfer to ensure the optimal mix of talent.
- Review and recommend for Board approval, the Bank's staff optimization plan and strategy.
- Review and recommend for Board approval, the Bank’s succession Plan for senior management on AGM, DGM amd GM grades and any proposed amendments.
- Review and recommend for Board approval, any policies not otherwise contemplated herein relating to Staff and, as necessary and appropriate.
- Review and recommend for Board approval, the Bank’s Culture Program, including mission statements, core values, and the incentives to align staff with the Bank’s near and medium term strategic objectives.
- Review and report to the Board annually or as needed, the progress of the Culture Program and its effectiveness in driving the desired Staff behaviours and performance.
- Review and recommend for Board approval annually or as needed, the overall strategies with Staff Unions and relationships with the Bank's Staff.
- Review and advise the Board annually or as needed, the strategy for and engagement of service providers of Support Staff, including the overall cost, performance and effectiveness of these service providers in delivering cost-effective, high quality service to the Bank’s customers.

- Review and report to the Board annually or as needed, the progress of outsourcing solutions and their effectiveness in delivering against the Banks' Transformation strategy.

4. Board Risk Management Committee

The Committee met four (4) times during the year. It is comprised of the following members:

S/NO	NAME	27/02/2018	04/06/2018	24/09/2018	11/12/2018
1	CLYNE, Ian	✓	✓	✓	✓
2	EMUWA, Emeka	✓	✓	✓	✓
3	ADEWALE, Oyinkansade (Mrs.)[1]	✓	✓	O	R
4	BOTTS, John	✓	✓	✓	✓
5	HAMZA BASSEY, Beatrice (Mrs.)	✓	✓	✓	✓
6	JUMARE, Furera Isma (Mrs.)	✓	✓	✓	✓
7	KANDOLO, Kasongo	✓	✓	✓	✓
8	UDE, Nath	✓	✓	✓	✓

✓ Present

O Absent

R Resigned/Retired

[1]*Retired with effect from 30 September, 2018*

Its responsibilities include the following, amongst others:

- Develop an organization-wide risk management framework.
- Exercise a board oversight function on all risk related issues.
- Ensure compliance with the Bank's organization-wide policies and framework covering all risk types (credit, market, assets and liabilities, strategic, legal, human resources etc).
- Ensure compliance with all statutory and regulatory requirements.
- Consider departmental reports and advise management on risks.
- Review of the Bank's internal control systems and processes.

5. Board Nomination and Remuneration Sub-Committee

The Sub-Committee met four (4) times during the year. It is comprised of the following members:

S/NO	NAME	26/02/2018	04/06/2018	24/09/2018	10/12/2018
1	BOTTS, John	✓	✓	✓	✓
2	BURRETT, Richard	✓	✓	✓	✓
3	CLYNE, Ian	✓	✓	✓	O
4	HAMZA BASSEY, Beatrice (Mrs.)	✓	✓	✓	✓
5	LABIB, Taimoor	✓	✓	✓	✓

✓ Present

O Absent

The Sub-Committee's responsibilities include amongst others:

- Consider and recommend the appointment of Executive Management and Non-Executive Directors for Board consideration and approval.
- Consider and approve the performance parameters and the performance of Executive Management
- Consider and recommend compensation for Executives and Executive Management.
- Consider and review the performance of the Chief Executive Officer.

6. Board Audit Committee

The Committee met six (6) times during the year. It is comprised of the following members:

S/NO	NAME	26/02/2018	17/04/2018	02/05/2018	30/05/2018	19/09/2018	10/12/2018
1	ALADE-ADEYEFA, Obafunke (Mrs)	✓	✓	✓	✓	✓	✓
2	CLYNE, Ian	O	✓	✓	✓	✓	O
3	JUMARE, Furera Isma (Mrs.)	✓	✓	✓	✓	✓	✓
4	KRAMER, Richard Lee	✓	✓	✓	✓	✓	O

✓ Present
O Absent
R Resigned/Retired

The Committee's responsibilities include, amongst others:

- Review the Bank's accounting and financial reporting functions.
- Review the Bank's accounting system.
- Review the Bank's internal audit structures.
- Review the Bank's internal audit systems and processes.
- Recommend the appointment, remuneration and removal of external auditors to the Board.
- Review and recommend the audited financial statements to the Board for approval.

7. Statutory Audit Committee

The Committee is constituted at the Bank's Annual General Meeting (AGM) and it met three (3) times during the year.

S/NO	NAME	17/04/2018	26/10/2018	18/12/2018
1	AKINLADE, Mathew	✓	✓	✓
2	BICHI,Musa Baba	✓	✓	✓
3	OJINKA, Marcel	✓	✓	✓
4	ALADE-ADEYEFA, Obafunke (Mrs.)	✓	✓	✓
5	JUMARE, Furera Isma (Mrs.)	✓	✓	✓
6	KRAMER, Richard Lee	✓	✓	O

✓ Present
O Absent

The Statutory Audit Committee has responsibility for the following:

- Oversight responsibility for the Bank's accounting and financial reporting functions.
- Oversight responsibility for the Bank's accounting systems.
- Oversight responsibility for the Bank's internal audit structures.
- Recommending the appointment, remuneration and removal of external auditors to the Board.
- Reviewing and recommending the audited financial statements to the shareholders for approval.

The Committee is comprised of the following members:

- Matthew Akinlade - *Chairman*
- Musa Bichi - *Member*
- Marcel Ojinka - *Member*
- Obafunke Alade-Adeyefa (Mrs) - *Member*
- Furera Isma Jumare (Mrs.) - *Member*
- Richard Lee Kramer - *Member*

Statutory Audit Committee - Shareholders' Representatives

Mr. Matthew Akinlade - Chairman

Mr. Matthew Akinlade was elected to the Statutory Audit Committee of Union Bank in April 2014.

Mr. Akinlade started his professional career in 1973 as the Accounts Supervisor, Accounts Payable and Foreign Remittances, PZ Industries Plc. He joined CarnaudMetalbox Nigeria Plc. in 1979, where he rose through the ranks and was appointed Finance Director in 1997.

He is a Fellow of the Chartered Institute of Management Accountants (FCMA) and a Fellow of the Institute of Chartered Accountants of Nigeria (FCA).

Mr. Akinlade is the Non-Executive Chairman, Nampak Nigeria Plc. and a Non-Executive member of the Board of Directors of NCR Nigeria Plc. and MRS Oil Plc.

Alhaji Musa Bichi - Member

Alhaji Bichi was elected to the Statutory Audit Committee of Union Bank in November 2007.

He has over 38 years' experience that spans finance and accounting. Some organisations in which he has served include Kano State Ministry of Finance, VAL Insurance Limited, Gwarite Limited and Dangote Flour Mills. He is currently a Director at WECO System International Limited.

Alhaji Bichi holds a Higher National Diploma in Business Administration from Kano State Polytechnic and a Post-Graduate Diploma in Accounting and Finance from Bayero University, Kano. He is a Member of the Institute of Directors of Nigeria and an Associate Member, Nigerian Institute of Management (NIM).

Dr. Marcel O. Ojinka - Member

Dr. Marcel Ojinka was elected to the Statutory Audit Committee of Union Bank in September 2006.

Dr. Ojinka holds a Bachelor of Medicine, Bachelor of Surgery (MBBS) Degree from the University of Calabar, Cross River State.

A trained medical doctor, who started his career in medicine at the University of Calabar Teaching Hospital (UCTH), Cross River State in 2000 and became an Associate Fellow of the Medical College of Physicians in 2005.

Some of his other major achievements include; Chairman, Marflox Concept Limited; Chairman, Statutory Audit Committee, Neimeth Pharmaceutical Company Plc. and Member, Statutory Audit Committee, Guinness Nigeria Plc.

C. Management Committees

The Bank has the following Management Committees:

1. Executive Management Committee
2. Assets and Liabilities Committee
3. Information Technology Steering Committee
4. Credit Committee
5. Risk Management Committee
6. New Product Committee
7. Disciplinary Committee
8. Service Committee
9. Digital and Innovation Council

1. Executive Management Committee

The Executive Management Committee comprises of the Chief Executive Officer (Chair), Chief Financial Officer, Chief Risk Officer, Head, Service & Technology, Head, Corporate Banking, Head, Commercial Banking, Head, Retail Banking, Head, Human Resources and Chief Digital and Innovation Officer.

The roles and responsibilities of the Committee are as follows, amongst others:
- Propose to the Board of Directors policies, objectives and corporate strategies of the Bank.
- Drive and review financial performance of the Bank.
- Ensure efficient deployment and management of the Bank's resources.
- Ensure compliance with applicable laws and regulations and maintain the corporate governance structure of the Bank.
- Develop, refine and cascade the human capital vision, strategy and culture of the Bank.
- Oversee all aspects of human capital management including talent management (recruitment, career progression/management and succession planning), leadership development and retention strategy for the Bank.
- Conduct periodic review of the governance handbook, including Management Committee charters.
- Provide and discuss general business updates (provided by the various business and function heads).

2. Assets and Liabilities Committee

The Assets and Liabilities Committee meets monthly or as required. It comprises the Chief Executive Officer (Chair), Chief Financial Officer, Chief Risk Officer, Head, Corporate Banking, Head, Commercial Banking, Head, Retail Banking, Chief Credit Officer, Head, Market Risk, Head Treasury, Head, Financial Control and Head, Assets and Liabilities Management. In attendance are the Front Office Unit Heads and the Chief Dealer.

The roles and responsibilities of the Committee are as follows:
- Establish, review and monitor the profitability plan of the Bank's asset & liability management and recommend the same for Board approval.
- Approve the Bank's market risk management strategies, policies and procedures for identifying, measuring, managing and reporting of market and liquidity risks.
- Direct acquisition and allocation of funds effectively within the ambit of the Bank's liquidity strategies, liquidity ratio targets and funding source thresholds.
- Manage asset and liquidity volumes, maturity, mix, rates and yields to achieve desired net interest margin within the boundaries of regulatory prescriptions and market dynamics.
- Approve risk control limits with regard to counterparty, currency concentration, position, etc.
- Establish and ensure effective implementation of liquidity strategies.
- Review and monitor liquidity and interest rate risks in banking books and foreign exchange risk in Bank's Statement of Financial Position.
- Provide relevant input, as needed, into capital planning, monitoring capital adequacy and suggesting strategy for capital augmentation.
- Design, implement and monitor contingency funding plan (CFP) and recommend for Board approval.
- Design methodology and implementation of fund transfer pricing (FTP), profitability of business units and create incentives for business units through FTP.
- Establish appropriate processes, resources and systems across the Bank for effective pricing mechanism.
- Determine a profitable and optimal risk-return pricing for the Bank's financial products.

3. Information Technology (“IT”) Steering Committee

The IT Steering Committee meets quarterly or as required. It comprises the Head, Service & Technology (Chair), Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Chief Information Officer, Head, Corporate Banking, Head, Commercial Banking, Head, Retail Banking, Chief Digital & Innovation Officer, Head, Human Resources, Chief Compliance Officer and Chief Audit Executive. In attendance are the Head, Alternative Channels and Head, Internal Control.

The roles and responsibilities of the Committee are as follows:

- Align IT investments and priorities more closely with business strategy.
- Ensure IT delivers on its plans, budgets and commitments.
- Manage, evaluate, prioritize, fund, measure and monitor requests for IT services and the resulting work / deliverables towards optimizing returns to the business.
- Improve IT organizational performance, compliance, maturity and staff development.
- Review and endorse recommendations for purchases, allocation and commitment of resources, annual information systems, capital budgets and large projects to appropriate decision making authorities.
- Ensure the Bank is able to continue critical operations during a crisis i.e. business continuity and disaster recovery.

4. Credit Committee

The Credit Committee meets weekly or as required. It comprises the Chief Risk Officer (Chairperson), Chief Executive Officer, Head, Corporate Banking, Head, Commercial Banking, Head, Retail Banking, Chief Credit Officer, one senior member of Corporate Bank, one senior member of Commercial Bank. In attendance are the Head, Credit Documentation and Control (Secretary), Head, Risk Analysis (Corporate Bank), Head, Risk Analysis (Commercial Bank), Head, Legal and Head, Business Support and Recovery.

The roles and responsibilities of the Committee are as follows:

- Review and recommend for Board Risk Management Committee (BRMC) approval the Bank's credit risk appetite and portfolio strategy and ensure it is in line with the overall corporate strategy and risk appetite of the Bank
- Review and provide updates to the BRMC on the Bank's credit portfolio and related credit control processes through periodic review covering credit and asset quality trends and statistics, business lending activities, areas of increasing/decreasing risks, etc.
- Approve credit facility requests and proposals within limits for the Committee and review and recommend for Board Credit Committee approval credit facility requests beyond the Committee's limits
- Review and approve decisions resulting from escalated areas by the regional stressed asset remedial teams. These include major accounts (₦100m and above) classified as non-performing or with early warning signs.
- Review, and update the BRMC, on an annual basis the administration, effectiveness and compliance with the Bank's credit policies

5. Risk Management Committee

This Committee meets monthly or as needed. It comprises the Chief Risk Officer (Chair), Head, Service and Technology, Chief Audit Executive, Chief Compliance Officer, Head, Legal Services, Head, Human Resources, Chief Digital & Innovation Officer, Chief Information Technology, Head, Corporate Communications & Marketing, Head, Operations, Head, Internal Control, Head, Quality Assurance, Head, Financial Control, Head, Customer Experience Management, Head, Operational Risk Management (Secretary).

The roles and responsibilities of the Committee are as follows:

- Provide central oversight of risk management across the Bank to ensure that the spectrum of risks within the purview of the committee are properly identified, measured, monitored and controlled in order to minimize adverse outcomes;
- Propose policies and standards for the management of relevant risks in the Bank;
- Monitor implementation of risk policies for risks under its purview;
- Ensure that effective operational risk assessment processes are carried out by all major business units and results aggregated to identify and monitor hot spots for effective remedial actions in respect of people, process and systems;
- Ensure that operational risk management tools and processes like RCSA, KRI and loss data collections are implemented & reviewed effectively.
- Implement relevant Board decisions across the Bank; and
- Perform with the support of relevant functions research & quality assurance and provide analytical support to the business.

6. New Product Committee

This Committee meets as required. It comprises the Chief Risk Officer (Chair), Chief Audit Executive, Chief Compliance Officer, Head, Legal Services, Chief Information Officer, Head, Operational Risk Management (Secretary), Head, Operations.

The roles and responsibilities of the Committee are as follows:

- Establish guidelines on the requirements applicable for Product Design Document in respect of any new financial product sought to be introduced;
- Ensure the policies and procedures for managing product risk are formally endorsed by the Board and documented;
- Ensure to set out policies regarding the Bank's financial product design, pricing methodologies, competitive positioning, risk-reward philosophy and financial capacity to absorb losses;
- Review and recommend/approve (as applicable) new product programs or changes to the existing product programs; and
- Review activities of the product initiation teams and ensure that they:
  - Adopt suitable processes, systems and personnel to support effective management of the product through its life-cycle and the risks associated with same;
  - Establish the provision of adequate funding by ALCO and the approvals for pricing;
  - Obtain and review reports on finances, including accounting procedures and tax implications;
  - Obtain and review all regulatory compliance matters applicable to the product and target customers;
  - Approve launch of new products; and
  - Receive and review reports on challenged products.

7. Disciplinary Committee

This Committee meets bi-weekly or as required, depending on cases for review. It comprises an EXCO member (Chair), Chief Audit Executive, Head, Human Resources, Head, Legal, Head, Branch Services, Head, Operational Risk, and Discipline Officer, Human Resources (Secretary).

The roles and responsibilities of the Committee are as follows:

- Investigate identified cases of non-compliance of acts or practices with laws, accepted banking practices, ethical principles or others (assisted by the Internal Audit Department, as required).
- Implement appropriate administrative sanctions as set out in the Bank's approved sanction grid.
- Develop and communicate precautionary measures with respect to acts and practices that may lead to the Bank's reputation and image being harmed in view of laws, public opinion and customers.
- Ensure appropriate measures are taken by relevant departments to eliminate future occurrence of non-compliant acts or practices identified from disciplinary cases.

8. Service Committee

This Committee is set up to optimize service delivery across the Bank (both internal and external) in line with our aim to consistently provide the simplest and smartest solutions and guarantee superior experience, and to monitor/review service trends and ensure prompt resolution of issues through relevant stakeholders' involvement.

It comprises the Head, Service & Technology (Chair), Head, Operations (Alternate Chair), Head, Service Assurance (Secretary), Chief Information Officer, Chief Compliance Officer, Head, Customer Care, Head, Retail Bank, Head, Alternative Channels, Head, Payments & Collections, Head, Transaction Banking, Trade & Cash, Chief Digital & Innovation Officer, Head, Corporate Communications & Marketing, Strategy Manager/Innovation Lead.

The roles and responsibilities of the committee are as follows:

- Monitor and review overall service delivery performance across the Bank via service dashboard tracking.
- Review service targets / SLAs periodically to ensure consistent and superior service delivery.
- Ensure prompt resolution of identified issues and risks to ensure objectives are met.
- Make strategic decisions to ensure optimum service delivery.
- Discuss and incorporate leading practices to service innovation in the Bank.
- Provide sign off/ input into recommendations / implementation plans as required.

9. Digital & Innovation Council

This Committee is set up to oversee digital and innovation related initiatives towards a truly Digital Union and ensure successful delivery of "Digital Union" strategy within set budget and timelines while ensuring sustainability and relevance over the years.

It comprises the Chief Executive Officer (Chair), Chief Digital & Innovation Officer (Secretary), Chief Information Officer, Chief Risk Officer, Chief Financial Officer, Head of Retail Bank, Head of Commercial Bank, Head of Corporate Bank, Head of Operations, Head, Alternative Channels, Head, HR, Head, Cash Management, Head, Retail

Products & Retail Segments, Head, Compliance, Head, Corporate Communication & Marketing, Head, Service Assurance, Digital Business/Ventures Lead, Strategy Manager/Innovation Lead, Treasurer, Business Representatives from Corporate, Commercial, Retail.

The roles and responsibilities of the committee are as follows:

- Guide and review regularly the digital strategy for the Bank including new initiatives and amendments to existing initiatives.
- Monitor progress of key digital and innovation initiatives and projects.
- Track and review all digital projects bank wide and set priorities based on resources required, cost/benefit and implementation requirements.
- Ensure the Bank is well positioned for current and emerging developments in the digital space.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report on the affairs of Union Bank of Nigeria Plc ("the Bank") and its subsidiaries ("the Group"), together with the consolidated audited financial statements and the auditor's report for the financial year ended 31 December 2018.

Legal Form and Principal Activity

The Bank commenced operations in Nigeria in 1917 as a branch of Barclays Bank Dominion Colonial Overseas (DCO) and was incorporated as a private company limited by shares in Nigeria in 1969. It became a public company limited by shares in 1970, with the Bank's shares quoted on the Nigerian Stock Exchange.

The principal activity of the Bank is the provision of banking and related financial services to corporate and individual customers. Such services include the granting of loans and advances, acceptance of deposits and money market activities.

The Group Financial Statements comprise the results of Union Bank of Nigeria Plc, Union Bank (UK) Plc, and UBN Property Company Plc, whilst Atlantic Nominees Limited has been accounted for as "Asset classified as held for sale".

Operating Results

Highlights of the Group's operating results for the year are as follows:

	Group	Restated Group	**Bank**	Restated Bank
	Dec. 2018	Dec. 2017	**Dec. 2018**	Dec. 2017
	₦ million	₦ million	**₦ million**	₦ million
Gross earnings	**145,517**	163,844	**140,066**	157,566
Profit before taxation	**18,453**	13,919	**18,660**	11,576
Taxation	**(360)**	(911)	**(222)**	(337)
Profit after taxation	**18,093**	13,008	**18,438**	11,239
Other Comprehensive income:				
Movement in fair value reserves (equity instruments)	**889**	-	**889**	-
Foreign currency translation	**2,340**	2,144	**-**	-
Movement in fair value reserves (debt instruments)	**(6,186)**	-	**(5,971)**	-
Fair value gains/(losses) on available for sale investments	**-**	7,862	**-**	7,753
Remeasurement of defined benefit obligation	**226**	-	**226**	-
	(2,731)	10,006	**(4,856)**	7,753
Total comprehensive income	**15,362**	23,014	**13,582**	18,992
Earnings per share (Basic and diluted)	**61k**	72k	**63k**	66k

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	**Bank Dec. 2018 ₦million**	Bank Dec. 2017 ₦ million
Total non-performing loans and advances	**45,434**	110,911	**38,496**	110,685
Total non-performing loans to total gross loans and advances	**8.74%**	19.78%	**8.13%**	20.81%

Directors and Their Interests

The direct interests of directors in the issued share capital of the Bank, as recorded in the register of directors' shareholding and for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange, are as follows:

S/N	Names	Direct Holding		Indirect Holding	
		Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
1.	Cyril Odu	2,661	2,661	–	–
2.	Emeka Emuwa	53,354,517	53,354,517	20,936,551	12,069,966
3.	Oyinkansade Adewale (Mrs.)[1]	2,160,602	2,160,602	–	–
4.	Kandolo Kasongo	5,008,854	5,008,854	–	–
5.	Emeka Okonkwo	5,611,758	5,641,551	–	–
6.	Adekunle Sonola	5,396,673	5,396,673	–	–
7.	Nath Ude	742	–	–	–
8.	Obafunke Alade-Adeyefa (Mrs.)	–	–	–	–
9.	John Botts[2]	–	–	–	–
10.	Richard Burrett	–	–	–	–
11.	Ian Clyne	–	–	–	–
12.	Beatrice Hamza Bassey (Mrs.)	–	–	–	–
13.	Richard Kramer	–	–	–	–
14.	Furera Isma Jumare (Mrs.)	–	–	–	–
15.	Taimoor Labib	–	–	–	–
16.	Mark Patterson[3]	–	–	–	–

[1]Retired with effect from 30 September, 2018
[2]Retired with effect from 19 March, 2019
[3]Appointed with effect from 17 April, 2019

Directors' Appointment

Since the last Annual General Meeting, Mr. Mark Patterson was appointed to the Board and being eligible, offers himself for election.

Directors' Retirement

The Directors who retire by rotation and, being eligible, offer themselves for re-election in accordance with Article 66 of the Bank's Articles of Association are:

1. Mr. Kandolo Kasongo
2. Mr. Richard Kramer
3. Mr. Emeka Okonkwo
4. Mr. Taimoor Labib

Directors' Interest in Contracts

In accordance with the provisions of Section 277 of the Companies and Allied Matters Act of Nigeria, there were no contracts in which Directors had any direct interest.

Property and Equipment

Information relating to changes in property and equipment is given in Notes 29 to the financial statements. In the Directors' opinion, the disclosures regarding the Group's properties are in line with the related statement of accounting policies of the Group.

Share Capital History

YEAR	AUTHORIZED (₦)		ISSUED AND PAID-UP (₦)		CONSIDERATION
	INCREASE/ DECREASE	CUMULATIVE	INCREASE/ DECREASE	CUMULATIVE	
1969	-	£10,000,000	-	-	
1969	-	£10,000,000	-	£5,000,000	Assets
1969	-	£10,000,000	£5,000,000	£10,000,000	Assets
1969	£10,000,000	£20,000,000	-	£10,000,000	
1970	-	£20,000,000	£1,000,000	£11,000,000	Assets
1971	-	£20,000,000	-	₦11,000,000	Conversion of Currency (2 ordinary shares of ₦1.00 each for 1 ordinary share of £1)
1971	-	₦20,000,000	1,000,000	12,000,000	Cash
1975	-	20,000,000	2,400,000	14,400,000	Bonus (1 for 5)
1976	-	20,000,000	2,880,000	17,280,000	Bonus (1 for 5)
1977	10,000,000	30,000,000	4,320,000	21,600,000	Bonus (1 for 4)
1978	20,000,000	50,000,000	8,640,000	30,240,000	Bonus (2 for 5)
1979	-	50,000,000	6,048,000	36,288,000	Bonus (1 for 5)
1982	50,000,000	100,000,000	18,144,000	54,432,000	Bonus (1 for 2)
1987	-	100,000,000	9,072,000	63,504,000	Bonus (1 for 6)
1989	-	100,000,000	-	63,504,000	Stock Split (₦1 to ₦0.25)
1991	100,000,000	200,000,000	15,876,000	79,380,000	Bonus (1 for 4)
1992	50,000,000	250,000,000	-	79,380,000	
1994	250,000,000	500,000,000	79,380,000	158,760,000	Bonus (1 for 1)
1995	-	500,000,000	39,690,000	198,450,000	Bonus (1:4)
1996		500,000,000	-	198,450,000	Stock Consolidation (₦0.25 to ₦0.50)
1996	-	500,000,000	198,450,000	396,900,000	Bonus (1:1)
1998	500,000,000	1,000,000,000	132,300,000	529,200,000	Bonus (1:3)
1998	-	1,000,000,000	100,000,000	629,200,000	Cash/Public Offer (200 million ordinary shares of ₦0.50)

1999	-	1,000,000,000	-	629,200,000	
2000	-	1,000,000,000	-	629,200,000	
2001	2,000,000,000	3,000,000,000	209,750,000	838,950,000	Bonus (1:3)
2002	-	3,000,000,000	419,475,000	1,258,425,000	Rights Issue (1 for 2)
2003	-	3,000,000,000	419,475,000	1,677,900,000	Bonus (1:3)
2004	2,000,000,000	5,000,000,000	559,300,000	2,237,200,000	Bonus (1:3)
2005	-	5,000,000,000	745,715,500	2,982,915,500	Bonus (1:3)
2006	2,500,000,000	7,500,000,000	313,490,400	3,296,405,900	Bonus (1:10)
2006	-	7,500,000,000	1,376,507,661	4,672,913,561	Public Offer/Rights Issue
2006	-	7,500,000,000	152,030,090	4,824,943,651	Bank Acquisition
2007	2,500,000,000	10,000,000,000	-	4,824,943,651	
2007	-	10,000,000,000	965,159,545	5,790,103,196	Bonus (1:5)
2008	5,000,000,000	15,000,000,000	965,000,000	6,755,103,196	Bonus (1:6)
2009	-	15,000,000,000	-	6,755,103,196	
2010	-	15,000,000,000	-	6,755,103,196	
2011	(5,488,437,500)	9,511,562,500	1,705,525,249	8,467,903,235	Capital Reorganization & Reduction
2012	-	9,511,562,500	-	8,467,903,235	
2013	-	9,511,562,500	-	8,467,903,235	
2014	-	9,511,562,500	-	8,467,903,235	
2015	-	9,511,562,500	-	8,467,903,235	
2016	7,988,437,500	17,500,000,000	-	-	Share Capital Increase
July 2017	-	17,500,000,000	25,649,661	8,493,552,896	Allotment of LTTIP Shares
Dec. 2017	-	17,500,000,000	6,066,823,497.50	14,560,385,394	Rights Issue
Dec. 2018	-	17,500,000,000	-	14,560,385,394	

Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2018 is as stated below:

Share Range	Number of Shareholders	Number of Holdings	% of Shareholding
1-1,000	306,628	106,802,911	0.37
1,001-5,000	111,544	240,799,351	0.83
5,001-10,000	20,439	138,891,873	0.48
10,001-50,000	14,838	288,134,779	0.99
50,001-100,000	1,449	101,147,365	0.35
100,001-500,000	1,072	215,468,821	0.74
500,001-1,000,000	121	83,111,009	0.29
1,000,001-5,000,000	130	272,436,065	0.94
5,000,001-100,000,000	41	851,983,432	2.93
100,000,001-500,000,000	2	504,999,627	1.73
	456,264	**2,803,775,233**	**9.63**
Foreign Shareholders			
500,000,001 and above	2	26,316,977,555	90.37
TOTAL	**456,266**	**29,120,752,788**	**100.00**

The shareholding pattern of the Bank as at 31 December 2017 is as stated below:

Share Range	Number of Shareholders	Number of Holdings	% of Shareholding
1-1,000	308,136	107,404,735	0.37
1,001-5,000	112,728	243,540,701	0.84
5,001-10,000	20,701	140,697,182	0.48
10,001-50,000	15,143	293,488,643	1.01
50,001-100,000	1,445	100,434,864	0.34
100,001-500,000	1,081	215,303,833	0.74
500,001-1,000,000	122	86,010,180	0.30
1,000,001-5,000,000	137	289,703,514	0.99
5,000,001-100,000,000	41	882,646,692	3.03
100,000,001-500,000,000	3	751,053,252	2.58
	459,537	**3,110,283,596**	**10.68**
Foreign Shareholders			
500,000,001 and above	2	26,010,469,192	89.32
TOTAL	**459,539**	**29,120,752,788**	**100.00**

According to the register of members as at 31 December 2018, no individual shareholder held more than 5% of the issued share capital of the Bank, except the following:

	Dec. 2018		Dec. 2017	
Shareholder	Shares Held	% of Shareholding	Shares Held	% of Shareholding
Atlas Mara Limited	7,299,054,484	25.06	6,992,546,121	24.01
Union Global Partners Limited	19,017,923,071	65.31	11,008,274,206	65.31

Corporate Citizenship

As a socially-driven and responsible bank, we continued to make significant impact through our Corporate Social Responsibility (CSR) endeavors in 2018. Our CSR objectives contributed towards Sustainable Development Goals (SDG) 1 (no poverty) SDG 2 (zero hunger), SDG 4 (quality education), SDG 5 (gender equality), SDG 8 (economic growth), SDG 11 (sustainable cities) and SDG 17 (partnerships for the goals).

Our approach to citizenship is focused on the creation of an enabling environment for our employees to thrive as well as to develop programmes that have direct societal impact. We ensure that initiatives embarked on deepen our support for children, women, social entrepreneurs and other worthy causes.

We deepened our effort across our chosen pillars for social investment which include:

- Talent development
- Agriculture
- Financial literacy

Talent Development

Through our talent development pillar, Union Bank works to build capacity and foster creativity, serving as a channel for improving the prospects of economic empowerment for Nigeria's enterprising youth population.
For the fifth consecutive year, Union Bank partnered with LEAP Africa to host the Social Innovators Programme (SIP). The Social Innovators Programme & Awards (SIPA) is LEAP Africa's platform for showcasing, empowering and equipping young change makers with requisite skills and effective tools for building sustainable enterprises. During the year-long programme, the 20 social entrepreneurs selected benefitted from business advisory services and mentorship opportunities to enable them transform their social change ideas into actual ventures.

In 2018, we increased the impact of our Girls Coding Summer Camp in collaboration with Pearls Africa Foundation. 80 young women from underserved communities in Lagos and Jos got the opportunity to learn about coding to solve social problems. Due to the visible impact of this project, Abisoye Ajayi-Akinfolarin, founder of Pearls Africa was named one of CNN's Top 10 Heroes of the Year for her extraordinary contributions to humanitarian aid, making her Nigeria's first ever CNN Hero. As part of our commitment to drive impact in education in all parts of the country, we refurbished and donated an e-library centre to Government Science School, Kuru, Plateau State. The e-library centre will reach and impact 1,500 students and teachers in the school. It will also have an indirect impact on over 5,000 people within the school's surrounding environment.

Through our support for the arts, we also partnered with notable organisations such as Mydrim Gallery, Okadabooks Ltd, Beeta Universal Arts Foundation and the Nigerian Creative Arts Exchange to impact over 5,000 young people in nurturing untapped creative talents in the Nigerian creative industry.

To ensure continuity of impact, we partnered with Rural Development and Reformation Foundation (RUDERF) to host the We Lead Mentorship Programme (WLMP) in Igbodo, Delta State. WLMP is a community-based, 8-month youth mentorship programme that utilizes local human resources and trained mentors to build and strengthen local youth, offering guidance using a structured curriculum.

Agriculture

We have an established heritage as a leader in the agricultural sector in Nigeria. From this unique positioning, we will continue to contribute to the economic growth and development of the country through our lending and investment activities especially in agribusiness.

In 2018, Union Bank partnered with Gartner Callaway Sustainability Company Ltd to train and empower 50 women in urban farming and held a training day for the women to learn about managing their finances as well as accessing funds for their businesses.

At the end of the two weeks training, women selected from Human and Environmental Development Agenda (HEDA) – an NGO committed to human rights and women development to promote sustainable societies – were given grow bags to assist them in growing lettuce and kale for sale. The project is expected to last for a year, during which time our UBN team will be carrying out monitoring checks and evaluation to verify improvement in the women's business activities and income.

Financial Literacy

As an organisation committed to the increase of financial knowledge, Union Bank through its monthly financial literacy visits to schools, impacted over 2,500 students in four cities – Lagos, Abuja, Jos and Port Harcourt.

The Financial Literacy Mentoring Programme (FLMP) is Union Bank's monthly visit to schools through its employee volunteer programme. Over 500 employees participated in this activity, impacting 3,240 students in 30 schools across the 6 geo-political zones of the country.

In celebration of World Savings Day on October 31, 2018, we were in 30 schools across Nigeria to educate students on the importance of developing a savings culture. This year, we adopted the theme 'Save Money...Save Lives' by partnering with Dr. Stella Adadevoh Foundation to also educate students on proper hygiene and hand-washing techniques. Through this initiative, 3,229 students were impacted by 58 Union Bank Employees. This campaign reinforces our commitment to achieving the Sustainable Development Goals (SDGs) of Nigeria.

Other CSR Initiatives

- **Employee Engagement Programs**

Every year, we promote a culture of inculcating frequent exercise, wholesome diet habits and maintaining a healthy work/life balance through our flagship employee health awareness programme, FitFeb.

Our 2018 FitFeb was themed "Fit for Productivity". In addition to nominating 'fitness champions' who are passionate about living a healthy lifestyle and inspiring others to do the same, we organised a series of fitness activities to engage our employees. Some activities organised were The Move Challenge, group move sessions, Stallion Fit Club, etc. Employees were encouraged to eat healthy and track their progress. Employees with the highest number of steps for the month won free gifts such as fitness bands, mobile phones, etc.

In commemoration of World Cancer Day, we partnered with cancer advocacy organisation, Care. Organisation. Public Enlightenment (COPE), to provide cancer screening for employees. 200 employees were given free cancer screening cards. During Breast Cancer Awareness Month in October, we once again partnered with COPE to organise free cancer screening for both men and women (cervical, breast and prostate cancer screening). Over 700 employees were screened.

In 2018, as part of our commitment to promote a healthier lifestyle for our employees, we launched our first e-wellness assessment test. Employees took the assessment test by answering a series of questions that address common medical ailments of working individuals.

The Union Ballers is an annual employee football tournament with inter-departmental teams organised to drive internal engagement and foster teamwork and collaboration across our Bank. Over 1,000 employees attended and it provided an avenue for family and team bonding. In 2018, following the success of the 2017 Union Ballers game and in alignment with our diversity and inclusion objective, we organised both male and female tournaments. Emeka Emuwa's Game Changers and Kandolo Kasongo's Warrior's FC were winners for the female and male tournaments respectively. In addition to the above, the bank organised the COPA Retail, which is our annual football competition between the retail teams across the Bank's network. The objective of this game is to boost employee physical well-being and fitness, improve employee health and engagement, create competitiveness between employees, and promote team bonding.

Donations and Charitable Gifts

We are committed to supporting and championing causes that align with our core values. In 2018, we supported 41 charities nationwide as well as donated 6,000 UnionCares bags to the less privileged. N30.2million was donated during the year. (2017: ₦45.5million). The breakdown is as follows:

S/N	ORGANIZATION	STATE/ LOCATION	Amount (N)
1	Arrow of God Orphanage	Lagos	750,000
2	Atunda Olu School (For Physically Handicapped Children)	Lagos	750,000
3	Christian Care for Widows, Widowers the Orphans and Aged (CCWA)	Abuja	750,000
4	Down Syndrome Foundation Nigeria	National	750,000
5	Modupe Cole Memorial Child Care and Treatment Home	Lagos	1,000,000
6	National Orthopedic Special School (Igbobi)	National	700,000
7	Pacelli School for the Blind	Lagos	750,000
8	SOS Children's Villages, Nigeria	National	750,000
9	Wesley School for the Hearing Impaired 1	Lagos	700,000
10	Wesley School for the Hearing Impaired 2	Lagos	700,000
11	Care Organization Public Enlightenment (COPE)	Lagos	700,000
12	Start Right Consulting	Lagos	700,000
13	Winiseph Care Home	Lagos	750,000
14	The Samaritans Project	National	750,000
15	The Childrens Development Centre	National	1,000,000
16	Manna Children Centre	Lagos	500,000
17	Hearts of Gold Children's Hospice	Lagos	750,000
18	The Sickle Cell Club	National	700,000
19	Vigilant Heart Charitable Society	Lagos	250,000
20	Child Lifeline Foundation	National	1,000,000
21	Flexisaf Foundation	Abuja	250,000
22	Children Emergency Relief Fund	National	250,000
23	Offa Trust Fund	Kwara	5,000,000
24	First Cardiology Consult	Lagos	5,000,000

25	Foundation for Rescue of Abandoned and Abandoned Children	Oyo	250,000
26	Spinal Cord Injuries Association of Nigeria (SCIAN)	Lagos	250,000
27	Special Olympics Nigeria	National	1,000,000
28	Kokumo Oladipo Memorial Foundation	Ogun	250,000
29	Lagos Food Bank Initiative	Lagos	500,000
30	Flip Book Foundation For Literacy	Lagos	250,000
31	Live Your Dreams Africa Foundation	Lagos	250,000
32	Vigilant Heart Charitable Society	Lagos	250,000
33	Vun4free (Valuables You Need For Free)	National	250,000
34	Gracit Technological Foundation	Ogun	250,000
35	Zimi Community	Ogun	250,000
36	REES (Renewable Energy & Environmental Sustainability AFRICA)	National	250,000
37	She ICT Society (SIS)	National	250,000
38	MANI (Mentally Aware Initiative)	National	250,000
39	EWEI (Empowering Women for Excellence Initiative)	National	250,000
40	DreamCatchers Foundation	Lagos	250,000
	Total		**30,200,000**

Our Approach to Sustainability

Sustainable banking integrates environmental, social and governance (ESG) criteria into traditional banking, and sets ESG benefits as a key objective. Our Bank recognises that good business and success are strongly linked with sustainable practices.

In 2018, we continued to drive towards shaping the future through positive contributions to our stakeholders and the environment. Our sustainability objectives contribute towards SDG 1 (no poverty), SDG 4 (education), SDG 5 (gender equality), SDG 7 (clean energy), SDG 10 (reduced inequalities) and SDG 11 (sustainable cities).

Our approach to sustainability is focused on the adoption of environmentally friendly business practices and operations, active participation in industry initiatives and the support of women's empowerment. We continuously seek to improve our environmental and social credit risk processes and increase sustainability related capacity development.

Sustainability Initiatives

- **Environmental Responsibility**

As an environmentally responsible bank, Union Bank prioritizes energy efficiency and conservation in all Bank locations. Our Bank locations are fitted with energy saving lights and elevators, as well as motion-sensor escalators and lightings.

Furthermore, we shut down the power supply at our Head Office and branches to reduce our power consumption, as follows: at our Head Office, the air conditioning system is shut down at 7pm daily; it is also off on weekends and public holidays. By 8pm, all lights are switched off. At our branch locations, power is turned off by 6pm. In addition, employees are expected to shut down all computers and unplug all power consuming equipment before leaving the office.

- **Recycling**

Our E&S strategy ensures that we operate in a clean and healthy environment while minimising the negative environmental impact of waste, by disposing of our waste in an environmentally friendly manner. Through the creation of strategic partnerships with local recycling entrepreneurs, we have been able to achieve significant progress. Starting in 2017, we began recycling out of our Head Office (25 floors) and over 20 branches. In 2018, we expanded this reach even further to include all our Lagos branches, and branches in Abuja, Ogun, Edo and Kwara states – a total of 92 recycling locations.

To date, we have seen a 30% reduction in our contribution to waste to landfills. With a strategy that supports continuous expansion, we would experience greater reduction in our contribution to landfills.

- **Recyclemania**

In a bid to drive even greater awareness of the benefits of recycling and promote a recycling culture among our employees, we organise an annual Recyclemania Competition in recycling branches to foster an increased recycling culture and a competitive spirit amongst employees. The competition is organised from September to November and the branch with the highest recycling weight per employee is crowned winner. At the close-out ceremony, the Bank's Yaba Branch emerged winner with a total recycling weight of **3227kg** and recycling weight of **82.74kg** per employee. They were conferred the 2018 Recyclemania Champions thus encouraging other employees to recycle more while acting as recycling champions even in their communities.

- **Alternative Energy and Sustainable Architecture**

As a bank, we are aware of the global increase in greenhouse emissions, the consequences of which pose a real threat to our continued human existence. In a bid to reduce the negative effects that our activities and operations may have on our immediate environment, we have put in place several energy-saving strategies to aid the reduction of our energy consumption and CO2 emissions.

As part of our bank-wide transformation activities, we were deliberate about the installation of alternative energy/energy reduction strategies within our branches. These include - efficient light bulbs and elevators, motion-sensor lighting and escalators, water meters, energy efficient air-conditioning systems and generators, etc.

Across our alternative channels, we have also ensured that we are as energy efficient as possible. To date, we have over 79 ATMs and 22 branches which are solar powered with three fabricated panel buildings and three container buildings. We plan to continue in this vein for the foreseeable future.

- **Industry Collaborations**

We have become regular partners with the Central Bank of Nigeria (CBN), Junior Achievement of Nigeria (JAN) and other banks to coordinate the annual Financial Literacy Day and World Savings Day activities during Global Money Week. In 2018, under our direct supervision and coordination, over eighty thousand (80,000) students were impacted during these celebrations. We are dedicated to forming alliances and partnerships at both institutional and sector level while fostering international relationships with global entities that have similar environmental and social development goals such as the United Nations Global Compact (UNGC), Business Call to Action (BCtA), World Economic Forum (WEF) working group on Global Financial Inclusion and the Nigerian Economic Summit Group (NESG).

We also have strong representation on industry level committees - Bankers' Committee Sub-Committees on Financial Literacy and Public Enlightenment, Sustainability and Economic Development; Steering Committee on Nigerian Sustainability Banking Principles.

- **Reporting**

As an organisation committed to sustainable practices, we are continually improving our business operations to ensure long-term resource availability through environmental, socially sensitive and transparent performances in relation to our stakeholders.

  - **Nigerian Sustainable Banking Principles (NSBP) Report**

  Banks in Nigeria adopted the Nigerian Sustainable Banking Principles (NSBP) in 2012 in recognition of the banking sector's responsibility to the positive and sustainable development of Nigeria. Bi-annually, we submit a report on our progress in the implementation of the NSBPs.

  - **United Nations Global Compact (UNGC): Communication on Progress**

  In 2018, to demonstrate this commitment and ensure our activities comply with local and international standards, we successfully uploaded our first UNGC report (Communication of Progress) on the United Nations website. We are pleased that our progress in sustainability can now be seen on this global forum.

Snapshot of Nigerian Sustainable Banking Principles (NSBP) Performance

Principles	Description	Our Performance
Principle 1	Our Business Activities	Using our core capabilities, we support economic growth by extending access to financial services for clients engaged in promoting sustainable energy through sales and installation of solar light bulbs, street lamps, panels, water pumps and inverters. We continuously build on clearly defined environmental and social processes and procedures guided by our E&S policy.
Principle 2	Our Business Operations	We are committed to the prevention of pollution, continuous improvement in our environmental performance and compliance with regulatory requirements. In our effort to further increase our progress in sustainability, • 95% of our branches are sustainable. • We have 34 solar powered branches and 78 solar powered ATMs. We plan to increase this number in the coming year. • Our efforts also include the use of energy efficient equipment; light bulbs, air-conditioning systems, motion-sensor lighting and escalators. • We have introduced water treatment plants to reduce our waste water discharges, installed water-meters in our bank locations and have developed recalibrated diesel tanks in our branches to improve diesel efficiency. • We currently recycle plastic, glass, paper and metal items in 92 recycling locations. This has led to a 27% of our waste is diverted to the landfills. • 1,413 employees involved in volunteering activities and spent a total of 3,535 hours.
Principle 3	Human Rights	Our employment policies and management practices support customer needs; align with an inclusive workplace culture and are guided by our human rights policy. Our employment practices address gender diversity, indigenous employment, and support for persons with disabilities; including providing relevant learning and development opportunities for our people. • 37 employees utilised the grievance mechanisms. • We have 5 physically challenged employees with 182 branches (69%) friendly to physically challenged individuals. • 13,316 retired employees granted access to free healthcare . • Under our UnionCares platform, we donated 6,000 gift bags to the disadvantaged individuals nationwide.
Principle 4	Women's Economic Empowerment	We strongly believe that the empowerment of women translates to the empowerment of the nation, and by supporting and partnering with women focused organisations and activities, we are truly able to make a difference. From our product and service offerings to the nature of collaborative partnerships, we have demonstrated that we are a bank with an investment-led approach to female economic empowerment. • 40% of our total employees are female with 21% women in management positions and 4 women on our board of directors. • In 2018, 55% of management trainees were female. • 46% of total capacity building expenditure was spent on female employees including 2 webinars, a masterclass and Wehub hangouts in 15 states. • We have created 120 mentor-mentee relationships. • 22% of total loan portfolio was on lending to women. • In addition, we trained and empowered 50 women in Urban Farming.

Principles	Description	Our Performance
Principle 5	Financial Inclusion	We are dedicated to the provision of a broad range of high quality products that are relevant, appropriate and affordable to the entire Nigerian populace, particularly the under-banked and un-banked. • We have 3 new innovative products for disadvantaged groups and reached 493,000 unbanked individuals. • 182 branches are easily accessed by physically challenged individuals and we have 430 agent banks nationwide. • As a bank, we direct supervise and coordinate the bank-wide Financial Literacy Day, World Savings Day and Fraud Awareness Campaigns. • We coordinated SME business seminars in select locations nationwide .
Principle 6	Environmental and Social Governance	We are dedicated to ensuring that we have transparent governance practices in place, especially in assessing the impact that our people, ideas and capital can have on supporting economic growth, addressing social challenges and promoting environmental sustainability. • We have Board level oversight on our E&S activities and plans. • 12 departments work together to ensure we meet our goals and targets. • In 2018, we conducted 2 sustainability audits – internal & external.
Principle 7	Capacity Building	We are committed to continuous and iterative capacity development of our employees. We ensure that relevant general and specialist skills are developed and transferred to all employees on an ongoing basis. In 2018, we conducted: • 1 board sustainability training. • 3 sustainability trainings for employees. • 1 webinar, 3 master class training, 15 hangout sessions for our women. • We created 140 mentorship relationships in 3 years and other capacity building programs such as Internship, Union Leadership Initiative and Management Trainee Program. • We also impacted 20 social entrepreneurs through the Social Innovators Programme and Awards.
Principle 8	Collaborative Partnerships	We are dedicated to forming alliances and partnerships at both institutional and sector level and fostering international relationships with global entities that have similar environmental and social development goals. We have strong representation on the following local & international industry level committees: • United Nations Global Compact (UNGC) – working group on Global Financial Inclusion. • World Economic Forum (WEF). • Business Call to Action (BCtA). • Nigerian Economic Summit Group (NESG). • Bankers' Committee Sub-Committees on Financial Literacy and Public Enlightenment. • Steering Committee on Nigerian Sustainability Banking Principles. • CBN Sustainability Champions. • Technical and Steering Committee on National Financial Inclusion Strategy.

Principles	Description	Our Performance
Principle 9	Reporting	We are dedicated to reporting on our sustainability initiatives, fostering improved transparency on our activities and managing our social and environmental impact. We submit: • Bi-annual reporting on NSBP progress to the CBN. • 2018 Annual CSI Report. • Publication of our first UNGC Communication on Progress (COP).

Human Resources

Employment of Physically Challenged Persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment, including those received from physically challenged persons. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming physically challenge in the course of employment, the Bank is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Bank has 5 persons (2017: 5 persons) on its staff list with physical challenges.

Health, Safety and Welfare of Employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense. Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises. The Bank operates a Group Personal Accident Insurance Scheme in accordance with the provisions of the Employee Compensation Act for the benefit of its employees and also operates a contributory pension plan for the benefit of its employees in line with the Pension Reform Act 2014 as amended.

Employee Involvement and Training

The Bank encourages the participation of employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Bank provides opportunities for employees to deliberate on issues affecting the Bank and employee interests.

The Bank places a high premium on the development of its manpower. Consequently, the Bank sponsored its employees for various training courses, both locally and overseas, and engaged staff in e-learning activities during the year under review.

Diversity of Employment

The Group is an equal opportunity employer that is committed to maintaining a positive workforce that facilitates high level of professional efficiency at all times. The Bank's policy prohibits discrimination by gender, disability or health status in the recruitment, training and career development of its employees.

(i) Persons with Disability
The Bank continues to maintain a policy of giving fair consideration to applications for employment received from physically challenged persons with due regard to their abilities and aptitude.

(ii) Gender Diversity within the Bank
The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion, gender or physical condition.

Total Workforce

2018
2593

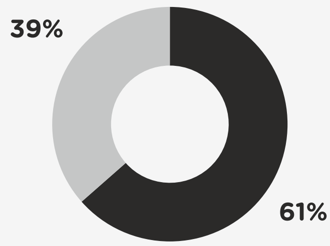
Men
1612

Women
981

2017
2645

Men
1679

Women
966



Recruitment During the Year

2018

Men
171

Women
128

2017

Men
198

Women
113

Diversity of Senior Management - Assistant General Manager to General Manager

Men
29

Women
9

Men
32

Women
8

Diversity of Board Members

2018

Men
11

Women
4

2017

Men
11

Women
4

Credit Ratings

CBN mandates all banks to be rated by a credit rating agency. The ratings are to be conducted on a regular basis i.e. updated on a continuous basis from year to year. In 2018, the Bank engaged four rating agencies to rate the Bank:

- ***Agusto & Co.***
  Rating (Local Currency): A-(NG)
  Outlook: Stable

- ***Global Credit Ratings***
  Long term: BBB+(NG) (2017: BBB+(NG))
  Outlook: Stable (2017: stable)
  Short term: A2(NG) (2017: A2(NG))

- ***Moody's Investor Services***
  Long Term Bank Deposits (Foreign Currency): B3 (2017:B3)
  Outlook: Stable (2017:Stable)
  National Scale Rating Long Term Bank Deposits (Local Currency): A2.ng (2017: A2.ng)
  National Scale Rating Long Term Bank Deposits (Foreign Currency): A3.ng (2017: A3.ng)

- ***Fitch Ratings***
  Long-Term Issuer Default Rating (IDR): B- (2017: B-)
  B-Outlook: Stable (2017: Stable)
  Viability Rating (VR): b- (2017: b-)
  Support Rating: 5 (2017: 5)

Compliance with Central Bank of Nigeria's Regulation on the Scope of Banking Activities

Section 6(1) of the Central Bank of Nigeria Regulation on the Scope of Banking Activities and Ancillary Matters ("Regulation 3") requires every bank operating under a Universal Banking License to submit to the Central Bank of Nigeria (CBN), for approval, a compliance plan duly approved by the Bank's Board of Directors. Three broad alternative options were available to banks to comply with Regulation 3, namely retaining portfolio companies by restructuring into a holding company structure, absorption of permissible activities by the Bank or full divestment from portfolio companies.

The Bank's Board and shareholders approved a Compliance Plan which involves the Bank divesting of its interests in all its portfolio companies, with the exception of Union Bank (UK) Plc. and applied for an International Commercial Banking license. The Bank received CBN's approval to proceed with its plans to comply with Regulation 3 ("the Compliance Plan") in 2013.

The Bank has successfully completed the divestment of its interests in the following subsidiaries: Union Capital Markets Limited, Union Assurance Company Limited, UBN Insurance Brokers Limited, Union Registrars Limited, Union Trustees Limited and Union Homes Savings and Loans Plc. Union Pension Custodians Limited has been liquidated, with the necessary regulatory approvals obtained. Divestment of the Bank's interest in UBN Property Company Plc ("UPCP") has been suspended by the Bank due to pending litigation instituted by some shareholders of UPCP and would be concluded as soon as the litigation is resolved. Also, in preparation for the liquidation of the Special Purpose Vehicle (SPV), Atlantic Nominees Limited, the disposal of the SPV asset is in progress.

Events after Reporting Date

There were no subsequent events which could have had material effect on the financial statements of the Bank as at 31 December, 2018 and the profit for the year ended on that date, which have not been adequately provided for or disclosed.

Auditors

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
FRC/2013/NBA/00000002061
Company Secretary
Lagos Nigeria
14 March, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria's (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap 20, Laws of the Federation of Nigeria, 2004 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Group and Bank's ability to continue as a going concern and have no reason to believe that the Group and Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Emeka Emuwa
Chief Executive Officer
FRC/2013/CIBN/00000001774
14 March, 2019

Cyril Odu
(Chairman)
FRC/2018/IODN/00000018468
14 March, 2019

REPORT OF THE STATUTORY AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2018

To the members of **Union Bank of Nigeria Plc**

In accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act of Nigeria, the members of the Statutory Audit Committee of Union Bank of Nigeria Plc hereby report as follows:

(i) We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of Management and Staff in the conduct of these responsibilities.

(ii) We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2018 were satisfactory and reinforce the Group's internal control systems.

(iii) We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". The balance have been disclosed in Note 46 to the Financial Statement.

(iv) We have deliberated with the External Auditors, who have confirmed that necessary cooperation was received from Management in the course of their statutory audit and we are satisfied with Management's responses to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

Mr. Matthew Akinlade
Chairman
Statutory Audit Committee
FRC/2013/ICAN/00000002111
14 March, 2019

Members of the Statutory Audit Committee are:

- Matthew Akinlade - *Chairman*
- Musa Bichi - *Member*
- Marcel Ojinka - *Member*
- Obafunke Alade-Adeyefa (Mrs.) - *Member*
- Furera Isma Jumare (Mrs.) - *Member*
- Richard Kramer - *Member*

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Port-Harcourt Office:
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Phase II, Port Harcourt

March 08, 2019

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UNION BANK OF NIGERIA PLC ("UBN") FOR THE YEAR ENDED 31 DECEMBER 2018

In accordance with the provisions of **Section 2.8 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria ("the Code"), as well as Section 15 of the Securities Exchange Commission (SEC) Code of Corporate Governance for Public Companies ("the SEC Code"),** DCSL Corporate Services Limited was appointed to undertake an appraisal of the Board of Directors of Union Bank Nigeria Plc ("UBN") for the year-ended 31st December 2018. The evaluation involved a thorough review of the Bank's corporate and statutory documents, the minutes of Board and Committee meetings, policies currently in place and other ancillary documents made available to us, questionnaires administered as well as information derived from our interaction with Directors. Board and Peer Review Surveys were also administered on the Directors.

In undertaking the appraisal which was premised on confirming the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the CBN and SEC Codes, we considered the following seven key corporate governance themes:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Having reviewed the policies and processes put in place by the Board, we confirm that Board is committed to the sustenance of best corporate governance practices and ensuring adherence to the provisions of the CBN and SEC Codes of Corporate Governance, as well as globally accepted best practices. The Board is also committed to enthroning the highest ethical standards and transparency in the conduct of the Bank's business. The Peer Assessment and Chairman's Leadership Assessment undertaken indicate that individual Directors performed creditably against the parameters used for the appraisal and continue to demonstrate strong commitment to enhancing the Bank's growth. The Board paid particular attention to its oversight of Risk Management, compliance and internal control.

The Board continued to display strong awareness of the risks facing the business and provided appropriate mechanism for keeping these under check and safeguarding the Bank's assets and stakeholders' interests.

We have brought to the attention of the Board those areas that require improvement and are satisfied that the Board has taken due note of these.

Details of our key findings and recommendations are contained in our Report.

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director

Directors: • Abel Ajayi (Chairman) • Obi Ogbechi • Adeniyi Obe • Adebisi Adeyemi (Managing Director)

DCSL Corporate Services Limited

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KPMG Tower
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PMB 40014, Falomo
Lagos

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234 (1) 271 8599
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Union Bank of Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Union Bank of Nigeria PLC (“the Bank”) and its subsidiaries (together, “the Group”), which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 62 to 179

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 Bank and its subsidiaries as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and 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 Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (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 judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to customers

The determination of the impairment of loans and advances requires a high level of subjectivity inherent in estimating the impact of key assumptions on the recoverability of loan balances, including the application of industry knowledge and prevailing economic conditions in arriving at the estimation of the impairment allowance required.

During the year, the Group adopted a new accounting standard, IFRS 9 which became effective on 1 January 2018. The key change arising from the adoption of IFRS 9 was that the Group's impairment losses on financial instruments are now based on an Expected Credit Loss (ECL) model rather than an incurred loss model, with the most significant impact being on impairment of loans and advances.

The determination of impairment allowance using the ECL model requires the application of various financial indices which are estimated from financial data obtained within and outside the Group.

Impairment allowance on loans that have shown a significant increase in credit risk, is based on the Group's estimate of losses expected to result from defined default events over the life of the loans. Impairment allowance on loans that have not shown a significant increase in credit risk is recognized based on an estimate of the losses expected to result from default events within one year from the reporting date. This estimate is also an output of models, with the key assumptions being the:

- possibility of a loan becoming past due and subsequently defaulting,
- rate of recovery on the loans that are past due and in default,
- market values and estimated time and cost to sell collateral and
- an estimate of the future inflation rate, exchange rate and Gross Domenstic Product (GDP_ growth rate, which are the forward looking information used in the model.

The judgment involved in classifying loans into stages, the level of subjectivity inherent in estimating the key assumptions on the recoverability of loan balances, the inputs estimated, the complexity of the estimation process and the significant judgment involved in applying these estimates to determine the level of impairment allowance required, makes the impairment of loans and advances a matter of significance to the audit.

How the matter was addressed in our audit

Our audit procedures included the following with respect to the reporting periods as at 1 January 2018 and 31 December 2018:

- We tested key controls covering processes such as review of external data into the impairment model and monitoring the performance of loans and advances. These key controls include:

  - management review of credit risk grades allocated to counterparties

  - input of underlying data into the model

- We inspected a sample of credit files to test the accuracy of loan grading and recoverability of loans in sectors assessed to be high risk.

- We challenged the Group's ECL methodology by considering whether it reflects probability-weighted amounts that are determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic condition.

- We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant classification of loans into the various stages. For loans and advances which have shown a significant increase in credit risk, we evaluated the level of past due obligations and qualitative factors such as cumulative industry knowledge about the obligors to determine whether the Group should make an estimate based on the losses expected to result from default events.

- With the assistance of our financial risk management specialists, we assessed the key data and assumptions for the data input into the ECL model for reasonableness. Our procedures included the following:

  (I) We evaluated the appropriateness of the Group's forward looking assumptions comprising inflation rate, exchange rate and Gross Domestics Product (GDP) growth rate used in the ECL calculations by using available information from external sources.

  (ii) We re-performed the calculation of the recoverable amount of outstanding loan balances considering relevant inputs such as the estimated cashflow (including collateral), probability of foreclosure and time to recover the collateral.

  (iii) We assessed the appropriateness of the Probability of Default (PD) used in the ECL calculations for reasonableness by checking the historical movement in facilities between default and non-default categories.

  (iv) We assessed the reasonableness of the calculation of Loss Given Default (LGD) rates used by the Group in the ECL calculations, including the appropriateness of the

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use of collateral, by recomputing the LGD and reviewing the valuation of the collateral used.

- Our financial risk management specialists re-performed the calculations of impairment allowance for loans and advances using the Group's impairment model.

- We checked that the difference between previously reported impairment allowance on loans and advances and the ECL impairment allowance was recognized in the opening retained earnings at 1 January 2018 in line with the requirements of the revelvant accounting standards.

- We assessed whether disclosures in these financial statements appropriately reflect the Group's exposure to credit risk including collateral information in line with the requirements of the relevant accounting standards.

Refer to Note 3(c) (Group accounting policies) and Note 23 to the consolidated and separate financial statements.

Litigation and claims

The Group, in the ordinary course of business is involved in a number of litigation claims from third parties. In view of the inherent difficulty in predicting the outcome of such matters, particularly where in some cases, the claimants seek significant damages or where the matters involve many parties, the Group makes significant judgments and assumptions in determining the eventual outcome of the pending matters, the timing of the ultimate resolution of these matters and the eventual provision related to each pending matter.

The Group establishes a provision for litigation claims if, as a result of a past event, the Group has a 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. There may be other cases where no provision is established based on legal advice and the Group's assessment that the chances of successfully defending the cases are high and the likelihood of possible outflow of economic resources is remote.

The Group has two significant litigation claims where the Group has lost both cases in court but has not recognised any provision based on its assessment of the likelihood of success of these litigation claims on appeal. This is considered a key audit matter in the consolidated and separate financial statements given the level of significance of the amount of the judgment debt, and the judgment involved in determining that no provision is required.

How the matter was addressed in our audit

Our audit procedures included the following:

- We assessed the process for identification and assessment of legal claims and litigation. We evaluated the Group's assessment of the nature and status of the reported litigation, claims and provision made, and discussed with the internal counsel to understand the legal position and the basis of provision recognised.

- Where the Group has made provisions, we challenged the adequacy of provisions recognised by critically assessing the key assumptions forming the basis of the provisioning and comparing the assumptions to available historical data and professional opinion of external solicitors.

- Where the Group has appealed to a higher court,we evaluated the Group's assessment of probable outflow of resources based on responses received from the external legal counsel.

- We engaged an independent solicitor to review the legal opinions of the Group's independent solicitors and in determining that no provision is required.

- We assessed the disclosures to determine whether they are sufficient regarding the inherent uncertainties associated with provisions recognised. We also assessed the appropriateness and extent of contingent liability disclosures for those pending matters for which no provision has been recognised.

Refer to the Note 3 (y,z) in the Group Accounting policies and Note 36 and 43(ii) to the consolidated and separate financial statements.

Other Information

The Directors are responsible for the other information which comprises the Corporate Information, Directors' report, Statement of Directors' responsibilities, Report of the Audit Committee and Other National Disclosures, (but does not include the consolidated and separate financial statements and our audit report thereon), which we obtained prior to the date of this auditors' report. It also includes other information such as the Notice of Annual General Meeting, Financial Highlights, Corporate Profile, Chief Executive Officer's Statement, Corporate Governance report, Profile of Board Members and list of sales and service center across Nigeria (together "outstanding reports") which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we review the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap 83, Laws of the Federation of Nigeria, 2004 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group (and 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 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 (and 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 Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group (and 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 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 Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, 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 consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria circular BSD/1/2004

I. The Bank and Group paid penalties in respect of contravention of the Bank and other Financial Institutions Act during the year ended 31 December 2018. Details of penalties paid are disclosed in note 47 of these financial statements.

ii. Related party transactions and balances are disclosed in note 46 of these financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
21 March, 2019
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0241982

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended

	Notes	Group		Bank	
		Dec. 2018	Restated Dec. 2017	Dec. 2018	Restated Dec. 2017
		₦ million	₦ million	₦ million	₦ million
Gross earnings		**145,517**	**163,844**	**140,066**	**157,566**
Interest income	9	**110,366**	124,549	**104,792**	119,875
Interest expense	9	**(55,016)**	(57,880)	**(53,867)**	(57,554)
Net interest income		**55,350**	**66,669**	**50,925**	**62,321**
Net impairment credit/(charge) for credit losses	14(a)	**3,374**	(25,609)	**3,897**	(25,510)
Net interest income after impairment charge for credit losses		**58,724**	**41,060**	**54,822**	**36,811**
Fee and commission income	10(a)	**14,064**	12,458	**13,323**	11,830
Fee and commission expense	10(b)	**(2,468)**	(2,251)	**(2,468)**	(2,251)
Net fee and commission income	10	**11,596**	10,207	**10,855**	9,579
Net trading income	11	**8,410**	9,129	**8,410**	9,036
Net income from other financial instruments at fair value through profit or loss	12	**5,556**	362	**5,556**	362
Other operating income	13	**9,589**	19,597	**10,453**	18,714
Non interest income		**35,151**	**39,295**	**35,274**	**37,691**
Operating income		**93,875**	**80,355**	**90,096**	**74,502**
Net impairment write-back on other financial assets	14(b)	**(382)**	292	**(382)**	32
Net operating income after net impairment write-back on other financial assets		**93,493**	**80,647**	**89,714**	**74,534**
Personnel expenses	15	**(34,564)**	(29,557)	**(32,324)**	(27,545)
Depreciation of property and equipment	29	**(5,221)**	(4,572)	**(5,156)**	(4,498)
Amortisation of intangible assets	30	**(1,762)**	(1,466)	**(1,543)**	(1,280)
Other operating expenses	16	**(33,493)**	(31,133)	**(32,031)**	(29,635)
Total expenses		**(75,040)**	**(66,728)**	**(71,054)**	**(62,958)**
Profit before income tax		**18,453**	**13,919**	**18,660**	**11,576**
Income tax expense	17	**(360)**	(911)	**(222)**	(337)
Profit for the year		**18,093**	**13,008**	**18,438**	**11,239**
Other comprehensive income, net of income tax					
Items that will not be reclassified to profit or loss					
Movement in fair value reserves (FVOCI)		**-**	-	**-**	-
- net change in fair value		**889**	-	**889**	-
Remeasurement of defined benefit liability		**226**	-	**226**	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**2,340**	2,144	**-**	-
Movement in fair value reserves (FVOCI)			-		
- net change in fair value		**(6,186)**	-	**(5,971)**	-
Movement in fair value reserves (available for sale investments)					
- net change in fair value		**-**	7,862	**-**	7,753
Other comprehensive income for the year		**(2,731)**	10,006	**(4,856)**	7,753
Total comprehensive income for the year		**15,362**	**23,014**	**13,582**	**18,992**

	Notes	Group		Bank	
		Dec. 2018	Restated Dec. 2017	Dec. 2018	Restated Dec. 2017
		₦ million	₦ million	₦ million	₦ million
Profit attributable to:					
Equity holders of the Bank		**17,648**	12,288	**18,438**	11,239
Non-controlling interest	42	**445**	720	**-**	-
Profit for the year		**18,093**	13,008	**18,438**	11,239
Total comprehensive income attributable to:					
Equity holders of the Bank		**14,917**	22,294	**13,582**	18,992
Non-controlling interest	42	**445**	720	**-**	-
Total comprehensive income for the year		**15,362**	23,014	**13,582**	18,992
Earning s per share for profit from total operations attributable to equity holders of Bank					
Basic and Diluted Earning per Share (Kobo)	18	**61**	72	**63**	66

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

Consolidated and Separate Statements of Financial Position

As at

	Notes	Group Dec. 2018 ₦ million	Restated Group Dec. 2017 ₦ million	Restated Group Jan. 2017 ₦ million	Bank Dec. 2018 ₦ million	Restated Bank Dec. 2017 ₦ million	Restated Bank Jan. 2017 ₦ million
ASSETS							
Cash and cash equivalents	19	**233,566**	222,577	136,194	**159,028**	137,497	35,536
Non-pledged trading assets	20	**14,271**	20,076	8,323	**14,271**	20,076	8,323
Pledged assets	21	**48,839**	54,079	53,430	**48,839**	54,079	53,430
Derivative assets held for risk management	22	**1 ,029**	1,297	2,747	**1,029**	1,297	2,747
Loans and advances to customers	23	**473,462**	517,103	507,190	**428,037**	488,555	489,890
Investments in equity accounted investee	24	**-**	-	-	**-**	-	-
Investment securities	25	**199,317**	185,658	181,720	**175,068**	175,329	166,759
Trading properties	26	**186**	1,153	2,309	**187**	513	1,124
Investment properties	27	**5,030**	4,951	4,347	**-**	-	-
Investment in subsidiaries	28	**-**	-	-	**10,567**	10,567	10,567
Property and equipment	29	**59,954**	55,986	52,800	**59,830**	55,801	52,567
Intangible assets	30	**6,045**	4,344	3,374	**5,628**	3,949	2,859
Deferred tax assets	31	**95,875**	95,875	95,910	**95,875**	95,875	95,875
Other assets	32	**324,277**	291,692	202,298	**324,003**	290,706	201,838
Defined benefit assets	37(a)	**1 ,610**	352	1,643	**1,610**	352	1,643
		1,463,461	**1,455,143**	**1,252,285**	**1,323,972**	**1,334,596**	**1,123158**
Assets classified as held for sale	40	**397**	397	397	**325**	325	325
TOTAL ASSETS		**1,463,858**	**1,455,540**	**1,252,682**	**1,324,297**	**1,334,921**	**1,123,483**
LIABILITIES							
Derivative liabilities held for risk management	22	**1,120**	972	13	**1,117**	972	13
Deposits from banks	33	**99,477**	100,131	90,266	**-**	10,686	4,351
Deposits from customers	34	**857,593**	802,384	658,444	**844,413**	796,708	633,827
Current tax liabilities	35	**581**	524	465	**232**	271	177
Deferred tax liabilities	31	**262**	259	101	**-**	-	-
Other liabilities	36	**169,654**	113,730	142,074	**168,827**	110,628	141,861
Employee benefit obligations	37(a)	**788**	857	805	**786**	801	773
Debt securities issued	38	**13,860**	-	-	**13,860**	-	-
Other borrowed funds	39	**94,891**	93,211	89,514	**94,975**	95,736	91,812
TOTAL LIABILITIES		**1,238,226**	**1,112,068**	**981,682**	**1,124,210**	**1,015,802**	**872,814**
EQUITY							
Share capital and share premium	41	**201,652**	201,652	400,109	**201,652**	201,652	400,109
Accumulated losses		**(44,380)**	(16,313)	(244,753)	**(47,736)**	(21,047)	(248,438)
Other reserves		**62,084**	152,302	110,533	**46,171**	138,514	98,998
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		**219,356**	**337,641**	**265,890**	**200,087**	**319,119**	**250,669**
Non-controlling interest	42	**6,276**	5,831	5,111	**-**	**-**	**-**
TOTAL EQUITY		**225,632**	**343,472**	**271,001**	**200,087**	**319,119**	**250,669**
TOTAL LIABILITIES AND EQUITY		**1,463,858**	**1,455,540**	**1,252,682**	**1,324,297**	**1,334,921**	**1,123,483**

Signed on behalf of the Board of Directors on 14 March 2019 by:

Cyril Odu
Chairman
FRC/2018/IODN/00000018468

Emeka Emuwa
Group Managing Director
FRC/2013/CIBN/00000001774

Joe Mbulu
Chief Financial Officer
FRC/2014/ICAN/00000006110

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

Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2018

Group	Share capital	Share premium	Statutory reserve	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Restated Balance at 31 December 2017	14,561	187,091	26,031	40,567	71,027	193	-	14,484	(16,313)	337,641	5,831	343,472
Adjustment on initial application of IFRS 9, net of tax (see Note 5(k))	-	-	-	(20,400)	(71,027)	-	-	-	(41,565)	(132,992)	-	(132,992)
Restated balance at 1 January 2018 (see Note 5(k))	14,561	187,091	26,031	20,167	-	193	-	14,484	(57,878)	204,649	5,831	210,480
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	17,648	17,648	445	18,093
Other comprehensive income, net of tax												
Items that will not be reclassified to profit or loss												
Movement in fair value reserves (equity instruments)												
- net change in fair value	-	-	-	889	-	-	-	-	-	889	-	889
Items that are or may be reclassified subsequently to profit or loss												
Movement in fair value reserves (debt instruments)												
- net change in fair value	-	-	-	(6,186)	-	-	-	-	-	(6,186)	-	(6,186)
Expected credit loss reserve on debt securities	-	-	-	-	-	-		37	-	37	-	37
Remeasurement of defined benefit liability	-	-	-	-	-	-		226	204	430	-	430
Foreign currency translation difference	-	-	-	-	-	-	-	2,340	-	2,340	-	2,340
Appropriation:												
Transfer to regulatory reserves	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	-	-	2,766	(388)	-	-	1,436	-	(3,814)	-	-	-
Total comprehensive income for the year	-	-	2,766	(5,685)	-	-	1,436	2,603	14,038	15,158	445	15,603
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividend paid to Non controlling interest	-	-	-	-	-	-	-	-	(540)	(540)	-	(540)
Equity-settled share-based payment	-	-	-	-	-	89	-	-	-	89	-	89
Total contribution and distributions to owners	-	-	-	-	-	89	-	-	(540)	(451)	-	(451)
Balance at 31 December 2018	**14,561**	**187,091**	**28,797**	**14,482**	**-**	**282**	**1,436**	**17,087**	**(44,380)**	**219,356**	**6,276**	**225,632**

December 2017
Group

	Share capital	Share premium	Statutory reserve	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2017	8,468	391,641	24,445	34,832	38,869	147	-	12,340	(244,183)	266,559	5,111	271,670
Prior year adjustment (See note 4(b)	-	-	(100)	-	-	-	-	-	(570)	(670)	-	(670)
Restated balance at 1 January 2017	8,468	391,641	24,345	34,832	38,869	147	-	12,340	(244,753)	265,889	5,111	271,000
Total comprehensive income for the year												
Profit for the year	-	-	-	-	-	-	-	-	12,288	12,288	720	13,008
Other comprehensive income, net of tax												
Foreign currency translation difference	-	-	-	-	-	-	-	2,144	-	2,144	-	2,144
Fair value gains/(loss) on available-for-sale investment	-	-	-	7,862	-	-	-	-	-	7,862	-	7,862
Appropriation:												
Transfer from regulatory reserves	-	-	-	-	32,158	-	-	-	(32,158)	-	-	-
Transfer from other reserves	-	(247,868)	1,686	(2,127)	-	-	-	-	248,309	-	-	-
Total comprehensive income for the year	-	(247,868)	1,686	5,735	32,158	-	-	2,144	228,439	22,294	720	23,014
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Shares redeemed during the year	6,067	43,097	-	-	-	-	-	-	-	49,164	-	49,164
Equity-settled share-based payment	-	-	-	-	-	293	-	-	-	293	-	293
Transfer from Share Based Payment Reserve	26	221	-	-	-	(247)	-	-	-	-	-	-
Total contribution and distributions to owners	6,093	43,318	-	-	-	46	-	-	-	49,457	-	49,457
Restated Balance at 31 December 2017	**14,561**	**187,091**	**26,031**	**40,567**	**71,027**	**193**	**-**	**14,484**	**(16,313)**	**337,641**	**5,831**	**343,472**

Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2018

Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained deficit	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Restated balance at 31 December 2017	14,561	187,091	26,031	39,205	71,027	193	-	2,058	(21,047)	319,119
Adjustment on initial application of IFRS 9, net of tax (see Note 5(k))	-	-	-	(20,400)	(71,027)	-	-	-	(41,517)	(132,944)
Restated balance at 1 January 2018 (see Note 5(k))	14,561	187,091	26,031	18,805	-	193	-	2,058	(62,564)	186,175
Total comprehensive income for the year										
Profit or loss	-	-	-	-	-	-	-	-	18,438	18,438
Other comprehensive income, net of tax										
Items that will not be reclassified to profit or loss										-
Movement in fair value reserves (equity instruments)										-
- net change in fair value	-	-	-	889	-	-	-	-	-	889
Items that are or may be reclassified subsequently to profit or loss										-
Movement in fair value reserves (debt instruments)									-	-
- net change in fair value	-	-	-	(5,971)	-	-	-	-	-	(5,971)
Expected credit loss reserve on debt securities	-	-	-	-	-	-	-	37	-	37
Foreign currency translation diferrence										
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	226	204	430
Appropriation:										
Transfer to regulatory reserves	-	-	-	-	-	-	-	-	-	-
Transfer to/(from) other reserves	-	-	2,766	(388)	-	-	1,436	-	(3,814)	-
Total comprehensive income for the year	-	-	2,766	(5,470)	-	-	1,436	264	14,828	13,824
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity settled share based payment	-	-	-	-	-	89	-			89
Total contribution and distributions to owners	-	-	-	-	-	89	-	-	-	89
Balance at 31 December 2018	**14,561**	**187,091**	**28,797**	**13,335**	**-**	**282**	**1,436**	**2,322**	**(47,736)**	**200,087**

December 2017
Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained deficit	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2017	8,468	391,641	24,445	33,579	38,869	147	-	2,058	(247,868)	251,339
Prior year adjustment (See note 4(b)	-	-	(100)	-	-	-	-	-	(570)	(670)
Restated balance at 1 January 2017	8,468	391,641	24,345	33,579	38,869	147	-	2,058	(248,438)	250,669
Total comprehensive income for the year										
Profit or loss	-	-	-	-	-	-	-	-	11,239	11,239
Other comprehensive income, net of tax										
Fair value gains on available-for-sale investment	-	-	-	7,753	-	-	-	-	-	7,753
Appropriation:										
Transfer to regulatory reserves	-	-	-	-	32,158	-	-	-	(32,158)	-
Transfer to/(from) other reserves	-	(247,868)	1,686	(2,127)	-	-	-	-	248,309	-
Total comprehensive income for the year	-	(247,868)	1,686	5,626	32,158	-	-	-	227,390	18,992
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Shares issued during the year	6,067	43,097	-	-	-	-	-	-	-	49,164
Equity-settled share-based payment	-	-	-	-	-	293	-	-	-	293
Transfer from Share Based Payment Reserve	26	221	-	-	-	(247)	-	-	-	-
Total contribution and distributions to owners	6,093	43,318	-	-	-	46	-	-	-	49,457
Restated Balance at 31 December 2017	**14,561**	**187,091**	**26,031**	**39,205**	**71,027**	**193**	**-**	**2,058**	**(21,047)**	**319,119**

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2018

	Notes	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Cash flows from operating activities					
Profit for the year		**18,093**	13,008	**18,438**	11,239
Income tax expense	17	**360**	911	**222**	337
Profit before tax		**18,453**	13,919	**18,660**	11,576
Adjustments for:					
Impairment (write-back)/losses on loans and advances to customers	14(a)	**(3,209)**	32,826	**(3,732)**	32,727
Impairment charge on cash and cash equivalents	14(a)	**68**	-	**68**	-
Impairment write-back on debt securities	14(a)	**(29)**	-	**(29)**	-
Impairment write-back on contingent assets	14(a)	**(204)**	-	**(204)**	-
Recoveries on loans and advances to customers	13	**(3,940)**	(5,946)	**(3,940)**	(5,946)
Reversal of impairment on loans and advances	14(a)	**-**	(7,217)	**-**	(7,217)
Reversal of impairment on other assets	14(b)	**382**	(193)	**382**	(193)
Reversal of impairment on trading properties	14(b)	**-**	(273)	**-**	-
Allowances on other assets	14(b)	**-**	174	**-**	161
Write-off of property and equipment	29	**-**	136	**-**	136
Revaluation gains on investment properties	27	**-**	(200)	**-**	-
Gain on sale of property and equipment	13	**(634)**	(1,769)	**(393)**	(1,768)
Gain on disposal of available for sale - unquoted equity	13	**(1,254)**	-	**(1,254)**	-
Gain on sale of trading properties	13	**-**	(238)	**-**	(175)
Depreciation of property and equipment	29	**5,221**	4,572	**5,156**	4,498
Amortisation of intangible assets	30	**1,762**	1,466	**1,543**	1,280
Dividend income from equity investment	13	**(972)**	(1,033)	**(2,309)**	(1,033)
Interest paid on borrowings	9	**15,859**	11,905	**15,859**	11,905
Increase in plan assets		**(1,120)**	-	**(1,069)**	-
Contributions to defined contribution plans	15	**759**	726	**623**	611
Increase in liability for defined benefit plans	15	**561**	745	**560**	721
		31,703	49,600	**29,921**	47,283
Change in non-pledged trading assets	49(I)	**5,805**	(11,753)	**5,805**	(11,753)
Change in pledged assets	49(ii)	**5,240**	(649)	**5,240**	(649)
Change in loans and advances to customers	49(iii)	**(82,202)**	(29,576)	**(64,754)**	(18,229)
Change in other assets	49(iv)	**(32,850)**	(89,495)	**(33,562)**	(88,923)
Change in derivative financial instruments-assets	49(v)	**268**	1,450	**268**	1,450
Change in derivative financial instruments-liabilities	49(v)	**148**	959	**145**	959
Change in deposits from banks	49(vi)	**(654)**	9,865	**(10,686)**	6,335
Change in deposits from customers	49(vii)	**55,209**	143,940	**47,705**	162,881
Change in other liabilities	49(viii)	**55,971**	(26,755)	**58,771**	(29,644)
		38,638	47,586	**38,853**	69,711
Income tax paid	35	**(318)**	(659)	**(261)**	(243)
Payment from defined contribution plan	37(a(i))	**(794)**	(754)	**(658)**	(639)
Payment from defined benefit plan	37(a)(iii)	**-**	(628)	**-**	(628)
Payment from long service award	37(b)	**(540)**	(41)	**(540)**	(41)
Net cash provided by/(used in) operating activities		**36,986**	45,504	**37,394**	68,160

Cash flows from investing activities					
Acquisition of investment properties	27	**(79)**	(55)	**-**	-
Proceeds from sale of trading properties	13(c)	**967**	1,318	**326**	786
Proceeds from sale of unquoted equity investment	13(a)	**1,256**	-	**1,256**	-
Proceeds from sale of property and equipment	13(b)	**938**	4,169	**702**	4,167
Proceed/(acquisition) of investment securities	49(ix)	**(18,929)**	3,924	**(4,794)**	(817)
Acquisition of property and equipment	29	**(9,616)**	(10,381)	**(9,610)**	(10,360)
Acquisition of intangible assets	30	**(3,500)**	(2,191)	**(3,222)**	(2,191)
Dividend income received	13	**972**	1,033	**2,309**	1,033
Net cash generated from/(used in) investing activities		**(27,990)**	(2,183)	**(13,033)**	(7,382)
Cash flows from financing activities					
Net proceeds from shares issued during the year	41(b)(c)	**-**	49,164	**-**	49,164
Inflow from other borrowings	49(x)	**25,207**	14,886	**25,207**	14,886
Repayment of borrowings	49(x)	**(23,527)**	(11,189)	**(25,968)**	(10,962)
Interest paid on borrowings	9	**(15,859)**	(11,905)	**(15,859)**	(11,905)
Debt securities issued	38	**13,860**	-	**13,860**	-
Net cash generated from financing activities		**(319)**	40,956	**(2,760)**	41,183
Net increase/(decrease) in cash and cash equivalents		**8,676**	84,277	**21,601**	101,961
Cash and cash equivalents at beginning of year		**222,577**	136,194	**137,497**	35,536
Effect of exchange rate fluctuations on cash held		**2,383**	2,106	**-**	-
Cash and cash equivalents at end of year	19	**233,636**	222,577	**159,098**	137,497

The accompanied notes and significant accounting policies are an integral part of these consolidated and separate financial statements.

Notes to the Consolidated and Separate financial statements
For the year ended 31 December 2018

1. Reporting entity

Union Bank of Nigeria Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Stallion Plaza, 36 Marina, Lagos. The consolidated financial statements of the Bank as at and for the year ended 31 December 2018 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually as 'Group entities'). The Group is primarily involved in investment, corporate, commercial and retail banking.

The Bank has completed the divestment process from all non-banking businesses within the Group, in line with the CBN Regulation on the scope of Banking Activities and Ancillary Matters; with the exception of UBN Property Company Limited which has been put on hold as a result of shareholder litigation initiated by two of the subsidiary's shareholders.

2. Basis of preparation

(a) Statement of compliance - The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by International Accounting Standards Board and in the manner required by the Financial Reporting Council of Nigeria Act 2011, Companies and Allied Matters Act, the Banks' and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

This is the first set of the Group's financial statements where IFRS 9 has been applied. Changes to significant accounting policies are disclosed in Note 4. The comparative consolidated and separate statement of financial position, statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity have not been restated for the purpose of IFRS 9 adoption.

The financial statements were authorised for issue by the Board of Directors on 14 March 2019.

(b) Functional and presentation currency - These consolidated and separate financial statements are presented in Nigerian Naira, which is the Bank's functional and presentation currency. All amounts have been rounded to the nearest millions, except where otherwise indicated.

(c) Basis of measurement

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value.
- financial assets at FVOCI are measured at fair value (applicable from 1 January 2018).
- available-for-sale financial assets are measured at fair value (applicable before 1 January 2018).
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the net total value of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.
- the liability for staff non-contributory pension is recognised as the present value of the scheme less net total value of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.
- derivatives financial instrument held for risk management are measured at fair value.
- assets and liabilities as held for sale measured at lower of carrying amount and fair value less cost to sale.
- trading properties measured at lower of cost and net realizable value.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The Group's 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 judgements 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 ongoing basis. Revisions to accounting estimates are recognised in the year/period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future period, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these financial statements are included in note 6.

(e) Determination of regulatory risk reserves - Provisions under Prudential Guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the requirements of the International Financial Reporting Standards. As a result of the differences in the methodology/provision regime, there may be variances in the impairment 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 and other financial assets as prescribed in the relevant IFRS standards when IFRS is adopted. However, Banks would be required to comply with the following:

(i) Provisions for loans and other financial assets recognised in the income statement should be determined based on the requirements of IFRS. However, the IFRS impairments should be compared with provisions determined under Prudential Guidelines and the expected impact/changes in general reserves should be treated as follows:
- If Prudential provisions are greater than IFRS impairments, the resultant excess provision should be transferred from the retained earnings account to a "regulatory risk reserve".
- If Prudential provisions are less than IFRS impairments; IFRS determined impairments are charged to the income statement. The cumulative balance in the regulatory risk reserve is thereafter reversed to the retained earnings account.

The Bank has complied with the requirements of the Prudential Guidelines.

The Revised Central Bank of Nigeria (CBN) Prudential Guidelines require that if the IFRS based impairment is lower than the CBN Prudential Guidelines provisions, the extent of the difference should be recognised as regulatory risk reserve in the statement of changes in equity.

The reconciliation of the impairment based on relevant IFRS standards and CBN Prudential Guidelines provision is shown in the statement below:

Statement of Prudential Adjustments

	Notes	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
IFRS-based impairments:			
Impairment on Cash and cash equivalents	19	**70**	-
Impairment on loans to customers	23	**45,359**	43,252
Impairment on equity accounted investee	24	**91**	91
Impairment on investment securities	25	**63**	4,054
Impairment on other assets	32	**6,658**	6,241
Impairment on Letters of credit and financial guarantees	36	**207**	-
Provision for claims and contingencies	36	**3,070**	2,978
		55,518	56,616
Prudential provisions:			
Specific provision on loans to customers		**15,338**	74,658
General provision on loans to customers		**11,690**	7,642
Interest in suspense		**5,116**	31,979
Specific provision on investment securities		**63**	4,054
Impairment on cash and cash equivalents		**70**	-
Specific impairment on equity accounted investee		**91**	91
Provision for claims and contingencies		**3,070**	2,978
Specific provision on other assets		**6,658**	6,241
		42,096	127,643
Regulatory risk reserve		-	71,027

The movement in the Regulatory risk reserve during the year is shown below:

	Dec. 2018 ₦ million	Dec. 2017 ₦ million
Balance, beginning of the year	**71,027**	38,869
Effect of transition to IFRS 9	**(71,027)**	-
Transfer during the year	**-**	32,158
Balance, end of the year	**-**	71,027

3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated and separate financial statements.

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

Business Combination
Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Other contingent consideration is measured at fair value at each reporting date and subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interest
Non-controlling interests (NCI) 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 transaction.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control and if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The consolidated financial statements include the Group's share of the total recognised net assets of associates on an equity-accounted basis from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend.

Fund management
The entities within the group manage and administer assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

Loss of control
The Group assesses whether there is loss of control in a variety of ways which includes:
- sale of all or part of its ownership interest in its subsidiary;
- expiry of a contractual agreement that gave control of the subsidiary to the Group;
- issue of shares to third parties by the subsidiary, thereby reducing the Group's ownership interest in the subsidiary so that it no longer has control of the subsidiary;
- distribution of its ownership interest in the subsidiary by the Group;
- when the subsidiary becomes subject to the control of a government, court, administrator or regulator.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and the other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost. Any resulting gain or loss is recognised in profit or loss.

The amount recognised in profit or loss on the loss of control of a subsidiary is measured as the difference between:
(i) The sum of:
  - the fair value of the consideration received, if any;
  - the recognised amount of the distribution of shares, if applicable;

- the fair value of any retained non-controlling investment (NCI); and
- the carrying amount of the NCI in the former subsidiary, including the accumulated balance of each class of other comprehensive income (OCI) attributable to the NCI

(ii) The carrying amount of the former subsidiary's net assets, together with any profit or loss reclassifications.

- From the Group's perspective, the loss of control of a subsidiary results in derecognition of the individual assets and liabilities of the subsidiary. On disposal, components of OCI related to the subsidiary's assets and liabilities are accounted for on the same basis as would be required if the individual assets and liabilities had been disposed of directly.

As a result, the following amounts are reclassified to profit or loss:
- exchange differences that were recognised in OCI;
- changes in the fair value of available-for-sale financial assets previously recognised in OCI; and
- the effective portion of gains and losses on hedging instruments in a cash flow hedge previously recognised in OCI.

Transactions eliminated on consolidation
Intra-group balances, and any unrealised gains or losses or income 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.

(b) Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation of monetary items are generally recognised in profit or loss. However, foreign currency differences arising from the translation of FVOCI financial assets and non monetary assets are recognised in other comprehensive income.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into naira at spot exchange rates at the reporting date. The income and expenses and other comprehensive income of foreign operations are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at spot exchange rates on the dates of the transactions.

Foreign exchange differences on translation of foreign operations are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation differences is allocated to non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

(c) Interest
Policy applicable from 1 January 2018
Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest

rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points 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 financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

- Interest income and expense presented in the statement of profit or loss and OCI include:
- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis
- interest on debt instruments measured at FVOCI calculated on an effective interest basis; and
- Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Policy applicable before 1 January 2018
Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective interest rate, the group estimates future cash flow considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points 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 financial liability.

Interest income and expense presented in the statement of profit or loss and OCI include:
- Interest on financial asset and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Interest on available-for-sale investment securities calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income (see note 3(e)).

Fair value changes on other derivatives held for risk management purpose, and other financial assets and financial liabilities carried at fair value through profit or loss are presented in net income from other financial instruments at fair value through profit or loss in the statement of profit or loss and OCI (see note 3(f)).

(d) Fees and Commission

Fee 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 fee and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Commissions on insurance contracts are recognized on ceding business to the re-insurer, and are credited to the income statement.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period; otherwise, the loan commitment fee is deferred and recognised as an adjustment to effective interest rate.

Other fee and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

(e) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(f) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and financial liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(g) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and are recognised net of withholding tax, and are recognized as part of net trading income.

(h) Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual bases regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting year when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting year and when they are not expected to generate any income during the coming years.

(i) Lease payments - Lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(j) Income tax

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

i. Current tax

Income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period

ii. Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for 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 taxes are 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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences 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. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary difference.

These amounts are generally recognised in profit or loss because they relate to income arising from transactions that were originally recognised in profit or loss. The unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequence that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the Group has not rebutted this presentation

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

iii. Tax exposure

In determining the amount of current and deferred tax, the Group considers the impact of tax exposure, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expenses in the period in which such a determination is made.

(k) Financial instruments

Recognition and initial measurement
A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Loans and advances, deposits and subordinated liabilities are recognised on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement
Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.
In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio levels because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates.

These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial assets – Policy applicable before 1 January 2018

The Group classifies its financial assets in the following categories:
• loans and receivables;
• held to maturity;
• available for sale; or
• at fair value through profit or loss and within the category as held for trading or designated at fair value through profit or loss.

Financial Liabilities: The Group classifies its financial liabilities, other than financial guarantees and loan commitments as measured at amortised cost or fair value through profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term.

Classified as loans and advances are loans and advances to customers, finance lease receivables and cash and cash equivalent.

Loans and advances to customers are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

(ii) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at fair value through profit or loss or as available for sale.

Held-to-maturity investments are measured at amortised cost, using the effective interest method, less any impairment losses. A sale or reclassification of a more than an insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:
(a) sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
(b) sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
(c) sales or reclassifications attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

(iii) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value after initial recognition.

Interest income is recognised in the statement of profit or loss using the effective interest method. Dividend income on available for sale financial assets is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investment are recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(iv) Fair value through profit or loss

This category comprises two sub-categories:
a) financial assets classified as held for trading;
b) financial assets designated by the Group as fair value through profit or loss upon initial recognition (the "fair value option").

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, and equity instruments, as well as financial assets with embedded derivatives.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in the statement of profit or loss and are reported as 'Net trading income'.

The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.
The Group designates some investment securities at fair value, with fair value changes recognised immediately in profit or loss.

Financial liabilities:

Financial liabilities are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the transaction.

Derecognition
- **Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

From 1 January 2018 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in (O). Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, 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.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securities various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the securitised financial assets are generally retained in the form of senior or subordinated tranches, interest- only strips or other residual interests (retained interests). Retained interests are recognised as investment securities and carried at FVOCI. Gains or losses on securitisation are recorded in other revenue.

Before 1 January 2018, retained interests were primarily classified as available-for-sale investment securities and measured at fair value.

Financial liabilities

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

Modifications of financial assets and financial liabilities

- ***Financial assets***

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see (iii)) and a new financial asset is recognised at fair value.

Policy applicable from 1 January 2018

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Policy applicable before 1 January 2018

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation techniques incorporate all of the factors that market participants would take into account in pricing a transaction.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price - i.e the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced by neither by a quoted price in an active market for an identical asset or liability nor based on a valuation techniques that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price, Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid and ask price, then the Group measures assets, long positions, liabilities and short positions at a mid price which is the average of the ask and bid prices.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured by the Group on the basis of the price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less that the amount payable on demand, discounted from the first date on which that amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Amortised cost measurement

The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayment, plus or minus the cumulative amortisation using effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Impairment of financial asset
Policy applicable from 1 January 2018

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- financial assets that are debt instruments;
- loans and receivables
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.
The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Loss allowances for lease receivables are always measured at an amount equal to lifetime ECL.
The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade.
- 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:
financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Group expects to receive);
financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see (iv)) and ECL are measured as follows.

If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors.
- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:
- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018
Objective evidence of impairment

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

The following factors are considered in assessing objective evidence of impairment:
- whether the customer's obligation is more than 90 days past due;
- the Group consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments; or
- there is observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

In making assessment of whether an investment in sovereign debt is impaired, the Group considers the following factors:

- the market's assessment of credit worthiness as reflected in the bond yields;
- the rating agencies' assessment of credit worthiness;
- the company's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness, the international support mechanisms in place to provide the necessary support as "lender of last resort" to host country as well as the intention reflected in public statements of government and agencies to use those mechanisms. This includes the assessment of the depth of those mechanism and, irrespective of the political intent, whether there is the capacity to fulfill the required criteria.

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

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

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

Interest on the impaired assets continue to be recognised through the unwinding of the discount. Changes in impairment attributable to application of the effective interest method and reflected as a component of interest income.

Interest on the impaired assets continue to be recognised through the unwinding of the discount. Changes in impairment attributable to application of the effective interest method and reflected as a component of interest income.

If the terms of the financial asset is renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial assets should be de-recognised. If the cash flows of the renegotiated assets are substantially different, then the contractual rights to the cash flows from the original financial assets are deemed to have expired. In this case, the original financial assets is derecognised and the new financial asset is recognised at fair value. The impairment loss before an expected restructuring is measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial assets.

- If the restucturing will result in the derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial assets at the time of its derecognition. This amount is discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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

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

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

(i) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred.

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

(ii) Measurement

Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in income statement. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to income statement and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

The Group considers a decline of 20% to be significant and a period of nine months to be prolonged. However, in specific circumstances a smaller decline or a shorter period may be appropriate.

(iii) Individual and collective impairment.

The Group considers evidence of impairment for loans and advances and held to maturity investment securities at both a specific asset and a collective level. All individual significant loans and held to maturity investment securities are assessed for specific impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances an held to maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held to maturity investment securities with similar risk characteristics.

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

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR)

The collective allowance for group of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolio with insufficient information, a formula approach based on historical loss rate experience.

The roll rate methodology uses statistical analysis of historical data on delinquency to estimate the amount of loss. Management applies judgement to ensure that the estimate of loss arrived at on the basis of historical information is appropriately adjusted to reflect the economic conditions and product mix at the reporting date. Roll rate and loss rates are regularly benchmarked against actual loss experience.

The IBNR allowance covers credit losses inherent in portfolios of loans and advances, and held to maturity investment securities with similar credit risk characteristics when there is objective evidence to suggest that the contain impaired items but the individual impaired items cannot yet be identified.

The incurred but not reported (IBNR) allowance is based on historical loss rates, adjusted to reflect the current economic conditions affecting the portfolio. It reflects assumptions made about the loss emergence period i.e the period between a loss event occurring and it being identified. Management estimates a loss emergence period for each identified portfolio and back-tests these estimates against past experience. The factors that may influence the loss emergence period include economics and market conditions, customer behaviour, portfolio management information, credit management process and collection experience In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameter, based on historical experience and current economic conditions. the accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

Reversal of Impairment

- for assets measured at amortised cost: if an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.
- for available for sale debt security: if, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any income in fair value was recognised through OCI. Any subsequent recovery in fair value of an impairment available for sale equity security was always recognised in OCI.

Presentation

Impairment losses were recognised in profit or loss and reflected in an allowance account against loans and receivables or held to maturity investment securities. Interest on the impaired assets continued to be recognised through the unwinding of the discount.

Offsetting financial instruments

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

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

Sale and repurchase agreements

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

Derecognition of financial instruments
- ***Financial assets***

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in such transferred financial assets that qualify for derecognition is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of:
(i) the consideration received (including and new asset obtained less any new liability assumed); and
(ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

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

- ***Financial liabilities***

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire
The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.
The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

- ***Write off***

The group write off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses when group credit determined that there was no realistic prospect of recovery.

(l) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost in the statement of financial position.

(m) Trading assets and liabilities

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

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition, may be reclassified out of the fair value through profit or loss - i.e. trading category - if they are no longer held for the purposes of being sold or repurchased in the near term and the following conditions are met:

(i) if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

(ii) if the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

(n) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value in the statement of financial position; attributable transaction costs are recognised in income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(o) Loans and advances

Policy applicable from 1 January 2018

Loans and advances' captions in the statement of financial position include:

- loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- loans and advances mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss; and
- finance lease receivables

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.

Policy applicable before 1 January 2018

Loans and advances' were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and that the Group did not intend to sell immediately or in the near term.

Loans and advances to banks were classified as loans and receivables. Loans and advances to customers included:

- those classified as loans and receivables;
- those designated as at FVTPL; and
- finance lease receivables.

Loans and advances were initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Group chose to designate the loans and advances as measured at FVTPL, they were measured at fair value with face value changes recognised immediately in profit or loss.

Loans and advances also included finance lease receivables in which the Group was the lessor.

When the Group purchased a financial asset and simultaneously entered into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement was accounted for as a loan or advance, and the underlying asset was not recognised in the Group's financial statements.

(p) Investment securities

Policy applicable from 1 January 2018

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities mandatorily measured at FVTPL or designated as at FVTPL; these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI.
Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Policy applicable before 1 January 2018

Investment securities were initially measured at fair value plus, in the case of investment securities not at FVTPL, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held-to-maturity, FVTPL or available-for-sale.

(I) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated as at FVTPL or as available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and
- sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

ii. Fair value through profit or loss

The Group designates some investment securities as at fair value, with fair value changes recognised immediately in profit or loss.

iii. Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses, are recognised in OCI and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivables category if it would otherwise have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

Embedded Derivatives
Policy applicable from 1 January 2018

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:
- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss unless they form part of a qualifying cash flow or net investment hedging relationship. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

Policy applicable before 1 January 2018

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:
- The host contract is not itself carried at fair value through profit or loss
- The terms of the embedded derivatives would meet the definition of a derviative if they were contained in a separate contract, and
- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separate embedded derivatives are measured at fair value with all the changes in fair value recognised in profit or loss. Separate embedded derivatives are presented in the statement of financial position together with the host contract.

(q) Property and equipment
Recognition and measurement

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. The cost of self-constructed assets includes the following:
(a) the cost of materials and direct labour;
(b) any other costs directly attributable to bringing the assets to working condition for their intended use;
(c) when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
(d) capitalised borrowing costs.
Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in income statement.

Subsequent costs

The cost of replacing part of an item of property or 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 income statement as incurred.

Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated lives. 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.

Depreciation is recognised in income statement.

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

Land	Not depreciated
Buildings	50 years
Fixtures and fittings	10 years
Leasehold improvements	Over the unexpired lease term
Furniture and office equipments	5 years
Computer hardware	4 years
Motor vehicles	4 years
Capital work-in-progress	Not depreciated

Depreciation methods, useful lives and residual values are re-assessed at each reporting date.

Capital work-in-progress consists of items of property and equipment that are not yet available for use. Capital work-in-progress is carried at cost less any required impairment. Depreciation starts when assets are available for use. An impairment loss is recognised if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, they are transferred to relevant classes of property and equipment as appropriate.

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 income statement in the year the asset is derecognised.

(r) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.
Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income statement. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(s) Trading properties

Trading properties represent inventories held by the group which are designated for resale to customers. Trading properties are measured at the lower of cost and net realisable value. The cost includes expenditure incurred in acquiring the trading properties, production or conversion costs and other costs incurred in bringing them to their existing location.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(t) Intangible assets

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 losses.

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 of the software, from the date that it is available for use.

The estimated useful life of software is five years. This is reassessed annually.

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from their use or disposal

(u) Non-current assets classified as held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated inventories, financial assets, deferred tax assets, employee benefit analysis or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

A discontinued operation is a component of the Group's business, the operations and cash flow of which can be clearly distinguished from the rest of the group and which:
- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(v) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments discounted at incremental rate of borrowing. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(w) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and investment properties (IAS 36 does not cover IAS 40), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A Cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax 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 or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or the cash generating unit exceeds its recoverable amount. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

(x) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are Group's sources of debt funding.

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

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's redeemable preference shares bear non-discretionary coupons and are redeemable by the holder, and are therefore included with subordinated liabilities.

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective method, except where the Group designates liabilities at fair value through profit or loss.

(y) 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. The unwinding of the discount is recognised as finance cost.

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 losses 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.

The Group recognises liability for a levy not earlier than when the activity that triggers payment occurs. Also, the Group accrues liability on levy progressively only if the activity that triggers payment occurs over a period of time. However, for a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached.

(z) Contingent asset and contingent liabilities

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

Contingent assets are possible assets that arise from past event and whose existence will be confirmed only by the occurence or non occurence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised in the statement of financial position but is disclosed when an inflow of economic benefit is probable. When the realisation of income in virtually certain, then the related asset is not a contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that new developments are appropriately reflected in the financial statements.

(aa)Financial guarantee contracts

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

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

(ab)Employee benefits
Post-employment benefits
Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions of into a separate entity and has no legal or constructive obligation to pay any further amount(s). Obligations for contributions to defined contribution plans are recognised as personnel expenses in income statement in the periods during which related services are rendered. The Group and its employees make respective contributions of 10% and 8% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with employees' nominated Pension Fund Administrators.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when settlement occurs.

When the calculation above results in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefit available in the form of any refunds from the plan or reductions in future contribution to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities. A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

Termination benefits

Termination benefits are recognised 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 benefit as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are treated as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptance can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

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 provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations where relevant. The calculation is performed using the projected unit credit method. Remeasurements are recognised in profit or loss in the period in which they arise.

(ac) Share capital and reserves

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

Dividend on ordinary shares

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

Treasury shares

Where the Bank or any member of the Group purchases the Bank's share capital, 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. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments.

Other reserves

Other reserves include statutory reserves, fair value reserve, regulatory risk reserve, translation reserve, SMEEIS reserve and capital reserve.

Share-based payment transactions

The grant-date fair value of share-based payment awards – i.e. stock options – granted to employees is recognised as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

If the Bank pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full. Any equity component previously recognised shall remain within equity. By electing to receive cash on settlement, the employee forfeited the right to receive equity instruments. However, this requirement does not preclude the Bank from recognising a transfer within equity, i.e a transfer from one component of equity to another.

(ad) Earnings per share

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

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

(ae) 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 Board of Directors (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(af) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

(ag) New standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not opted for the early application of the following new or amended standards in preparing these consolidated financial statements.

The following standards are expected to have a material impact on the Group's financial statements in the period of initial application

- **Leases: IFRS 16**

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:
- apply the IFRS 16 definition of a lease to all its contracts or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Transition

As a lessee, the Group can either apply the standard using a:
- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by- lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

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

Other Standards

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

- Effective for the financial year commencing 1 January 2019:
  I). Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards
  ii). Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
  iii). Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
  iv). IFRIC 23 Uncertainty over Income Tax Treatments

- Effective for the financial year commencing 1 January 2020:
  I). Amendments to References to Conceptual Framework in IFRS Standards
  ii). Definition of a Business (Amendments to IFRS 3)
  iii). Definition of Material (Amendments to IAS 1and IAS 8)

- Effective for the financial year commencing 1 January 2021:
  I). IFRS 17 Insurance Contracts

Standard Available for Optional Adoption

I). Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

4. Changes in Accounting Policies and Correction of Prior Period Errors

(a) Changes in Accounting Policies
New and amended standards and interpretation

The Group has initially adopted IFRS 9 and IFRS 15 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition method chosen by the Group in applying IFRS 9, comparative information throughout these financial statements has not been restated to reflect its requirements.

Except for the changes below, the accounting policies adopted in this financial statements are consistent with those adopted in the Group's consolidated and separate financial statements as at and for the year ended 31 December 2018.

i. IFRS 9: Financial Instruments

The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below:

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:
- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39. For an explanation of how the Group applies the impairment requirements of IFRS 9.

Transition to IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

Comparative periods have not been restated as differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

The following assessments have been made on The basis of The facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held.
  The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  The designation of certain investments in equity instruments not held for trading as at FVOCI.
  For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.
- If a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that credit risk on the asset had not increased significantly since its initial recognition.

ii. IFRS 15: Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group initially applied IFRS 15 on 1 January 2018 retrospectively in accordance with IAS 8 without any practical expedients. The timing or amount of the Group's fee and commission income from contracts with customers was not impacted by the adoption of IFRS 15. The impact of IFRS 15 was limited to the new disclosure requirements.

Transition

Changes in accounting policies resulting from the adoption of IFRS 15 have been applied prospectively.

iii IFRIC 22: Foreign currency transactions and advance consideration
The amendments clarifies that the transaction date to be used in determining the exchange rate for translation of foreign currency transactions involving an advance payment or receipt.

The amendments clarifies that the transaction date is the date on which the Group initially recognises the prepayment or deferred income arising from the advance consideration.

For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

The interpretation applies when the Group:
- pays or receives consideration in a foreign currency; and
- recognises a non-monetary asset or liability - e.g. non-refundable advance consideration, before recognising the related item.

(b) Prior Period Restatements:

(i) The Central Bank of Nigeria (CBN), pursuant to Section 9(c) of the Assets Management Company of Nigeria (AMCON) Act 2015 as (Amended), informed the Bank of its shortfall in contributions to the Banking Sector Resolution Cost Sinking Fund for the years 2016 and 2017. The shortfalls arose as a result of the erroneous application of the resolution Trust Deed's definition of Total Assets. The definition of Total Assets was amended in 2015 to include off balance sheet items. However, the contribution made by the Bank did not include the off balance sheet items.

The actual payments for the shortfall will be spread over five years beginning in 2019 as specified by CBN. The total shortfall of ₦2.27billion (2016: ₦0.67billion; 2017: ₦1.60billion), which is material to the Group has been adjusted for in these financial statements.

(ii) Due to the understatement of contributions to the Banking Sector Resolution Cost Sinking Fund for the years 2016 and 2017 as stated in note 4(b)(I) above, the Bank had understated its total operating expenses and hence overstated total profit after tax (2016: ₦0.67billion; 2017: ₦1.60billion); See note (i) above.

As a result of this misstatement, the Bank had appropriated more of its profit from retained earnings to statutory reserves; hence the reversal from statutory reserve back to retained earnings. 15% of the profit after tax misstated is reversed back to retained earnings (See note 41(d)). The total reversal therefore is (2016: ₦100million; 2017: ₦240million) being 15% of ₦0.67billion and ₦2.27billion for 2016 and 2017 respectively.
The table below presents the summary of quantitative impacts of prior period restatements and changes in accounting policies on the results of the Group for the year ended 31 December 2018.

Consolidated statement of profit or loss and OCI

	GROUP			BANK		
31 December, 2017 *In millions of Naira*	**As previously reported**	**Prior year adjustments**	**As restated**	**As previously reported**	**Prior year adjustments**	**As restated**
Net operating income after net impairment write-back on other financial assets	80,647	-	80,647	74,534	-	74,534
Total expenses	(65,128)	(1,600)	(66,728)	(61,358)	(1,600)	(62,958)
Profit before income tax	**15,519**	**(1,600)**	**13,919**	**13,176**	**(1,600)**	**11,576**
Income tax expense	(911)	-	(911)	(337)	-	(337)
Profit for the year	**14,608**	**(1,600)**	**13,008**	**12,839**	**(1,600)**	**11,239**
Other comprehensive income for the year	10,006	-	10,006	7,753	-	7,753
Total comprehensive income for the year	**24,614**	**(1,600)**	**23,014**	**20,592**	**(1,600)**	**18,992**
Basic and Diluted Earning per Share (Kobo)	81		72	75		66

Statement of Financial Position

31 December, 2017 *In millions of Naira*	GROUP As previously reported	Prior year adjustments	As restated	BANK As previously reported	Prior year adjustments	As restated
TOTAL ASSETS	**1,455,540**	**-**	**1,455,540**	**1,334,921**	**-**	**1,334,921**
LIABILITIES						
Derivative liabilities held for risk management	972	-	972	972	-	972
Deposits from banks	100,131	-	100,131	10,686	-	10,686
Deposits from customers	802,384	-	802,384	796,708	-	796,708
Current tax liabilities	524	-	524	271	-	271
Deferred tax liabilities	259	-	259	-	-	-
Other liabilities	111,461	2,269	113,730	108,359	2,269	110,628
Employee benefit obligations	857	-	857	801	-	801
Other borrowed funds	93,211	-	93,211	95,736	-	95,736
TOTAL LIABILITIES	**1,109,799**	**2,269**	**1,112,068**	**1,013,533**	**2,269**	**1,015,802**
EQUITY						
Share capital and share premium	201,652	-	201,652	201,652	-	201,652
Retained deficit	(14,384)	(1,929)	(16,313)	(19,118)	(1,929)	(21,047)
Other reserves	152,642	(340)	152,302	138,854	(340)	138,514
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	**339,910**	**(2,269)**	**337,641**	**321,388**	**(2,269)**	**319,119**
Non-controlling interest	5,831	-	5,831	**-**	-	-
TOTAL EQUITY	**345,741**	**(2,269)**	**343,472**	**321,388**	**(2,269)**	**319,119**
TOTAL LIABILITIES AND EQUITY	**1,455,540**	**-**	**1,455,540**	**1,334,921**	**-**	**1,334,921**

01 January, 2017 In millions of Naira	GROUP As previously reported	Prior year adjustments	As restated	BANK As previously reported	Prior year adjustments	As restated
TOTAL ASSETS	**1,252,682**	**-**	**1,252,682**	**1,123,483**	**-**	**1,123,483**
LIABILITIES						
Derivative liabilities held for risk management	13	-	13	13	-	13
Deposits from banks	90,266	-	90,266	4,351	-	4,351
Deposits from customers	658,444	-	658,444	633,827	-	633,827
Current tax liabilities	465	-	465	177	-	177
Deferred tax liabilities	101	-	101	-	-	-
Other liabilities	141,404	670	142,074	141,191	670	141,861
Employee benefit obligations	805	-	805	773	-	773
Other borrowed funds	89,514	-	89,514	91,812	-	91,812
TOTAL LIABILITIES	**981,012**	**670**	**981,682**	**872,144**	**670**	**872,814**
EQUITY						
Share capital and share premium	400,109	-	400,109	400,109	-	400,109
Retained deficit	(244,183)	(570)	(244,753)	(247,868)	(570)	(248,438)
Other reserves	110,633	(100)	110,533	99,098	(100)	98,998
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	**266,559**	**(670)**	**265,890**	**251,339**	**(670)**	**250,670**
Non-controlling interest	5,111	-	5,111	-	-	-
TOTAL EQUITY	**271,670**	**(670)**	**271,001**	**251,339**	**(670)**	**250,670**
TOTAL LIABILITIES AND EQUITY	**1,252,682**	**-**	**1,252,682**	**1,123,483**	**-**	**1,123,483**

5 Financial risk management

(a) Introduction and overview

Union Bank of Nigeria Plc and its subsidiary companies ("the Bank" or "the Group") have exposures to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(b) Credit risk

Credit risk is the current or potential risk to earnings and capital arising from the failure of an obligor of the Group to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk). Credit risk arises anytime the Group commits its funds with the result that capital or earnings are dependent on borrower's performance.

The Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit in the Bank is guided by its Credit Risk and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio. The Plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process.

We recognize the fact that loan assets constitute a significant portion of assets on the statement of financial position. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and weed out potential problem loans during the loan application phase, as well as constantly monitor existing loan portfolio.

The goal of the Group is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating-based approach to calculation of capital requirements. The development, implementation and application of these models are guided by the Group's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, the Group implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

The Group's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to identify and remediate credit issues proactively.

The Stressed Assets Committee (SAC) performs a review of loans with emerging signs of weakness and also classified assets. The Management Credit Committee (CRECO), Board Credit Committee and the Board Risk Management and Control Committee also perform reviews of the quality of our loan portfolio on a weekly/monthly /quarterly basis respectively. These are in addition to daily reviews performed by our Credit Risk Management department.

(c) Settlement risk

The Group's activities may give risk at the time of settlement of transactions and trades. "Settlement risk" is the risk of loss due to failure of an entity to honour its obigations to deliver cash, securities or other assets as contractually agreed. For certain types of transactions, the Group mitigates this risk by conducting settlement through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contracrual settlement obligations. Acceptance of settlement risk on free-settlement trades requires transaction-specific or counter party-specific approvals from Group risk.

Principal Credit Policies

The following are the principal credit policies of the Group:

(i) Extension of credit: Every extension of credit must be approved by at least three officers; two from the Credit Risk function and one from the Business Unit, who must be the Sponsoring Officer of the Credit. A credit officer from the credit risk function must provide the Covering Limit.

(ii) Special Approvals: Extension of credit to certain sectors may require special approvals or prohibited altogether.

(iii) Annual Review of facilities: All extension of credits must be reviewed at least once every 12 months.
(iv) Industry Limits: The Group utilizes industry limits to maintain a diversified portfolio of risk assets.
(v) Tenor Limits: The Group also utilizes tenor limits to ensure improvement in quality of risk assets
(vi) Problem Recognition: There are uniform and consistent standards for recognition of credit migration and remediation across the Group.

(d) Credit process

The Bank's credit process starts with portfolio planning and target market identification. There is preliminary screening of credit facility requests against the Bank's target market and risk acceptance criteria. Screening is the responsibility of the relevant relationship manager. The proposed credits are subjected to review and approvals by applicable credit approval authorities which include the credit analysts. Further to appropriate approvals, loans are disbursed to beneficiaries after documentation review by Credit Risk Management. On-going management and monitoring of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and the Subsidiary.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the credit analyst. If the loan application passes their detailed analysis it is then submitted to the appropriate approval authority for the size of facilities.

The standard credit evaluation process is based both on quantitative figures from the financial statements and on an array of qualitative factors.

Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, etc. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question, its industry and its management.

(e) Management of Credit risk

The Board of directors has delegated responsibility for the oversight of credit risk to its Group Credit Committee. A separate Group Credit department, reporting to the Group Credit Committee is responsible for managing the Group's credit risk, including the following.

- *Formulating credit policies* in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, the Head of Group Credit, the Group Credit Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk: Group Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility of setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Group Risk.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types.
- Regular report on the credit quality of local portfolios are provided to Group Credit, which may require appropriate corrective action to be taken
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit Committee. Each business unit has a Chief Credit Risk officer who reports on all credit-related matters to local management and the Group Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Regular audits of business units and Group Credit processes are undertaken by internal audit.

(f) Credit risk measurement

(i) Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications.

The Group employs a robust credit rating system based on international best practices (including Basel II recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

The Bank shall assign credit risk ratings for all credit activities, including consumer credits availed under existing credit programs,. Credit risk ratings shall be based on a two tier system of: i) Obligor Risk Rating (ORR) which represents a grade that denotes the Probability of Default (PD) of a borrower or group of borrowers in repaying its obligation over a one-year period, ii) Facility Risk Rating (FRR) which represents a grade that denotes the Loss Given Default (LGD) of a given credit facility. This takes into account transaction specific factors and collateral enhancement in place for a given facility.

The Risk rating policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as Exposure risk). These models are currently based on expert judgment for Retail and Non-Retail Exposures. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach is being gathered.

(ii) Credit Risk Rating Models

An Obligor Risk Rating (ORR) model was developed by the Group for corporate and commercial customers. For retail loan risk management, the Bank recently deployed application scorecards to improve loan underwriting process, reduce impairment and align with global best practice.

The use of credit scoring in the retail lending process ensures that customers' requests are aligned to the Bank's risk appetite through a scoring methodology with a predefined benchmark.

This risk based sensitive approach also ensures that loans are availed at an appropriate ticket size and more efficient pricing suitable for individual customer's profile.

(iii) Risk Rating Process

In the Group, all businesses must have a documented and approved Risk Rating process for deriving risk ratings for all obligors (including those covered under Credit Programs). The Risk Rating process is the end-to-end process for deriving ORRs and includes models, guidelines, process controls, as well as any other defined processes that a business undertakes in order to arrive at ORRs. Risk rating process of each business must be in compliance with the Group's Risk Rating Policy and deviations must be explicitly approved.

Establishing the Risk Rating process is the responsibility of the Credit Risk function and the process must be documented and approved by the CRO.

The Risk Rating process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition pf the approvals. Interim material changes to the Risk Rating process, as determined by the Credit Risk function, must be re-approved.

(iv) Responsibility of Credit Risk Management

In the Group, Credit Risk Management has the responsibility for the overall accuracy of risk ratings assigned to obligors.

Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR assigned to a borrower. This review includes ensuring the ongoing consistency of the Risk Rating process with the Group's Risk Rating Policy; ongoing appropriate application of the Risk Rating process and tools; review of judgmental and qualitative inputs into the Risk Rating process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the Risk Rating process is complete and current.

(v) Risk Rating Scale and external rating equivalent

The Group operates a 10-grade numeric risk rating scale. The risk rating scale runs from 1 to 10. Rating 1 represents the best obligors and facilities and rating 9/10 represents the worst obligors and facilities.

(h) Credit quality Analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt investments and available-for-sale debt assets. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.
For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Maximum exposure to credit risk

(i) Loans & advances to customers at amortised cost

	Group					Bank				
	2018				2017	2018				2017
Note 23	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total
Grade 1-3: Low-fair risk	295,731	-	-	295,731	217,632	260,044	-	-	260,044	189,015
Grade 4-5: Watch list	-	93,671	84,832	178,503	232,107	-	90,024	84,832	174,856	232,107
Grade 6-8: Impaired	-	-	45,434	45,434	110,912	-	-	38,496	38,496	110,685
Gross amount	295,731	93,671	130,266	519,668	560,651	260,044	90,024	123,328	473,396	531,807
Loss allowance	(8,994)	(6,402)	(30,810)	(46,206)	(43,548)	(8,822)	(6,388)	(30,149)	(45,359)	(43,252)
Carrying amount	286,737	87,269	99,456	473,462	517,103	251,222	83,636	93,179	428,037	488,555

ii) Investment securities at amortised cost

	Group					Bank				
	2018				2017	2018				2017
Note 25(c)	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total
Grade 1-3: Low-fair risk	18,133	-	-	18,133	38,505	13,666	-	-	13,666	38,505
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	18,133	-	-	18,133	38,505	13,666	-	-	13,666	38,505
Loss allowance	(63)	-	-	(63)	-	(63)	-	-	(63)	-
Carrying amount	18,070	-	-	18,070	38,505	13,603	-	-	13,603	38,505

iii) Investment securities at fair value through OCI

	Group					Bank				
	2018				2017	2018				2017
Note 25(a)	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total
Grade 1-3: Low-fair risk	140,803	-	-	140,803	117,133	121,022	-	-	121,022	106,804
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	140,803	-	-	140,803	117,133	121,022	-	-	121,022	106,804
Loss allowance	-	-	-	-	-	-	-	-	-	-
Carrying amount	140,803	-	-	140,803	117,133	121,022	-	-	121,022	106,804

iv) Pledged assets

	Group					Bank				
	2018				2017	2018				2017
Note 21	Stage 1	Stage 2	Stage 3	Total	Total	Stage 1	Stage 2	Stage 3	Total	Total
Grade 1-3: Low-fair risk	48,839	-	-	48,839	54,079	48,839	-	-	48,839	54,079
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	48,839	-	-	48,839	54,079	48,839	-	-	48,839	54,079
Loss allowance	-	-	-	-	-	-	-	-	-	-
Total carrying amount	48,839	-	-	48,839	54,079	48,839	-	-	48,839	54,079

v) Non- Pledged trading assets

Note 20	Group 2018 Stage 1	Group 2018 Stage 2	Group 2018 Stage 3	Group 2018 Total	Group 2017 Total	Bank 2018 Stage 1	Bank 2018 Stage 2	Bank 2018 Stage 3	Bank 2018 Total	Bank 2017 Total
Grade 1-3: Low-fair risk	14,271	-	-	14,271	20,076	14,271	-	-	14,271	20,076
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	14,271	-	-	14,271	20,076	14,271	-	-	14,271	20,076
Loss allowance	-	-	-	-	-	-	-	-	-	-
Carrying amount	14,271	-	-	14,271	20,076	14,271	-	-	14,271	20,076

vi) Other financial assets **

Note 32	Group 2018 Stage 1	Group 2018 Stage 2	Group 2018 Stage 3	Group 2018 Total	Group 2017 Total	Bank 2018 Stage 1	Bank 2018 Stage 2	Bank 2018 Stage 3	Bank 2018 Total	Bank 2017 Total
Grade 1-3: Low-fair risk	-	298,434	-	298,434	272,743	-	298,434	-	298,434	272,743
Grade 4-5: Higher risk	-	18,824	-	18,824	11,688	-	18,726	-	18,726	10,972
Grade 6-8: Impaired	-	-	10,272	10,272	10,476	-	-	9,081	9,081	9,272
Gross amount	-	317,258	10,272	327,530	294,907	-	317,160	9,081	326,241	292,987
Loss allowance	-	(36)	(7,813)	(7,849)	(7,445)	-	(36)	(6,622)	(6,658)	(6,241)
Carrying amount	-	317,222	2,459	319,681	287,462	-	317,124	2,459	319,583	286,746

** Other financial assets excludes prepayment, as prepayments are not considered as financial assets.

vii) Cash & cash equivalents

Note 19	Group 2018 Stage 1	Group 2018 Stage 2	Group 2018 Stage 3	Group 2018 Total	Group 2017 Total	Bank 2018 Stage 1	Bank 2018 Stage 2	Bank 2018 Stage 3	Bank 2018 Total	Bank 2017 Total
Grade 1-3: Low-fair risk	233,636	-	-	233,636	222,577	159,098	-	-	159,098	137,497
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	233,636	-	-	233,636	222,577	159,098	-	-	159,098	137,497
Loss allowance	(70)	-	-	(70)	-	(70)	-	-	-	-
Carrying amount	233,566	-	-	233,566	222,577	159,028	-	-	159,098	137,497

viii) Letters of credit & financial guarantees

Note 44	Group 2018 Stage 1	Group 2018 Stage 2	Group 2018 Stage 3	Group 2018 Total	Group 2017 Total	Bank 2018 Stage 1	Bank 2018 Stage 2	Bank 2018 Stage 3	Bank 2018 Total	Bank 2017 Total
Grade 1-3: Low-fair risk	161,936	-	-	161,936	120,119	161,936	-	-	161,936	120,119
Grade 4-5: Higher risk	-	-	-	-	-	-	-	-	-	-
Grade 6-8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	161,936	-	-	161,936	120,119	161,936	-	-	161,936	120,119
Loss allowance	(207)	-	-	-	-	(207)	-	-	(207)	-
Carrying amount	161,729	-	-	161,936	120,119	161,729	-	-	161,729	120,119

(ix) Derivative transactions

The table below shows an analysis of counter party credit exposures arising from derivative transactions.

	GROUP 2018 Notional amount	GROUP 2018 Fair value	GROUP 2017 Notional amount	GROUP 2017 Fair value	BANK 2018 Notional amount	BANK 2018 Fair value	BANK 2017 Notional amount	BANK 2017 Fair value
Derivative assets	-	-	12,241	1,297	-	-	12,241	1,297
Derivative liabilities	364	1,120	-	-	364	1,117	-	-

(i) Concentrations of credit risk

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances and investment securities at the reporting date is shown below:

Group	**Note**	**Loans and advances to customers**		**Debt Investment securities**		Pledged assets		Non Pledged assets		Other receivables		Cash and cash equivalents		Loan commitment & financial guarantees	
		Dec. 2018	**Dec. 2017**	**Dec. 2018**	**Dec. 2017**	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
		N million	**N million**	**N million**	**N million**	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Carrying amount	19,20,21,22,23,25,44	473,462	517,103	299,676	155,638	48,839	54,079	14,271	20,076	319,681	287,462	233,566	222,577	161,729	120,119
Concentration by sector:															
Agriculture		20,376	19,440	-	-	-	-	-	-	-	-	-	-	-	-
Oil and gas		167,145	221,493			-	-	-	-	-	-	-	-	-	-
Consumer credit		29,992	17,972	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture		76,990	51,284	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and construction		32,313	65,291	-	-	-	-	-	-	-	-	-	-	-	-
General commerce		43,524	35,974	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance		32,160	5,638	18,364	7,459	94	83	-	-	319,681	287,462	233,566	222,577	161,729	120,119
Government		12,869	4,577	281,312	148,179	48,745	53,996	14,271	20,076	-	-	-	-	-	-
Power		25,989	50,182	-	-	-	-	-	-	-	-	-	-	-	-
Transportation		989	1,899	-	-	-	-	-	-	-	-	-	-	-	-
Communication		13,068	17,077	-	-	-	-	-	-	-	-	-	-	-	-
Education		4,697	5,762	-	-	-	-	-	-	-	-	-	-	-	-
Others		11,600	20,514	-	-	-	-	-	-	-	-	-	-	-	-
		473,462	517,103	299,676	155,638	48,839	54,079	14,271	20,076	319,681	287,462	233,566	222,577	161,729	120,119
Concentration by location:															
Nigeria		428,037	488,555	279,895	143,555	48,839	54,079	14,271	20,076	319,536	287,016	146,659	120,837	161,729	120,119
United Kingdom		45,425	28,548	19,781	12,083	-	-	-	-	145	446	86,907	101,740	-	-
		473,462	517,103	299,676	155,638	48,839	54,079	14,271	20,076	319,681	287,462	233,566	222,577	161,729	120,119

Bank	**Note**	Loans and advances to customers		Investment securities		Pledged assets		Non Pledged assets		Other receivables		Cash and cash equivalents		Loan commitment & financial guarantees	
		Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
		N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Carrying amount	19,20,21,22,23,25,44	428,037	488,555	255,647	145,309	48,839	54,079	14,271	20,076	319,583	286,746	159,028	137,497	161,729	120,119
Concentration by sector:						-	-	-	-	-	-	-	-	-	-
Agriculture		20,376	19,440	-	-	-	-	-	-	-	-	-	-	-	-
Oil and gas		159,805	209,817			-	-	-	-	-	-	-	-	-	-
Consumer credit		29,992	17,972	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture		74,460	51,284	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and construction		31,361	64,360	-	-	-	-	-	-	-	-	-	-	-	-
General commerce		43,524	34,412	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance		3,492	214	-	-	94	83	-	-	319,583	286,746	159,028	137,497	161,729	120,119
Government		12,869	4,577	255,647	145,309	48,745	53,996	14,271	20,076	-	-	-	-	-	-
Power		25,989	50,182	-	-	-	-	-	-	-	-	-	-	-	-
Transportation		989	1,899	-	-	-	-	-	-	-	-	-	-	-	-
Communication		13,068	17,077	-	-	-	-	-	-	-	-	-	-	-	-
Education		4,697	5,762	-	-	-	-	-	-	-	-	-	-	-	-
Others		5,665	11,559	-	-	-	-	-	-	-	-	-	-	-	-
		428,037	488,555	255,647	145,309	48,839	54,079	14,271	20,076	319,583	286,746	159,028	137,497	161,729	120,119

Concentration by location:														
Nigeria	428,037	488,555	255,647	145,309	48,839	54,079	14,271	20,076	319,583	286,746	159,028	137,497	161,729	120,119
Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	428,037	488,555	255,647	145,309	48,839	54,079	14,271	20,076	319,583	286,746	159,028	137,497	161,729	120,119

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 Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from Group risk.

(j) *Collateral held and other credit enhancements*

The Group holds collateral and other credit enhancements against certain of its credit exposures.
The following tables stratify credit exposures from loans and advances to customers by ranges of loan-to-value(LTV) ratio. LTV is calculated as the ratio of the gross amount of the loan or the amount omitted for loan commitments to the value of the collateral. The valuation of collateral excludes any adjustments for obtaining and selling the collateral. For credit-impaired loans the value of collateral is based on the most recent appraisals.
The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Group	31 December 2018			31 December 2017		
In millions of Naira	Exposure	Collateral value	LTV	Exposure	Collateral value	LTV
Secured by Real Estate	38,151	92,377	41%	97,245	124,493	78%
Secured by Fixed and Floating Assets	260,607	452,605	58%	218,948	2,741,672	8%
Secured by Leased Assets	1,666	7,509	22%	3,142	1,752	179%
Secured by Quoted Shares	43	81	53%	51	52	99%
Secured by Cash Collateral	33,025	42,883	77%	51,603	27,272	189%
Other secured assets	117,197	63,045	186%	142,221	149,361	95%
Unsecured	68,981	-	>100%	47,440	-	>100%
Total	519,668	658,501	79%	560,651	3,044,602	18%

Bank	31 December 2018			31 December 2017		
In millions of Naira	Exposure	Collateral value	LTV	Exposure	Collateral value	LTV
Secured by Real Estate	38,151	92,377	41%	97,245	124,493	78.1%
Secured by Fixed and Floating Assets	260,607	452,605	58%	218,948	2,741,672	8.0%
Secured by Leased Assets	1,666	7,509	22%	3,142	1,752	179.3%
Secured by Quoted Shares	43	81	53%	51	52	99.2%
Secured by Cash Collateral	33,025	42,883	77%	22,759	21,041	108.2%
Other secured assets	70,925	63,045	112%	142,221	149,361	95.2%
Unsecured	68,981	-	>100%	47,440	-	>100%
Total	473,396	658,501	72%	531,807	3,038,371	18%

(k) Reconciliation of carrying amount of financial instruments from IAS 39 to IFRS 9

The following table reconciles the carrying amounts of financial assets and financial liabilities under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018

Group

In millions of naira	**IAS 39 carrying amount Restated 31 December 2017**	**Reclassification**	**Remeasurement**	**IFRS 9 carrying amount 1 January 2018**
Financial assets				
Amortised Cost				
Cash and cash equivalents	222,577	-	(2)	222,575
Pledged assets	54,079	-	-	54,079
Loans and advances to customers	517,103	-	(133,732)	383,371
Investment securities - at amortised cost	38,505	-	(130)	38,375
Other receivables	287,462	-	(16)	287,446
	1,119,726	-	(133,880)	985,846
FVOCI				
Investment securities Debt- FVOCI	-	117,133	-	117,133
Investment securities Debt- available for sale	117,133	(117,133)	-	-
Investment securities Equity - available for sale	30,020	(26,783)	-	3,237
	147,153	26,783	-	120,370
FVTPL				
Non-pledged trading assets	20,076	-	-	20,076
Derivative assets held for risk management	1,297	-	-	1,297
Investment securities - from Equity at FVTPL	-	26,783	1,299	28,082
	21,373	26,783	1,299	49,455
Total financial assets	1,288,252	-	(132,581)	1,155,671
Financial liabilities				
FVTPL				
Derivative liabilities held for risk management	972	-	-	972
	972	-	-	972
Amortised Cost				
Deposits from banks	100,131	-	-	100,131
Deposits from customers	802,384	-	-	802,384
Other financial liabilities	103,104	-	-	103,104
Interest bearing loans and borrowings	93,211	-	-	93,211
	1,098,830	-	-	1,098,830
Total financial liabilities	1,099,802	-	-	1,099,802
Loan commitments and financial guarantees	120,119	-	(411)	119,708

Bank

In millions of naira	**IAS 39 carrying amount Restated 31 December 2017**	**Reclassification**	**Remeasurement**	**IFRS 9 carrying amount 1 January 2018**
Financial assets				
Amortised cost				
Cash and cash equivalents	137,497	-	(2)	137,495
Pledged assets	54,079	-	-	54,079
Loans and advances to customers at amortised cost	488,555	-	(133,685)	354,870
Investment securities - at amortised cost	38,505	-	(129)	38,376
Other receivables	286,746	-	(16)	286,730
	1,005,382	-	(133,832)	871,550

FVOCI				
Investment securities Debt- FVOCI	-	106,804	-	106,804
Investment securities Debt- Available for sale	106,804	(106,804)	-	0
Investment securities Equity - available for sale	30,020	(26,783)	1,299	4,536
	136,824	(26,783)	1,299	111,340
FVTPL				
Non-pledged trading assets	20,076	-	-	20,076
Derivative assets held for risk management	1,297	-	-	1,297
Investment securities - Equity FVTPL	-	26,783	-	26,783
	21,373	26,783	-	48,156
Total financial assets	1,163,579	-	(132,533)	1,031,046
Financial liabilities				
FVTPL				
Derivative liabilites held for risk management	972	-	-	972
	972	-	-	972
Amortised cost				
Deposits from banks	10,686	-	-	10,686
Deposits from customers	796,708	-	-	796,708
Other financial liabilities	100,605	-	-	100,605
Interest bearing loans and borrowings	95,736	-	-	95,736
	1,003,735	-	-	1,003,735
Total financial liabilities	1,004,707	-	-	1,004,707
Loan commitments and financial guarantees	120,119	-	(411)	119,708

(i) Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table analyses the impact, net of tax, of transition to IFRS 9 on reserves and retained earnings. The impact relates to the regulatory risk reserve, the fair value reserve and retained earnings. There is no impact on other components of equity.

Group *In millions of naira*	**Note**	**Impact of adopting IFRS 9 at 1 January 2018**
Regulatory risk reserve		
Closing balance under IAS 39 (31 December 2017)	41(g)	71,027
Transfer to retained earnings	41(g)	(71,027)
Opening balance under IFRS 9 (1 January 2018)		-
Fair value reserve		
Closing balance under IAS 39 (31 December 2017)	41(f)	40,567
Reclassification to retained earnings	41(f)	(20,400)
Opening balance under IFRS 9 (1 January 2018)		**20,167**
Retained earnings		
Restated closing balance under IAS 39 (31 December 2017)		(16,313)
IFRS transition:		
Reclassification from fair value reserves		20,400
Transfer from Regulatory risk reserve		71,027
Change of credit risk for due to ECL model		(132,992)
Opening balance under IFRS 9 (1 January 2018)		**(57,878)**

Bank

In millions of naira	Impact of adopting IFRS 9 at 1 January 2018
Regulatory risk reserve	
Closing balance under IAS 39 (31 December 2017)	71,027
Transfer to retained earnings	(71,027)
Opening balance under IFRS 9 (1 January 2018)	-
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	39,205
Reclassification to retained earnings	(20,400)
Reclassification of investment securities (debt and equity) from available-for-sale to FVTPL	**18,805**
Retained earnings	-
Restated closing balance under IAS 39 (31 December 2017)	(21,047)
IFRS transition:	
- Reclassification from fair value reserves	20,400
- Transfer from regulatory risk reserve	71,027
Change of credit risk for due to ECL model and other factors	(132,944)
Opening balance under IFRS 9 (1 January 2018)	**(62,564)**

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

Group

In millions of naira	31 December 2017 (IAS 39/ IAS 37)	Reclassification	Remeasurement	1 January 2018 (IFRS 9)
Loans and advances to customers	(43,548)	-	(133,732)	(177,280)
Investment securities	-	-	1,170	(129)
Cash and cash equivalent	-	-	(2)	(2)
Other receivables	(7,445)	-	(16)	(7,461)
Loan commitments and financial guarantees	-	-	(411)	(411)
Total impairment	(50,993)	-	(132,992)	(185,284)

Bank

In millions of naira	31 December 2017 (IAS 39/ IAS 37)	Reclassification	Remeasurement	1 January 2018 (IFRS 9)
Loans and receivables	(43,252)	-	(133,685)	(176,937)
Investment securities	-	-	2,469	(129)
Cash and cash equivalent	-	-	(2)	(2)
Other receivables	(6,241)	-	(16)	(6,257)
Loan commitments and financial guarantees	-	-	(411)	(411)
Total impairment	**(49,493)**	**-**	**(131,645)**	**(183,736)**

(c) Reconciliation of Impairment from IAS 39 to IFRS 9

The following tables show reconciliations from the opening to the closing balance of loss allowance by class of financial instrument. Comparative amounts for 2017 represents the impairment for credit losses and reflect the measurement basis under IAS 39.

Group	2018				2017		
In millions of Naira	Stage 1	Stage 2	Stage 3	Total	Specific	Collective	Total
Loans and advances to customers at amortised cost							
Balance at 1 January	11,289	5,753	160,237	177,280	36,459	7,089	43,548
Transfer to Stage 1	1,339	(1,061)	(278)	-	-	-	-
Transfer to Stage 2	(526)	2,749	(2,223)	-	-	-	-
Transfer to Stage 3	(146)	(55)	201	-	-	-	-
Net remeasurement of loss allowance	(5,382)	(1,037)	670	(5,749)	-	-	-
New financial assets originated or purchased	2,420	53	1,478	3,951	-	-	-
Write-offs	-	-	(128,213)	(128,213)	-	-	-
Recoveries of previously written off	-	-	(1,414)	(1,414)	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	366	366	-	-	-
Balance at 31 December	**8,994**	**6,402**	**30,810**	**46,206**	**36,459**	**7,089**	**43,548**

Bank	2018				2017		
In millions of Naira	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Loans and advances to customers at amortised cost							
Balance at 1 January	11,173	5751	160,013	176,937	36,232	7,020	43,252
Transfer to 12-month ECL	1339	(1,061)	(278)	-	-	-	-
Transfer to lifetime ECL not credit-impaired	(526)	2,734	(2,209)	-	-	-	-
Transfer to lifetime ECL credit-impaired	(146)	(53)	199	-	-	-	-
Net remeasurement of loss allowance	(5,382)	(1,037)	258	(6,161)	-	-	-
New financial assets originated or purchased	2,363	53	1,428	3,843	-	-	-
Write-offs	-	-	(128,213)	(128,213)	-	-	-
Recoveries of previously written off	-	-	(1,414)	(1,414)	-	-	-
Changes in models/risk parameters	-	-		-	-	-	-
Foreign exchange and other movements	-	-	366	366	-	-	-
Balance at 31 December	**8,822**	**6,388**	**30,149**	**45,359**	**36,232**	**7,020**	**43,252**

Group	2018				2017		
In millions of Naira	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	Specific	Collective	Total
Investment securities at amortised cost							
Balance at 1 January	129	-	-	129	-	-	-
Net remeasurement of loss allowance	(66)	-	-	(66)	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-
Balance at 31 December	**63**	**-**	**-**	**63**	**-**	**-**	**-**

Bank

In millions of Naira	2018 12-month ECL	2018 Lifetime ECL not credit-impaired	2018 Lifetime ECL credit-impaired	2018 Total	2017 Specific	2017 Collective	2017 Total
Investment securities at amortised cost							
Balance at 1 January	129	-	-	129	-	-	-
Net remeasurement of loss allowance	(66)	-	-	(66)	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-
Balance at 31 December	**63**	**-**	**-**	**63**	**-**	**-**	**-**

Group

In millions of Naira	2018 12-month ECL	2018 Lifetime ECL not credit-impaired	2018 Lifetime ECL credit-impaired	2018 Total	2017 Specific	2017 Collective	2017 Total
Investment securities at FVOCI							
Balance at 1 January	-	-	-	-	-	-	-
Net remeasurement of loss allowance	37	-	-	37	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-
Balance at 31 December	**37**	**-**	**-**	**37**	**-**	**-**	**-**

Bank

In millions of Naira	2018 12-month ECL	2018 Lifetime ECL not	2018 Lifetime ECL credit-	2018 Total	2017 Specific	2017 Collective	2017 Total
Investment securities at FVOCI							
Balance at 1 January	-	-	-	-	-	-	-
Net remeasurement of loss allowance	37	-	-	37	-	-	-
New financial assets originated or purchased	-	-	-	-	-	-	-
Balance at 31 December	**37**	**-**	**-**	**37**	**-**	**-**	**-**

The above loss allowance is not recognised in the statement of financial position because the carrying amount of debt investment securities at FVOCI is their fair value.

Group

In millions of Naira	2018 12 Month ECL	2017 Total
Cash and cash equivalents		
Balance at 1 January	2	-
Net remeasurement of loss allowance	68	-
Foreign exchange and other movements	-	-
Balance at 31 December	**70**	**-**

Bank

In millions of Naira	2018 12 Month ECL	2017 Total
Cash and cash equivalents		
Balance at 1 January	2	-
Net remeasurement of loss allowance	68	-
Foreign exchange and other movements	-	-
Balance at 31 December	**70**	**-**

Group

In millions of Naira	Lifetime ECL not credit-impaired	2018 Lifetime ECL credit-impaired	2017 Total
Other receivables			
Balance at 1 January	-	16	-
Net remeasurement of loss allowance	-	20	-
Balance at 31 December	**-**	**36**	**-**

Bank

In millions of Naira	2018 Lifetime ECL not credit-impaired	2018 Lifetime ECL credit-impaired	2017 Total
Other receivables			
Balance at 1 January	-	16	-
Net remeasurement of loss allowance	-	20	-
Balance at 31 December	**-**	**36**	**-**

Group *In millions of Naira*	2018 12 Month ECL	2017 Total
Off balance sheet items		
Balance at 1 January	411	-
Net remeasurement of loss allowance	(204)	-
Balance at 31 December	**207**	**-**

Bank *In millions of Naira*	2018 12 Month ECL	2017 Total
Off balance sheet items		
Balance at 1 January	411	-
Net remeasurement of loss allowance	(204)	-
Balance at 31 December	207	-

Summary of loss allowance by class of financial assets also showing ECL coverage ratio.

Group	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial Statement Items									%	%	%	%
In millions of naira												
On balance sheet:												
Cash and cash equivalents	233,636	-	-	233,636	70	-	-	70	0.03	-	-	0.03
Non-pledged trading assets	14,271	-	-	14,271	-	-	-	-	-	-	-	-
Pledged assets	48,839	-	-	48,839	-	-	-	-	-	-	-	-
Loans and advances to customers	295,731	93,671	130,266	519,668	8,994	6,402	30,810	46,206	3.04	6.83	23.65	8.89
Investment securities at amortised cost	18,133	-	-	18,133	63	-	-	63	0.35	-	-	0.35
Investment securities at fair value through OCI	140,803	-	-	140,803	-	-	-	-	-	-	-	-
Other receivables	-	317,258	10,272	327,530	-	36	7,813	7,849	-	0.01	76.06	2.40
subtotal	751,413	410,929	140,538	1,302,880	9,127	6,438	38,623	54,188	1.21	1.57	27.48	4.16
Off balance sheet items:												
Letters of credit and financial guarantees	161,936	-	-	161,936	207	-	-	207	0.13	-	-	0.13
Total	**913,349**	**410,929**	**140,538**	**1,464,816**	**9,334**	**6,438**	**38,623**	**54,395**	**1.02**	**1.57**	**27.48**	**3.71**

Bank	Gross Carrying Amount				ECL Provision				ECL Coverage Ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Financial Statement Items									%	%	%	%
In millions of naira												
On balance sheet:												
Cash and cash equivalents	260,044	90,024	123,328	473,396	70	-	-	70	0.03	-	-	0.01
Non-pledged trading assets	14,271	-	-	14,271	-	-	-	-	-	-	-	-
Pledged assets	48,839	-	-	48,839	-	-	-	-	-	-	-	-
Loans and advances to customers	260,044	90,024	123,328	473,396	8,822	6,388	30,149	45,359	3.39	7.10	24.45	9.58
Investment securities at amortised cost	13,666	-	-	13,666	63	-	-	63	0.46	-	-	0.46
Investment securities at fair value through OCI	121,022	-	-	121,022	-	-	-	-	-	-	-	-
Other receivables	-	317,160	9,081	326,241	-	36	6,622	6,658	-	0.01	72.92	2.04
Subtotal	717,886	497,208	255,737	1,470,831	8,955	6,424	36,771	52,150	1.25	1.29	14.38	3.55
Off balance sheet items												
Letters of credit and financial guarantees	161,936	-	-	161,936	207	-	-	207	0.13	-	-	0.13
Total	**879,822**	**497,208**	**255,737**	**1,632,767**	**9,162**	**6,424**	**36,771**	**52,357**	**1.04**	**1.29**	**14.38**	**3.21**

(n) Liquidity risk

Union Bank's Asset and Liability Management Policy defines Liquidity Risk as the risk that arises due to in ability of the Bank to meet its obligations and fund its asset growth without incurring unacceptable cost arising from borrowing at above market cost and asset sale at off-market prices. The Bank is principally exposed to liquidity risk due to mismatch in fund inflows and outflows arising from its borrowing and lending activities and market operations. Key elements of the bank's liquidity risk management framework include:

Identification of Liquidity Risk
The Bank's liquidity management framework recognises two major sources of liquidity risk: (i) Funding liquidity Risk and (ii) Market Liquidity Risk. The risk that Union Bank will be unable to meet its obligations as they become due because of the inability to liquidate assets or obtain adequate funding is viewed as the bank's funding risk. This risk is structural in nature and lies in the mismatches in assets and liabilities of bank's balance sheet.

Market liquidity risk however, is the risk that Union Bank will be unable to meet its obligations as they become due because it cannot easily unwind or offset specific exposures without significantly lowering market prices due to lack of market depth or market disruptions. This risk could arise due to illiquidity of its assets and weak standing in market to raise fund. Market liquidity risk comes to play in stressed market conditions.

Liquidity Risk Appetite
The Bank views its exposure limits for liquidity risk as an essential component for a prudent liquidity risk management. Consequently, Limits for liquidity risk are maintained under the following categories: Maturity mismatches, Liquidity ratios (regulatory and internal), prudent portfolio limits on the mix of balance sheet assets (e.g. loans by credit category, financial instruments, etc.) and concentration limits from funding sources.

Liquidity Risk Measurement, monitoring and reporting
The Bank's Market and Liquidity Risk Management Department is responsible for active management of Union Bank's liquidity risk, guided by the Board approved liquidity risk frame work. The Department uses various tools to assess the Bank's liquidity risk, capturing information related to balance sheet structure, cash inflows and outflows, off-balance sheet activities and market operations. Contractual maturity report, Structural liquidity reports, concentration in funding, liquidity ratio reports, liquidity risk stress test reports, etc are prepared in assessing its liquidity risk position and taking risk mitigation measures. All limits are monitored at defined intervals with exceptions escalated at the Bank's ALCO and Board Risk Committees meetings which hold monthly and quarterly respectively.

Contingency Funding Plan
The Bank recognizes the importance of liquidity in the day-to-day operations of its business as a stand-alone bank and also as a parent entity, hence, it believes that it is crucial to have a plan for addressing liquidity in times of crisis. The Bank has a contingency funding plan in place which clearly defines the key Liquidity Risk Indicators to monitor the market conditions and measure its impact on the Bank's liquidity position and funding strategies and It also addresses the reporting, communications and confidence management in the unlikely event of a liquidity crisis caused by unstable market.

Exposure to Liquidity Risk
Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting year were as follows:

	Dec. 2018	**Dec. 2017**
At 31 December	**38%**	35%
Average for the year	**39%**	38%
Maximum for the year	**44%**	42%
Minimum for the year	**36%**	33%

As at 31 December 2018, the Group's ratio of net liquid assets to deposits from customers is 806 basis points above the required 30% benchmark.

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

Group	Note	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
31 December 2018		**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Non-derivative assets:								
Cash and cash equivalents	19	233,566	233,566	233,566	-	-	-	-
Non-pledged trading assets	20	14,271	14,271	14,271	-	-	-	-
Pledged assets	21	48,839	61,786	-	14,175	18,001	6,752	22,858
Loans and advances to customers	23	473,462	498,729	236,394	36,460	60,451	151,269	14,155
Investment securities	25	199,317	207,072	152,385	10,264	6,844	9,776	27,803
Other receivables^	32	319,681	319,681	319,681	-	-	-	-
		1,289,136	1,335,105	956,297	60,899	85,296	167,797	64,816
Derivative assets:								
Held for Risk Management	22	1,029	1,029	1,029	-	-	-	-
		1,290,165	1,336,134	957,326	60,899	85,296	167,797	64,816
Non-derivative liabilities								
Deposits from banks	33	(99,477)	(99,477)	(99,477)	-	-	-	-
Deposits from customers	34	(857,593)	(858,138)	(790,677)	(40,191)	(6,356)	(11,866)	(9,048)
Other financial liabilities^^	36	(147,622)	(147,622)	(66,268)	(14,083)	(24,667)	(15,849)	(26,755)
Debt Securities issued	38	(13,860)	(13,188)	-	-	-	(7,022)	(6,166)
Other borrowed funds	39	(94,891)	(77,897)	(28,615)	(5,448)	(3,795)	(35,617)	(4,422)
		(1,213,443)	(1,196,322)	(985,037)	(59,722)	(34,818)	(70,354)	(46,391)
Derivative liabilities:								
Held for Risk Management	22	(1,120)	(1,120)	(1,120)	-	-	-	-
		(1,214,563)	(1,197,442)	(986,157)	(59,722)	(34,818)	(70,354)	(46,391)
Gap (asset - liabilities)		75,602	138,692	(28,831)	1,177	50,478	97,443	18,425
Cumulative liquidity gap			138,692	(28,831)	(27,654)	22,824	120,267	138,692

Group	Note	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
31 December 2017		**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Non-derivative assets:								
Cash and cash equivalents	19	222,577	222,577	222,577	-	-	-	-
Non-pledged trading assets	20	20,076	20,355	20,355	-	-	-	-
Pledged assets	21	54,079	53,674	2,345	13,534	10,665	6,908	20,222
Loans and advances to customers	23	517,103	526,664	269,423	36,673	50,126	168,262	2,180
Investment securities	25	185,658	207,774	150,510	3,814	2,229	26,349	24,873
Other receivables^	32	287,462	287,462	287,462	-	-	-	-
		1,286,955	1,318,506	952,672	54,020	63,020	201,519	47,274
Derivative assets:								
Held for Risk Management	22	1,297	1,297	1,297	-	-	-	-
		1,288,252	1,319,803	953,969	54,020	63,020	201,519	47,274
Non-derivative liabilities								
Deposits from banks	33	(100,131)	(100,037)	(100,037)	-	-	-	-
Deposits from customers	34	(802,384)	(796,399)	(773,196)	(16,091)	(7,086)	(25)	-
Other financial liabilities^^	36	(80,843)	(77,521)	(77,521)	-	-	-	-
Other borrowed funds	39	(93,211)	(93,071)	(56,461)	(7,034)	(3,968)	(20,642)	(4,966)
		(1,076,569)	(1,067,028)	(1,007,215)	(23,125)	(11,054)	(20,668)	(4,966)
Derivative liabilities:								
Held for Risk Management		(972)	(972)	(972)	-	-	-	-
		(1,077,541)	(1,068,000)	(1,008,187)	(23,125)	(11,054)	(20,668)	(4,966)
Gap (asset - liabilities)		210,711	251,803	(54,218)	30,895	51,967	180,851	42,308
Cumulative liquidity gap			251,803	(54,218)	(23,323)	28,644	209,495	251,803

^The Group's other receivables exclude prepayment of N4,596 million (Dec. 17: N4,230 million) which is not a financial asset and other statutory deductions such as WHT receivables.
^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

The amounts in the table above have been compiled as follows:

Residual contractual maturities of financial assets and liabilities

Bank	Note	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
31 December 2018		**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Non-derivative assets:								
Cash and cash equivalents	19	159,028	159,028	159,028	-	-	-	-
Non-pledged trading assets	20	14,271	14,271	14,271	-	-	-	-
Pledged assets	21	48,839	61,729	-	14,118	18,001	6,752	22,858
Loans and advances to customers	23	428,037	453,304	190,969	36,460	60,451	151,269	14,155
Investment securities	25	175,068	182,823	128,136	10,264	6,844	9,776	27,803
Other receivables^	32	319,583	319,583	319,583	-	-	-	-
		1,144,826	1,190,738	811,987	60,842	85,296	167,797	64,816
Derivative assets:								
Held for Risk Management	22	1,029	1,029	1,029	-	-	-	-
		1,145,855	1,191,767	813,016	60,842	85,296	167,797	64,816
Non-derivative liabilities								
Deposits from customers	34	(844,413)	(844,958)	(777,497)	(40,191)	(6,356)	(11,866)	(9,048)
Other financial liabilities^^	36	(101,798)	(101,798)	(20,444)	(14,083)	(24,667)	(15,849)	(26,755)
Debt Securities issued	38	(13,860)	(13,188)	-	-	-	(7,022)	(6,166)
Other borrowed funds	39	(94,975)	(77,981)	(28,699)	(5,448)	(3,795)	(35,617)	(4,422)
		(1,055,046)	(1,037,925)	(826,640)	(59,722)	(34,818)	(70,354)	(46,391)
Derivative liabilities:								
Held for Risk Management	22	(1,117)	(1,117)	(1,117)	-	-	-	-
		(1,056,163)	(1,039,042)	(827,757)	(59,722)	(34,818)	(70,354)	(46,391)
Gap (asset - liabilities)		89,692	152,725	(14,741)	1,120	50,478	97,443	18,425
Cumulative liquidity gap			152,725	(14,741)	(13,621)	36,857	134,300	152,725

Bank	Note	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
31 December 2017		**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Non-derivative assets:								
Cash and cash equivalents	19	137,497	137,497	137,497	-	-	-	-
Non-pledged trading assets	20	20,076	20,355	20,355	-	-	-	-
Pledged assets	21	54,079	53,674	2,345	13,534	10,665	6,908	20,222
Loans and advances to customers	23	488,555	498,116	240,875	36,673	50,126	168,262	2,180
Investment securities	25	175,329	197,445	140,181	3,814	2,229	26,349	24,873
Other receivables^	32	286,746	286,746	286,746	-	-	-	-
		1,162,282	1,193,833	827,999	54,020	63,020	201,519	47,274
Derivative assets:								
Held for Risk Management	22	1,297	1,297	1,297	-	-	-	-
		1,163,579	1,195,130	829,296	54,020	63,020	201,519	47,274
Non-derivative liabilities								
Deposits from banks	33	(10,686)	(10,686)	(10,686)	-	-	-	-
Deposits from customers	34	(796,708)	(796,708)	(773,505)	(16,091)	(7,086)	(25)	-
Other financial liabilities^^	36	(77,521)	(77,521)	(77,521)	-	-	-	-
Other borrowed funds	39	(95,736)	(95,736)	(59,126)	(7,034)	(3,968)	(20,642)	(4,966)
		(980,651)	(980,651)	(920,838)	(23,125)	(11,054)	(20,668)	(4,966)
Derivative liabilities:								
Held for Risk Management		(972)	(972)	(972)	-	-	-	-
		(981,623)	(981,623)	(921,810)	(23,125)	(11,054)	(20,668)	(4,966)
Gap (asset - liabilities)		181,956	213,507	(92,514)	30,895	51,967	180,851	42,308
Cumulative liquidity gap			213,507	(92,514)	(61,619)	(9,652)	171,199	213,507

^The Bank's other receivables exclude prepayment of N4,420 million (Dec. 17: N3,960 million) which is not a financial asset and other statutory deductions such as WHT receivables.
^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

The amounts in the table above have been compiled as follows:

Type of financial instruments	Basis on which amounts are compiled
Non- derivative financial liabilities and financial assets.	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held for risk management purposes.	Contractual undiscounted cashflows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for earliest possible contractual maturity. derivatives that are net settled.
Issued financial guarantee contracts, and unrecognised loan commitments.	For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

(d) Market risk

The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability.The bank's exposure to market risk is through proprietary investments and asset and liability management activities which have direct exposure to adverse movements in market risk factors such as foreign exchange rates and interest rates.

Interest rate risk management and control

Interest rate risk is the potential loss to the income and/or economic value of equity of the bank as a result of adverse movement in interest rates. The Bank is exposed to three dominant interest rate risks; re-pricing risk, basis risk and yield curve risk due to its primary function of borrowing and lending and taking proprietary positions, as part of strategy, to improve earnings.

Re-pricing risk is caused by changes in interest rates at different times due to re-pricing maturities of assets, liabilities and off-balance sheet instruments. Yield curve risk arises due movement of yields (parallel and non-parallel shifts of yield curve) at different times. The re-pricing mismatches of assets and liabilities expose the bank to loss in revenue and economic value due to unanticipated changes in interest rates. Basis risk arises from imperfect correlations between interest rate benchmarks leading to changes in rates earned and paid on different instrument otherwise with similar re-pricing maturities.

One of the integral elements of the Bank's interest rate risk management framework is an articulated appetite for interest rate risk sensitive exposures. Interest rate risk limits are set for Price value per basis point (Pv01), value at risk (VaR), stop loss, management action triggers and economic value of equity(EVE).The bank's Market Risk Department is responsible for measuring, monitoring, reporting actual positions against set limits and carrying out stress tests at defined intervals.

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios:

Group

31 December 2018			**Market**	
In millions of Naira	**Note**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
Assets subject to market risk				
Cash and cash equivalent	19	233,566	-	233,566
Trading assets	20	14,271	14,271	-
Pledged assets	21	48,839	-	48,839
Derivative assets held for risk management	22	1,029	-	1,029
Loans and advances to customers	23	473,462	-	473,462
Investment securities	25	199,317	-	199,317
Other receivables	32	319,681	-	319,681
Liabilities subject to market risk				
Derivatives held for risk management	22	1,120	-	1,120
Deposit from banks	33	99,477	-	99,477
Deposits from customers	34	857,593	-	857,593
Other financial liabilities	36	169,654	-	169,654
Debt securities issued	38	13,860	-	13,860
Other borrowed funds	39	94,891	-	94,891

31 December 2017			Market	
In millions of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk				
Cash and cash equivalent	19	222,577	-	222,577
Trading assets	20	20,076	20,076	-
Pledged assets	21	54,079	-	54,079
Derivative assets held for risk management	22	1,297	-	1,297
Loans and advances to customers	23	517,103	-	517,103
Investment securities	25	185,658	-	185,658
Other receivables	32	287,462	-	287,462
Liabilities subject to market risk				
Derivatives held for risk management	22	972	-	972
Deposits from banks	33	100,131	-	100,131
Deposits from customers	34	802,384	-	802,384
Other financial liabilities	36	80,843	-	80,843
Other borrowed funds	39	93,211	-	93,211

Bank

31 December 2018			Market	
In millions of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk				
Cash and cash equivalent	19	159,028	-	159,028
Trading assets	20	14,271	14,271	-
Pledged assets	21	48,839	-	48,839
Derivative assets held for risk management	22	1,029	-	1,029
Loans and advances to customers	23	428,037	-	428,037
Investment securities	25	175,068	-	175,068
Other receivables	32	319,583	-	319,583
Liabilities subject to market risk				
Derivatives held for risk management	22	1,117	-	1,117
Deposit from banks	33	-	-	-
Deposits from customers	34	844,413	-	844,413
Other financial liabilities	36	168,827	-	168,827
Debt securities issued	38	13,860	-	13,860
Other borrowed funds	39	94,975	-	94,975

31 December 2017			Market	
In millions of Naira	Note	Carrying amount	Trading portfolios	Non-trading portfolios
Assets subject to market risk				
Cash and cash equivalent	19	137,497	-	137,497
Trading assets	20	20,076	20,076	-
Pledged assets	21	54,079	-	54,079
Derivative assets held for risk management	22	1,297	-	1,297
Loans and advances to customers	23	488,555	-	488,555
Investment securities	25	175,329	-	175,329
Other receivables	32	286,746	-	286,746
Liabilities subject to market risk				
Derivatives held for risk management	22	972	-	972
Deposits from banks	33	10,686	-	10,686
Deposits from customers	34	796,708	-	796,708
Other financial liabilities	36	110,628	-	110,628
Other borrowed funds	39	95,736	-	95,736

Exposure to market risk - Trading portfolios
The following is a summary of the VaR position of the Group's trading portfolio at 31 December and during the period (based on a 99% confidence level and 10-day holding period.

2018 *In millions of Naira*	**At 31 December**	**Average**	**Maximum**	**Minimum**
Foreign currency risk	4	28	151	1
Interest rate risk	193	120	425	30
Overall	**197**	**148**	**577**	**31**

2017 *In millions of Naira*	**At 31 December**	**Average**	**Maximum**	**Minimum**
Foreign currency risk	89	31	89	0
Interest rate risk	141	178	451	39
Overall	**230**	**210**	**541**	**39**

Exposure to interest rate risk - non-trading portfolio

The principal risk to which non-trading portfolio are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and having pre- approved limits for repricing bands.

The table below summarizes the Group's interest rate gap positions. Using there-pricing gap, the Bank is able to measure interest rate risks arising from yield curve, basis and re-pricing risks in its balance sheet using the Economic value of equity model.

Group

The table below summarizes the Group's interest rate gap positions:

In millions of Naira	*Note*	Carrying amount	Total amount sensitive to Rate	Re-pricing period Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2018								
Cash and cash equivalents	19	233,566	122,402	122,402	-	-	-	-
Non-pledged trading assets	20	14,271	14,271	14,271	-	-	-	-
Pledged assets	21	48,839	48,744	-	8,591	12,463	4,928	22,763
Derivative assets	22	1,029	1,029	1,029	-	-	-	-
Loans and advances to customers	23	473,462	416,409	371,203	9,355	-	15,850	20,000
Investment securities	25	199,317	199,280	64,838	9,718	63,881	12,895	47,948
Other receivables	32	319,681	-	-	-	-	-	-
		1,290,165	802,135	573,743	27,664	76,344	33,674	90,710
Deposits from banks	33	(99,477)	(99,477)	(99,477)	-	-	-	-
Deposits from customers	34	(857,593)	(683,625)	(473,130)	(40,187)	(5,880)	(164,428)	-
Derivative liabilities	22	(1,120)	(1,120)	(1,120)	-	-	-	-
Other financial liabilities	36	(147,622)	(32,317)	(32,317)	-	-	-	-
Debt securities issued	38	(13,860)	(13,860)	-	-	-	(7,382)	(6,478)
Other borrowed funds	39	(94,891)	(94,891)	(51,234)	(11,912)	(5,294)	(11,694)	(14,756)
		(1,214,563)	(925,290)	(657,278)	(52,099)	(11,174)	(183,505)	(21,234)
Total interest re-pricing gap		75,602	(123,155)	(83,535)	(24,435)	65,170	(149,831)	69,476

Group

In millions of Naira	**Note**	**Carrying amount**	**Total amount sensitive to Rate**	Re-pricing period **Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31 December 2017								
Cash and cash equivalents	19	222,577	190,296	190,296	-	-	-	-
Non-pledged trading assets	20	20,076	20,076	20,076	-	-	-	-
Pledged assets	21	54,079	54,152	2,823	13,534	10,665	6,908	20,222
Derivative assets held for risk	22	1,297	1,297	1,297	-	-	-	-

Loans and advances to customers	23	517,103	530,239	272,998	36,673	50,126	168,262	2,180
Investment securities	25	185,658	186,050	43,757	20,814	32,729	46,199	42,552
Other receivables	32	287,462	-	-	-	-	-	-
		1,288,252	982,110	531,247	71,020	93,520	221,369	64,953
Derivative liabilities	22	(972)	(972)	(972)	-	-	-	-
Deposits from banks	33	(100,131)	(99,993)	(99,993)	-	-	-	-
Deposits from customers	34	(802,384)	(796,399)	(773,196)	(16,091)	(7,086)	(25)	-
Other financial liabilities	36	(80,843)	(11,240)	(11,240)	-	-	-	-
Other borrowed funds	39	(93,211)	(93,298)	(71,547)	(5,053)	-	(16,698)	-
		(1,077,541)	(1,001,902)	(956,949)	(21,144)	(7,086)	(16,723)	-
Total interest re-pricing gap		210,711	(19,791)	(425,701)	49,876	86,434	204,646	64,953

The Group's other receivables exclude prepayment N4,596million N4,23017: (Dec. million) which is not a financial asset and other statutory deductions such as WHT receivables.
Other financial liabilities exclude statutory deductions such as VAT payables etc.

Bank

Re-pricing period

In millions of Naira	*Note*	Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2018								
Cash and cash equivalents	19	159,028	47,864	47,864	-	-	-	-
Non-pledged trading assets	20	14,271	14,271	14,271	-	-	-	-
Pledged assets	21	48,839	48,744	-	8,591	12,463	4,928	22,763
Derivative assets	22	1,029	1,029	1,029	-	-	-	-
Loans and advances to customers	23	428,037	370,984	325,778	9,355		15,850	20,000
Investment securities	25	175,068	175,031	40,588	9,718	63,881	12,895	47,948
Other receivables	32	319,583	-	-	-	-	-	-
		1,145,855	657,923	429,531	27,664	76,344	33,674	90,710
Derivative liabilities	22	(1,117)	(1,167)	(1,167)	-	-	-	-
Deposits from customers	34	(844,413)	(670,445)	(459,950)	(40,187)	(5,880)	(164,428)	-
Other financial liabilities	36	(141,641)	(32,080)	(32,080)	-	-	-	-
Debt securities issued	38	(13,860)	(13,860)	-	-	-	(7,382)	(6,478)
Other borrowed funds	39	(94,975)	(94,975)	(51,318)	(11,912)	(5,294)	(11,694)	(14,756)
		(1,096,006)	(812,527)	(544,515)	(52,099)	(11,174)	(183,505)	(21,234)
Total interest re-pricing gap		49,849	(154,604)	(114,984)	(24,435)	65,170	(149,831)	69,476

Re-pricing period

In millions of Naira **Bank**	Note	Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2017								
Cash and cash equivalents	19	137,497	105,216	105,216	-	-	-	-
Non-pledged trading assets	20	20,076	20,076	20,076	-	-	-	-
Pledged assets	21	54,079	54,152	2,823	13,534	10,665	6,908	20,222
Derivative assets held for risk	22	1,297	1,297	1,297	-	-	-	-
Loans and advances to customers	23	488,555	501,691	244,450	36,673	50,126	168,262	2,180
Investment securities	25	175,329	175,721	33,428	20,814	32,729	46,199	42,552
Other receivables^	32	286,746	-	-	-	-	-	-
		1,163,579	858,153	407,290	71,020	93,520	221,369	64,953
Derivative liabilities	22	(972)	(972)	(972)	-	-	-	-
Deposits from banks	33	(10,686)	(10,592)	(10,592)	-	-	-	-
Deposits from customers	34	(796,708)	(790,723)	(767,520)	(16,091)	(7,086)	(25)	-

Other financial liabilities^^	31	(74,655)	(9,678)	(9,678)	-	-	-	-
Other borrowed funds	39	(95,736)	(95,823)	(74,072)	(5,053)	-	(16,698)	-
		(978,757)	(907,788)	(862,835)	(21,144)	(7,086)	(16,723)	-
Total interest re-pricing gap		184,822	(49,634)	(455,544)	49,876	86,434	204,646	64,953

The Bank's other receivables exclude prepayment N4,420million (Dec.17:N3,960million) which is not a financial asset and other statutory deductions such as WHT receivables.
Other financial liabilities exclude statutory deductions such as VAT payables etc.

To complement the re-pricing gap, the bank uses the value at risk model for measuring interest rate risk inherent in any trading position or portfolio. The value at risk (VaR) of a position or portfolio is the loss or change in value that is not expected to be exceeded with a given degree of confidence (99%) over a specified time year. VaR is therefore a statistical measure of variability in the value of a portfolio of positions or earnings from economic activity arising from the changes in the market prices of the commodities or other variables underlying the portfolio or activity. Value at Risk measurement is most appropriate for marked-to-market portfolios.

In millions of naira
31 December, 2018

Security	Position	VaR 1-Day	VaR 10-Day	Diversified VaR 1-Day
Treasury Bills	16,417	140	441	126
FGN Bonds	(606)	53	167	46

In millions of naira
31 December, 2017

Security	Position	VaR 1-Day	VaR 10-Day	Diversified VaR 1-Day
Treasury Bills	12,033	33	106	30
FGN Bonds	8,321	108	340	94

Exposure to interest rate risk - Non-trading portfolios

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and financial liabilities to various standard and nonstandard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 50 basis point (bp) parallel fall or a 100bp parallel rise in all yield curves worldwide and a 25bp rise or fall in the greater than 12-month portion of all yield curves. The following is an analysis of the Group's sensitivity to the above increases or decreases in market interest rates. The analysis assumes:
- asymmetrical movements in yield curves to reflect floors of zero in certain financial instruments;
- symmetrical movements in the greater than 12-month portion of yield curves; and a constant financial position.

Sensitivity analysis - interest rates

The following is an analysis of the group's sensitivity to an increase in market interest rates, assuming no asymmetrical movement in yield and a constant financial position.

Sensitivity of projected net interest income	**GROUP**		**BANK**	
In millions of Naira	**100bps Increase**	**100bps Decrease**	**100bps Increase**	**100bps Decrease**
31 Dec 2018	8,449	(8,449)	7,158	(7,158)
31 Dec 2017	8,538	(8,538)	7,269	(7,269)

Foreign currency risk

As a licensed foreign exchange dealer and member of the Interbank foreign exchange market, the Bank is exposed to foreign exchange risk, hence the need to effectively identify, assess, monitor and manage foreign exchange rate risk as part of its overall market risk management process.

Foreign exchange rate risk management and control

In line with the bank's over all market risk management framework, an articulated appetite for foreign exchange rate risk is approved by the Board. Limits are set for Foreign exchange net open positions (NOPL) in line with regulation, value at risk (VaR), stop loss and management action triggers. The bank's Market Risk Department is responsible for measuring, monitoring, reporting actual positions against set limits and carrying out stress tests at defined intervals.

The table below summarizes the Group's foreign currency balance sheet as at December 31, 2018:

Group	**Total**	**US Dollar**	**Euro**	**Pound**	**Others**
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**
31 December 2018					
Cash and cash equivalents	212,184	197,063	6,494	8,157	470
Derivative assets held for risk management	1,029	1,029	-	-	-
Loans and advances to customers	246,029	240,264	916	4,849	-
Investment securities	10,329	9,927	-	402	-
Other receivables^	14,773	14,773	-	-	-
Total financial assets	484,344	463,056	7,410	13,408	470
Derivative liabilities held for risk management	(1,120)	(1,120)	-	-	-
Deposits from banks	(100,037)	(97,475)	(1,056)	(1,208)	(298)
Deposit from customers	(211,324)	(196,161)	(1,347)	(13,815)	(1)
Other financial liabilities^^	(125,212)	(118,489)	(3,738)	(2,351)	(634)
Other borrowed funds	(59,111)	(59,111)	-	-	-
Total financial liabilities	(496,804)	(472,356)	(6,141)	(17,374)	(933)
Net on-balance sheet position	(12,460)	(9,300)	1,269	(3,966)	(463)
	Total	**US Dollar**	**Euro**	**Pound**	**Others**
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**
31 December 2017					
Cash and cash equivalents	168,570	155,880	3,222	8,860	608
Derivative assets held for risk management	2,744	2,744	-	-	-
Loans and advances to customers	255,903	252,744	262	2,896	-
Investment securities	37,112	36,710	-	402	-
Other receivables	27,061	27,009	13	39	-
Total financial assets	491,389	475,088	3,497	12,196	608
Derivative liabilities held for risk management	(972)	(972)	-	-	-
Deposits from banks	(100,037)	(97,475)	(1,056)	(1,208)	(298)
Deposit from customers	(137,395)	(122,683)	(1,240)	(13,471)	(1)
Other financial liabilities	(151,205)	(146,736)	(3,022)	(1,246)	(201)
Other borrowed funds	(78,813)	(78,813)	-	-	-
Total financial liabilities	(468,422)	(446,678)	(5,319)	(15,926)	(500)
	22,968	28,410	(1,821)	(3,730)	109

^The Group's other receivables exclude prepayment N4,596million (Dec.17:N3,960million)which is not a financial asset and other statutory deductions such as WHT receivables.

^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

The Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigeria Naira affects reported earnings through revaluation gain or loss through increase or decrease in the revalued amounts of assets and liabilities denominated in foreign currency.

Bank	Total ₦ million	US Dollar ₦ million	Euro ₦ million	Pound ₦ million	Others ₦ million
31 December 2018					
Cash and cash equivalents	110,443	104,391	4,939	946	167
Derivative assets held for risk management	1,029	1,029	-	-	-
Loans and advances to customers	214,957	212,296	702	1,959	-
Investment securities	-	-	-	-	-
Other receivables^	14,773	14,773	-	-	-
Total financial assets	341,202	332,489	5,641	2,905	167
Derivative liabilities held for risk management	(1,120)	(1,120)	-	-	-
Deposits from banks	(10,592)	(10,592)	-	-	-
Deposit from customers	(183,621)	(177,098)	(616)	(5,906)	(1)
Other financial liabilities^^	(124,946)	(118,223)	(3,738)	(2,351)	(634)
Other borrowed funds	(59,111)	(59,111)	-	-	-
Total financial liabilities	(379,390)	(366,144)	(4,354)	(8,257)	(635)
Net on-balance sheet position	(38,188)	(33,655)	1,287	(5,352)	(468)

	Total ₦ million	US Dollar ₦ million	Euro ₦ million	Pound ₦ million	Others ₦ million
31 December 2017					
Cash and cash equivalents	66,829	63,208	1,667	1,649	305
Derivative assets held for risk management	2,744	2,744	-	-	-
Loans and advances to customers	224,831	224,776	48	6	-
Investment securities	26,783	26,783	-	-	-
Other receivables	26,353	26,301	13	39	-
Total financial assets	347,539	343,812	1,728	1,694	305
Derivative liabilities held for risk management	(972)	(972)	-	-	-
Deposits from banks	(10,592)	(10,592)	-	-	-
Deposit from customers	(109,692)	(103,620)	(509)	(5,562)	(1)
Other financial liabilities	(149,829)	(145,360)	(3,022)	(1,246)	(201)
Other borrowed funds	(78,813)	(78,813)	-	-	-
Other liabilities	-	-	-	-	-
Total financial liabilities	(349,898)	(339,357)	(3,531)	(6,808)	(202)
Net on-balance sheet position	(2,359)	4,455	(1,803)	(5,114)	103

^The Bank's other receivables exclude prepayment N4,420million (Dec.17:N3, 960million) which is not a financial asset and other statutory deductions such as WHT receivables.
^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

The Bank's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigeria Naira affects reported earnings through revaluation gain or loss through increase or decrease in the revalued amounts of assets and liabilities denominated in foreign currency.

The 2018 year end spot rate for the dollar is N358.79 (2017: 331.16) and the average rate for dollar in 2018 is N348.18 (2017: N307.87).

Sensitivity Analysis

A reasonable possible strengthening/(weakening) of the US Dollars, Euro and Pounds sterling against the Naira as at 31 December would affect the measurement of financial instruments denominated in foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular interest rates remain constant.

	Profit or Loss	
Effect in millions of Naira	Strengthening	Weakening
31 December 2018		
USD (10% movement)	(935)	935
EUR (10% movement)	127	(127)
GBP (10% movement)	(397)	397
31 December 2017		
USD (10% movement)	2,841	(2,841)
EUR (10% movement)	(182)	182
GBP (10% movement)	(373)	373

(o) Operational risk management

The Group has adopted the Basel II definition of Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Our overall objective for managing operational risk is to establish and maintain a sound system to adequately identify, assess, control, monitor and report on operational risks across the Bank

Effective implementation of our Operational Risk Management program guarantees:.
More risk awareness amongst staff;
Better understanding of the Bank's operational risk profile;
Significant reduction in operational losses, hence improved profitability;
Improved processes and systems in the Bank; and
Improved business resilience, which would guarantee enhanced responses to business disruptions

Governance

The Bank's Operational Risk Management function reports to the Chief Risk Officer (CRO) who has primary responsibility for the implementation of Enterprise Risk Management.

The Operational Risk management function is responsible and accountable for the design, implementation and maintenance of the Operational Risk Management Framework.

Operational risk management and control

The Operational Risk Management Framework guides the management of operational risks in the Bank. The framework ensures the identification of various operational risk elements and that relevant risk mitigation measures are determined and implemented.

The framework specifies the use of a number of tools to effectively manage the operational risks in the Bank.

Some of the tools used in the Bank in managing operational risks are as follows:
Risk and Control Self-Assessment: The Bank consistently and periodically identifies, measures and monitors the key operational risks which the business is exposed to, in achieving its objectives. This process is internally driven by conducting workshops across all the business units of the Bank to assess risks and associated controls.

The Bank has successfully conducted risk and control self-assessments for all functions with key risks identified and associated remedial action plans implemented. The risks identified from this exercise are included in the Bank's risk register and monitored against associated controls.

Key Risk Indicators: The Bank has developed a set of indicators which are being monitored and reflect the operational risk profile of the Bank. Reasonable thresholds have been agreed upon which relevant risk mitigating action is triggered.

Loss Data Collection: The Bank records operational risk incidents which occur in its various businesses and activities in an internal loss event database. The loss events recorded are in order to determine their root causes which facilitates prevention of future occurrence of such events. These events are reviewed, analysed and reported to different stakeholders on a periodic basis.

The Bank also maintains an external loss database which includes records of losses that have occurred in other similar institutions.

The external loss database facilitates learning in order to prevent the occurrence of such events within the Bank.
Business Continuity Planning: The Bank manages its business continuity risks with its Business Continuity Management ("BCM") Program. The program outlines core procedures for the relocation or the recovery of operations in response to varying levels of disruption. Within this program, program, each of our critical businesses functions maintain and periodically test business continuity plans to promote continuous and reliable service with minimal disruption to customer service.

Disaster Recovery and Business Continuity Plans (BCP) have been established for critical business functions to ensure continuity of operations. Also developed is an emergency/crisis management plan for handling events which can have a sustained negative impact on the bank's activities and resources. These plans are tested and reviewed periodically to ensure their effectiveness to mitigate risks arising from disruptions.

The Bank recently implemented a robust Operational Risk Management system which will help standardize and automate Operational Risk Management processes in the Bank and lead to improved management of operational risks. The Bank also recently successfully went through the ISO22301 (Business Continuity Management Systems) certification process.

(p) Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are

(i) To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate; :

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored by the Group's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis.

The CBN requires each international bank to:

(i) Hold the minimum level of regulatory capital of N25 billion, and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at a minimum of 15%.

In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor; as such, capital requirements may differ from country to country. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor; as such, capital requirements may differ from country to country.

The Group's regulatory capital as managed by its Financial Control is divided into two tiers:
Tier 1 capital : share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and intangible assets is deducted in arriving at Tier 1 capital; and

Tier 2 capital: preference shares, non-controlling interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

As directed by the CBN, the Bank crossed over to the Basel II capital measurement standard by December, 2014, replacing the Base II Capital Adequacy Ratio (CAR) computation with the Basel II Standardised Approach(Currently, CBN requires all deposit money banks in Nigeria to adopt the Standardised Approach for the computation of Capital Adequacy Ratio under Pillar 1)

In line with the CBN guideline for the Standardised Approach, the Risk Weighted Assets (RWA) are derived using the CBN specified Risk Weights (RW) for the different asset classes:

(i) 0% for Exposures to Central Governments and Central Banks

(ii) 100% for Exposures to No-Central Government Public Sector Entities

(iii) Exposures to State Governments and Local Authorities;
20% for State Government bonds that meet the CBN eligibility criteria for classification as liquid assets
100% for other State and Local Government bonds and exposures

(iv) State and Local Governments of other jurisdictions are assigned the Sovereign RW of those jurisdictions.
0% for Exposures to Multilateral Development Banks (MDBs)

(v) Exposures to Supervised Institutions
20% for Short- term exposures to supervised institutions in Nigeria with an original maturity of three months or less
100% for long-term exposures to supervised institutions in Nigeria with an original maturity of three months or less
100% for Exposures to Corporate and Other Persons
75% for Regulatory Retail Portfolio. However, to qualify, such exposures must meet the following criteria:

(vi) Orientation criterion – the exposure is to an individual person or persons or to a small business.

(vii) Product criterion - the exposure takes the form of any of the following: revolving credits and lines of credit (including credit cards and overdrafts), personal term loans and other term loans (for example installment loans, auto financing loans, student and 'educational loans, personal finance) and small business facilities. Investment in debt and equity securities, whether listed or not, are excluded from this portfolio. Mortgage loans are also excluded to the extent that they qualify for treatment as exposures secured by residential property.

(viii)Granularity criterion - the aggregate exposure to one counterpart cannot exceed 0.2% of the overall regulatory retail portfolio;

(ix) Low value of individual exposures - the aggregate retail exposure to one counterparty cannot exceed an absolute threshold of N100 million.
100% for Exposures secured by Mortgages on Residential Property.
100% for Exposures secured by Mortgages on Commercial Real Estate.

Qualifying residential mortgage loans that are past due:

(x) 100% when specific provisions are less than 20% of the outstanding amount of the exposure; and

(xi) 50% when specific provisions are 20% or more of the outstanding amount of the exposure.

Other unsecured Past Due Exposures (excluding past due residential mortgages):

(xii) 150% risk weight when specific provisions are less than 20% of the outstanding amount of the exposure;
(xiii)100% risk weight when specific provisions are no less than 20% of the outstanding amount of the exposure.

Other Assets:

(xiv) Cash in hand and equivalent cash items shall be assigned a 0% risk weight.
(xv) Cheques and Cash items in transit shall be assigned a 20% risk weight.
(xvi) Capital adequacy is assessed at individual subsidiaries level. All Subsidiaries have adequate Capital as at 31st December, 2017
100% risk weight for the following: fixed assets; prepayments; investments in equity or regulatory capital instruments (unless deducted from capital);
collective investment schemes; real estate; bank lending to subsidiaries in the same group (but to be deducted from capital where loan is not fully secured).
Off-Balance Sheet Exposures are first converted to credit equivalent amount by multiplying the exposures by the related Conversion Factors(CCF).

The Capital requirement is then derived by multiplying the credit equivalent by the risk weight of the counterparty.

Capital adequacy ratio is assessed at the individual operating entity level. The Subsidiary components have maintained the required level of capital as at 31 December 2018.

(q) Capital Adequacy Ratio

The Bank's Basel II capital adequacy ratio was 16% as at 31 December 2018, which is above the CBN minimum requirement of 15%, as computed below.

Bank	***Note***	**IFRS 9 Transitional arrangement Impact Dec. 2018**	**IFRS 9 Full Impact Dec. 2018**	**Adjusted Day-one impact of IFRS 9 transition Jan. 2018**	**IAS 39 Dec. 2017**
		₦ million	**₦ million**	**₦ million**	**₦ million**
Tier 1 Capital					
Ordinary share capital		14,561	14,561	14,561	14,561
Share premium		187,091	187,091	187,091	187,091
Retained deficit		(47,736)	(47,736)	(69,587)	(19,118)
IFRS 9 Transitional Adjustment		37,842	-	50,469	-
Statutory reserve		28,797	28,797	26,031	26,371
Other reserves		4,040	4,040	2,251	73,278
		224,594	186,752	210,816	282,183
Less: Regulatory risk reserve		-	-	-	(71,027)
Tier 1 before regulatory deduction		224,594	186,752	210,816	211,156
Regulatory deductions					
Deferred tax assets	31	(95,875)	(95,875)	(95,875)	(95,875)
Intangible assets	30	(5,628)	(5,628)	(3,949)	(3,949)
Tier 1 after regulatory deduction		123,091	85,249	110,992	111,332
Other deduction					
Investment in subsidiaries (50%)		5,284	5,284	5,284	5,284
Eligible Tier 1 Capital		117,808	79,965	105,708	106,048
Tier 2 Capital					
Fair value reserves		13,335	13,335	18,805	39,205
Tier 2 capital before deduction (restricted to 33.33% of Tier 1 capital after regulatory deduction)		41,030	28,416	36,997	37,111
Deduction					
Investment in subsidiaries (50%)		5,284	5,284	5,284	5,284
Eligible Tier 2 Capital		8,052	8,052	13,522	31,827
Total qualifying Capital		125,859	88,017	119,230	137,875
Risk weighted assets					
Risk-weighted Amount for Credit Risk		634,179	634,179	582,504	645,162
Risk-weighted Amount for Operational Risk		129,398	129,398	121,124	121,124
Risk-weighted Amount for Market Risk		4,193	4,193	8,211	8,211
Total weighted risk assets		767,770	767,770	711,839	774,497
Risk weighted Capital Adequacy Ratio (CAR)		16.4%	11.5%	16.7%	17.8%

Based on the CBN requirements, regulatory risk reserves are excluded from capital adequacy ratio computation. As at 31 December 2018, there was no regulatory risk reserve; (31 Dec 2017: N71.027billion).

TRANSITIONAL ARRANGEMENTS TREATMENT OF IFRS 9 EXPECTED CREDIT LOSS FOR REGULATORY PURPOSES BY BANKS IN NIGERIA

During the year, the Central Bank of Nigeria (CBN) issued a circular to provide guidance on the treatment of ECL provisions for regulatory purpose and introduce a four-year transitional arrangement to cushion the effect on tier 1 regulatory capital. The summary of the guidance is as follows:

Utilisation of Regulatory Risk Reserve (RRR) to cushion the impact of IFRS 9 ECL Provisions on Transition Date
In order to cushion the impact of IFRS 9 on regulatory capital banks are required, in the first instance, to apply the balance in their RRR to reduce the additional ECL provisions to be recognized in the opening retained earnings on January 1, 2018. The amount to be deducted from RRR shall be limited to the excess of ECL provisions over the IAS 39 provisions on the transition date. Accordingly, banks are required to effect appropriate accountingentries to reflect the transfer from RRR to the retained earnings.

Transitional Arrangement of the ECL Accounting Provisions for Regulatory Capital Purpose
Where the additional IFRS 9 ECL provision as stated in (1) above is higher than the balance in RRR, Banks are required to amortise the excess in line with the transitional arrangements provided by CBN. For the purpose of the transitional arrangement, the excess of the ECL provisions over IAS 39 provisions adjusted for the RRR is termed "Adjusted Day One Impact", using the Static Approach. This approach requires banks to hold static the Adjusted Day One Impact and amortise on a straight-line basis over the four-year transition period by writing back to the Tier 1 capital as indicated in the table below:

Period	Provisions to be written back
Year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
Year 4 (December 31, 2021)	Nil

Where the RRR fully absorbs the additional ECL provision, this transitional arrangement shall not apply.

The outcome of the application of the CBN guidance on the treatment of IFRS 9 ECL provisions is as presented in the capital adequacy computation as shown above. Adjusted day one impact for the Bank at 01 January 2018 is N63.086bn and is being amortised in line with the provisions of the Central Bank of Nigeria as tabulated above.

6. **Use of estimates and judgements**

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see note 5).
(A) Assumptions and estimation uncertainties
Impairment - Applicable to 2018 only

(i) Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit Risk Grades

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3. Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

(ii) Generating the term structure of PD
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Group collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

For some portfolios, information purchased from external credit reference agencies is also used.

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, benchmark interest rates and unemployment. For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Based on advice from the Group Market Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information). The Group then uses these forecasts to adjust its estimates of PDs.

(iii) Determining whether credit risk has increased significantly
The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due or, for [certain types of exposure], more than 15 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2)

(iv) Staging Definition

Stage 1
This includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. Instruments that are included in this category includes:
- A financial instrument that is determined to have low credit risk equivalent to 'investment grade'. Only risk free and gilt-edged securities are considered 'investment grade' and assessed to have low credit risk by the Bank. These instruments are categorised within stage 1 and 12-month ECLs are calculated on them as at each reporting period.
- A credit facility with principal and interest payments up-to-date and are not overdue by more than 30 days. A facility with a single notch Rating downgrade between the last reporting date and the current reporting date, where the revised rating remains an Investment Grade Rating ("AAA to BBB")
- Other instruments that are considered not to have had a significant increase in credit risk at the reporting date when 30 days past due presumption is rebutted.

For these financial instruments, the Bank provides for 12-month expected credit losses (ECLs), i.e. the portion of lifetime ECLs that represents the ECLs that result from default events that are possible within the 12-months after the reporting date and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2
This includes financial instruments that have had a significant increase in credit risk since initial recognition on an individual or collective basis (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognised, i.e. ECLs that result from all possible default events over the expected life of a financial instrument, but interest revenue is still calculated on the gross carrying amount of the asset.
- A financial instrument that is considered to have had a significant increase in credit risk
- A credit facility with principal and interest payments are overdue by more than 30 days.
- A facility with a double notch rating downgrade between the last reporting date and the current reporting date, where the revised Rating remains an Investment Grade Rating ("AAA to BBB") or in other instances a facility with a single notch rating movement A restructured facility or a facility that has been granted forbearance.

Stage 3
This includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). This is done by applying the EIR in subsequent reporting periods to the amortized cost of the financial asset. Instruments included in this bucket are
- Financial instruments that are credit impaired.
- Credit facilities with principal and interest payments overdue by more than 90 days.

(v) Probationary period for upgrading exposures
The Group assesses whether there has been a reversal in the significant increase in credit risk since initial recognition on the basis of all reasonable and supportable information that is available without undue cost or effort. This includes historical and forward-looking information and an assessment of the credit risk over the expected life of the financial asset, which includes information about the circumstances that led to the modification.

Stage 2 to Stage 1
The Group determines that financial assets have moved from having significant increase in credit risk to a performing instrument, if the customer has not defaulted for a minimum period of 90 days. The Group assesses the reason for the original transition to stage 2.

Stage 3 to Stage 2
The Group determines if a financial asset has moved from being in default to having a significant increase in credit risk by assessing if thefinancial asset no longer meets The Group's criteria of default i.e. if the customer has not been in default for a minimum period Of 90 days, but the instrument still exhibits a significant increase in credit risk from its initial recognition date.

Stage 3 to Stage 1
The Group determines if a financial asset has moved from being in default to a performing instrument, if the financial asset no longer meets The Group's criteria of default i.e. if the customer has not been in default for a minimum period Of 180 days and the instrument also does not exhibit a significant increase in credit risk from its initial recognition date. The Group assesses each case individually to identify whether it is appropriate to move to stage 1. Generally, upgrading of exposures from stage 3 is expected to move through stage 2 before moving such exposures to stage 1.
Movement of exposure from stage 3 to stage 1 is expected to occur sparingly.

(vi) *Modified financial assets*
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. An existing loan whose terms have been modified may be When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Group renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Group Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Group's the estimate of PD reflects whether the modification has improved restored or the Group's ability to collect interest and principal and the Group's previous experience of similar for bearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators. Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired / in default. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/indefault or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

(vii) Definition of default
The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding.

In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.
The definition of default largely aligns with that applied by the Group for regulatory capital purposes.

(viii) Measurement of ECL
The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure At Default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward looking information as described above.

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty andpotential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carryingamount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD isdetermined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased,the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual periodextends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts and credit card facilities that include both a loan and an undrawn commitment component, the Group measures ECLover a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawncommitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term orrepayment structure and are managed on a collective basis. The Group can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECL.These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristicsthat include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

(ix) Determining the forward looking information (FLI)

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Group Market Risk Committee and economic relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, supranational organisations suchas the OECD and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using ananalysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based onanalysing historical data over the 6 years . As the years go by, more historical information will be added until a period equivalent to an economic cycle is achieved.

a. *Determining fair values*
The fair value of financial assets and 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 traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

b Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.
c Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
d Credit risk grades

(B) *Financial asset and liability classification*
The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:
(a) In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in the accounting policy in note 4(j).
(b) In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in the accounting policy in 4(j).
(c) In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by the accounting policy in note 4(j). Details of the Group's classification of financial assets and liabilities are given in note 7.

(C) *Depreciation and carrying value of property and equipment*
The estimation of the useful of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

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

(E) *Valuation of financial instruments*
The Group's accounting policy on fair value measurements is discussed in note 3(j)

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

(i) Level 1: Inputs that are quoted market prices (unadjusted) in an active market for identical instruments.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable either (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 where all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: Inputs that are unobservable. This category includes 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.

The table below analyses the Bank's financial instruments measured at fair value at the end of the reporting year, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the statement of financial position.

31 December 2018	Note	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Total ₦ million
Non pledged trading assets	20	-	14,271	-	14,271
Pledged assets	21	6,280	4,060	-	10,340
Derivative assets held for risk management	22	-	1,029	-	1,029
Investment securities	25	27,311	95,906	38,248	161,465
		33,591	115,266	38,248	187,105

31 December 2017	*Note*	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Total ₦ million
Non pledged trading assets	20	9,121	10,955	-	20,076
Pledged assets	21	1,554	-	-	1,554
Derivative assets held for risk management	22	-	1,297	-	1,297
Investment securities	25	109,937	-	26,887	136,824
		120,612	12,252	26,887	159,751

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 valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other inputs used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with the determination of 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

Level 3 fair value measurements

(a) Reconciliation

The following table show a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for the group.

31 December 2018 In millions of naira	Investment Securities	Derivative assets	Total
Balance at 1 January 2018	26,887	-	26,887
Total gains recognised in profit or loss	37,048		37,048
Total gains recognised in OCI	(25,687)	-	25,687
Balance at 31 December 2018	38,248	-	38,248

31 December 2017 In millions of naira	Investment Securities	Derivative assets	Total
Balance at 1 January 2017	25,141	-	25,141
Total gains recognised in OCI	1,746	-	1,746
Balance at 31 December 2017	26,887	-	26,887

Financial instruments not measured at fair value

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

Group 31 December 2018	**Note**	**Level 1** **₦ million**	**Level 2** **₦ million**	**Level 3** **₦ million**	**Total** **₦ million**
Assets					
Cash and Cash equivalent	19	-	233,566	-	233,566
Pledged assets	21	38,405	94	-	38,499
Loans and advances to customers	23	-	-	473,462	473,462
Investment securities: at amortised cost	25	-	-	18,133	18,133
Other receivables	32	-	-	319,681	319,681
		38,405	233,660	811,276	1,083,341
Liabilities					
Deposits from banks	33	-	-	99,477	99,477
Deposits from customers	34	-	-	857,593	857,593
Other financial liabilities	36	-	-	147,622	147,622
Other borrowed funds	39	-	-	94,891	94,891
		-	-	1,199,583	1,199,583

31 December 2017	**Note**	**Level 1** **₦ million**	**Level 2** **₦ million**	**Level 3** **₦ million**	**Total** **₦ million**
Assets					
Cash and Cash equivalent	19	-	222,577	-	222,577
Pledged assets	21	-	54,079	-	54,079
Loans and advances to customers	23	-	-	517,103	517,103
Investment securities: at amortised cost	25	-	-	38,505	38,505
Other receivables	32	-	-	287,462	287,462
		-	276,656	843,070	1,119,726
Liabilities					
Deposits from banks	33	-	-	100,131	100,131
Deposits from customers	34	-	-	802,384	802,384
Other financial liabilities	36	-	-	80,843	80,843
Other borrowed funds	39	-	-	93,211	93,211
		-	-	1,076,569	1,076,569

Bank 31 December 2018	**Note**	**Level 1** **₦ million**	**Level 2** **₦ million**	**Level 3** **₦ million**	**Total** **₦ million**
Assets					
Cash and Cash equivalent	19	-	159,028	-	159,028
Pledged assets	21	38,405	94	-	38,499
Loans and advances to customers	23	-	-	428,037	428,037
Investment securities: at amortised cost	25	-	-	13,666	13,666
Other receivables	32	-	-	319,583	319,583
		38,405	159,122	761,286	958,813
Liabilities					
Deposits from banks	33	-	-	-	-
Deposits from customers	34	-	-	844,413	844,413
Other financial liabilities	36	-	-	147,385	147,385
Other borrowed funds	39	-	-	94,975	94,975
		-	-	1,086,773	1,086,773

31 December 2017	**Note**	**Level 1** **₦ million**	**Level 2** **₦ million**	**Level 3** **₦ million**	**Total** **₦ million**
Assets					
Cash and Cash equivalent	19	-	137,497	-	137,497
Pledged assets	21	-	54,079	-	54,079
Loans and advances to customers	23	-	-	488,555	488,555
Investment securities: held to maturity	25	-	-	38,505	38,505
Other receivables	32	-	-	286,746	286,746
		-	191,576	813,806	1,005,382
Liabilities					
Deposits from banks	33	-	-	10,686	10,686
Deposits from customers	34	-	-	796,708	796,708
Other financial liabilities	36	-	-	79,281	79,281
Other borrowed funds	39	-	-	95,736	95,736
		-	-	982,411	982,411

(F) *Recognition of deferred tax assets: availability of future taxable profits against which carry-forward tax losses can be used*

(G) *Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources:*

The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an on going basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimate seven when matters are at a more advanced stage. The complexity of such matter soften requires the input of specialist professional advice in making assessments to produce estimates. Customer redress, legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level.

(H) *Judgement*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes.

- Applicable to 2018 only:
  (i) Classification of financial assets: assessment of the business model with in which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding; see note 3(k).
  (ii) Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL - See note 5(b)
- Applicable to 2018 and 2017:
  Determination of control over investees.

7. Operating segments

The Group has the following strategic business segments, which are its reportable segments.
(i) Retail Bank
(ii) Commercial Bank
(iii) Corporate Bank
(iv) Treasury

Retail Bank

This segment provides innovative products and solutions to mass market and mass affluent customers as well as small & medium enterprises with a turn over below N250 million per annum. Clients offerings include deposit products, complementary white label and payroll driven asset products.

Commercial Bank

This segment caters to the banking needs of local corporates, usually with a turn over between N500 million - N5 billion in such sectors as General Commerce, Construction, Oil & Gas, Manufacturing, Agriculture, Education, Health and Public Sector. Products and services offered with in this segment includes loans and advances, equipment leasing, local purchase order financing, value chain products, trade financing and cash management solutions.

Corporate Bank

This segment provides services to large corporates with a turnover above N5 billion in sectors such as Oil & Gas, Telecoms, Manufacturing, FMCG, General Commerce, Agriculture, Aviation and Maritime. Products and services offered include transactional banking products, cash management solutions, trade, working capital finance, investment management, over drafts and loans and advances.

Treasury

Treasury supports clients in all segments of the Bank such as affluent and high net worth individuals, commercial clients, corporates and non-banking financial institutions. Client offering is composed of a diversified portfolio of products and services including issuance of short term notes, investment management (money market products), fixed income sales and trading.

Group

31 December 2018	Retail banking ₦ million	Commercial banking ₦ million	Corporate banking ₦ million	Treasury ₦ million	Total ₦ million
Revenue:					
Derived from external customers	16,695	22,600	55,971	51,484	146,751
Derived from other business segments	25,791	253	(40,690)	14,646	-
Total Revenue	42,487	22,853	15,281	66,130	146,751
Interest expenses	(13,815)	(3,533)	(8,065)	(29,603)	(55,016)
Net impairment on financial assets	(244)	(2,615)	6,592	(905)	2,827
Net revenue after impairment	28,428	16,705	13,808	35,622	94,562
Direct operating expenses	(23,522)	(5,711)	(6,180)	(7,391)	(42,805)
Share of centrally incurred expenses	(19,469)	(6,947)	(4,777)	(2,111)	(33,305)
Total operating expenses	(42,991)	(12,659)	(10,957)	(9,503)	(76,110)
(Loss)/profit before income tax	(14,563)	4,046	2,851	26,119	18,453
Income tax expense					(360)
Profit after tax					18,093
Assets and liabilities:					
Reportable segment assets	146,269	283,139	406,129	626,256	1,463,858
Reportable segment liabilities	(533,480)	(205,276)	(255,973)	(242,363)	(1,238,226)
Net Assets/(Liabilities)					225,632

31 December 2017	Retail banking ₦ million	Commercial banking ₦ million	Corporate banking ₦ million	Treasury ₦ million	Total ₦ million
Revenue:					
Derived from external customers	12,578	33,329	69,557	48,380	163,844
Derived from other business segments	32,806	(2,744)	(27,340)	(2,722)	-
Total Revenue	45,384	30,585	42,217	45,658	163,844
Interest expenses	(13,766)	(4,095)	(14,735)	(25,284)	(57,880)
Net impairment on financial assets	(1,055)	(10,452)	(13,800)	(10)	(25,317)
Direct operating expenses	(18,422)	(8,250)	(5,374)	(2,802)	(34,848)
Share of centrally incurred expenses	(18,043)	(7,131)	(4,114)	(2,593)	(31,880)
Total operating expenses	(36,465)	(15,381)	(9,487)	(5,395)	(66,728)
(Loss)/profit before income tax	(5,902)	657	4,195	14,969	13,919
Income tax expense					(911)
Profit after tax					13,008

31 December 2017					
Assets and liabilities:					
Reportable segment assets	152,942	276,012	437,076	589,511	1,455,540
Reportable segment liabilities	(420,844)	(239,617)	(244,859)	(206,749)	(1,112,069)
Net Assets/(Liabilities)					343,471

The Group's business activities are carried out in two (2) main countries:
(i) Nigeria
(ii) United Kingdom

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged on these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Segment report by country:

31 December 2018	Nigeria ₦ million	United Kingdom ₦ million	Total ₦ million
Derived from external customers	141,020	5,731	146,751
Derived from other segments	-	-	-
Total revenues	141,020	5,731	146,751
Interest and similar expenses	(53,867)	(1,149)	(55,016)
Operating expenses	(72,843)	(3,267)	(76,110)
Net impairment loss on financial assets	3,351	(523)	2,827
(Loss)/profit before taxation	17,661	791	18,453
Income tax expense	(309)	(51)	(360)
Profit after taxation	17,352	740	18,093

	Nigeria ₦ million	United Kingdom ₦ million	Total ₦ million
Assets and liabilities:			
Total assets	1,310,743	153,115	1,463,858
Total liabilities	(1,112,240)	(125,986)	(1,238,226)
Net assets	198,503	27,129	225,632

31 December 2017	Nigeria ₦ million	United Kingdom ₦ million	Total ₦ million
Derived from external customers	159,026	4,818	163,844
Derived from other segments	-	-	-
Total revenues	159,026	4,818	163,844
Interest and similar expenses	(57,554)	(326)	(57,880)
Operating expenses	(63,517)	(3,211)	(66,728)
Net impairment loss on financial assets	(25,215)	(102)	(25,317)
(Loss)/profit before taxation	12,740	1,179	13,919
Income tax expense	(598)	(313)	(911)
Profit after taxation	12,142	866	13,008
Assets and liabilities:			
Total assets	1,311,189	144,351	1,455,540
Total liabilities	(991,276)	(118,523)	(1,109,799)
Net assets	319,913	25,828	345,741

8. Financial assets and liabilities

A. Accounting classification, measurement basis and fair values

The table below sets out the Group's and Bank's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

Group 31 December 2018	Note	Mandatorily at FVTPL ₦ million	Designated as at FVTPL ₦ million	FVOCI Debt instruments ₦ million	FVOCI equity instrument ₦ million	Amortised cost ₦ million	Total carrying amount ₦ million	Fair value ₦ million
Cash and cash equivalents	19	-	-	-	-	233,566	233,566	233,566
Non pledged trading assets	20	14,271	-	-	-	-	14,271	14,271
Pledged assets	21	-	-	10,340	-	38,499	48,839	48,839
Derivative assets held for risk management	22	1,029	-	-	-	-	1,029	1,029
Loans and advances to customers	23	-	-	-	-	473,462	473,462	426,303
Investment securities	25	-	37,048	140,803	3,396	18,070	199,317	172,084
Other receivables	32	-		-	-	319,681	319,681	319,681
		15,300	37,048	151,143	3,396	1,083,278	1,290,165	1,215,773
Derivative liabilities held for risk management	22	1,120	-	-	-	-	1,120	1,120
Deposits from banks	33	-	-	-	-	99,477	99,477	99,477
Deposits from customers	34	-	-	-	-	857,593	857,593	857,593
Other financial liabilities	36	-	-	-	-	161,412	161,412	161,412
Debt securities issued	38	-	-	-	-	13,860	13,860	13,860
Interest bearing loans and borrowings	39	-	-	-	-	94,891	94,891	94,891
		1,120	-	-	-	1,227,233	1,228,353	1,228,353

Group 31 December 2017	**Note**	**At fair value through P/L**	**Held - to-maturity**	**Loans and receivables at amortised cost**	**Available - for sale**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	19	-	-	222,577	-	-	222,577	222,577
Non pledged trading assets	20	20,076	-	-	-	-	20,076	20,076
Pledged assets	21	24,523	28,002	-	1,554	-	54,079	55,553
Derivative assets held for risk management	22	1,297	-	-	-	-	1,297	1,297
Loans and advances to customers	23	-	-	517,103	-	-	517,103	511,677
Investment securities	25	-	38,505		147,153	-	185,658	173,234
Other receivables	32			287,462			287,462	287,462
		45,896	66,507	1,027,142	148,707	-	1,288,252	1,271,876
Derivative liabilities held for risk management	22	972	-	-	-	-	972	972
Deposits from banks	33	-	-	-	-	100,131	100,131	100,131
Deposits from customers	34	-	-	-	-	802,384	802,384	802,384
Other financial liabilities	36	-	-	-	-	88,031	88,031	88,031
Interest bearing loans and borrowings	39	-	-	-	-	93,211	93,211	93,211
		972	-	-	-	1,083,757	1,084,729	1,084,729

Bank 31 December 2018	**Note**	**Mandatorily at FVTPL**	**Designated as at FVTPL**	**FVOCI Debt instruments**	**FVOCI equity instrument**	**Amortised cost**	**Total carrying amount**	**Fair value**
		₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Cash and cash equivalents	19	-	-	-	-	159,028	159,028	159,028
Non pledged trading assets	20	14,271	-	-	-	-	14,271	14,271
Pledged assets	21	-	-	10,340	-	38,499	48,839	55,553
Derivative assets held for risk management	22	1,029	-	-	-	-	1,029	1,029
Loans and advances to customers	23	-	-	-	-	428,037	428,037	380,878
Investment securities	25	-	37,048	121,022	3,395	13,603	175,068	156,713
Other receivables	32	-	-	-	-	319,583	319,583	319,583
		15,300	37,048	131,362	3,395	958,750	1,145,855	1,087,055
Derivative liabilities held for risk management	22	1,117	-	-	-	-	1,117	1,117
Deposits from banks	33	-	-	-	-	-	-	-
Deposits from customers	34	-	-	-	-	844,413	844,413	844,413
Other financial liabilities	36	-	-	-	-	160,222	160,222	160,222
Debt securities issued	38					13,860	13,860	13,860
Interest bearing loans and borrowings	39	-	-	-	-	94,975	94,975	94,975
		1,117	-	-	-	1,113,470	1,114,587	1,114,587

31 December 2017		**At fair value through P/L**	**Held - to-maturity**	**Loans and receivables at amortised cost**	**Available - for sale**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
		₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Cash and cash equivalents	19	-	-	137,497	-	-	137,497	137,497
Non pledged trading assets	20	20,076	-	-	-	-	20,076	20,076
Pledged assets	21	24,523	28,002	-	1,554	-	54,079	55,553
Derivative assets held for risk management	22	1,297	-	-	-	-	1,297	1,297
Loans and advances to customers	23	-	-	488,555	-	-	488,555	480,605
Investment securities	25	-	38,505	-	136,824	-	175,329	169,690
Other receivables	32			286,746			286,746	286,746
		45,896	66,507	912,798	138,378	-	1,163,579	1,151,464
Derivative liabilities held for risk management	22	972	-	-	-	-	972	972
Deposits from banks	33	-	-	-	-	10,686	10,686	10,686
Deposits from customers	34	-	-	-	-	796,708	796,708	796,708
Other financial liabilities	36	-	-	-	-	86,469	86,469	86,469
Interest bearing loans and borrowings	39	-	-	-	-	95,736	95,736	95,736
		972	-	-	-	989,599	990,571	990,571

B. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

The following table explains the original measurement categories under IAS 39 and new measurement categories under IFRS 9 for each class of Group's financials assets and liabilities as at 1 January 2018.

Group	Classification		Original carrying amount	Re-measurement/ Reclassification	New carrying amount
1 January 2018	IAS 39	IFRS 9	IAS 39		IFRS 9
	₦ million	₦ million	₦ million	₦ million	₦ million
On- Balance Sheet:					
Cash and cash equivalents	Loans and receivables	Amortised cost	222,577	(2)	222,575
Non pledged trading assets	FVTPL	FVTPL	20,076	-	20,076
Pledged assets	FVTPL	FVTPL	24,523	-	24,523
Pledged assets	Amortised cost	Amortised cost	29,473	-	29,473
Pledged assets	Loans and receivables	Amortised cost	83	-	83
Derivative assets held for risk management	FVTPL	FVTPL	1,297	-	1,297
Loans and advances to customers	Loans and receivables	Amortised cost	517,103	(133,732)	383,371
Investment securities	Available-for-sale	FVOCI	147,153	1,298	147,282
Investment securities	Amortised cost	Amortised cost	38,505	(129)	38,376
Investment securities	FVTPL	FVTPL	-	-	-
Other receivables	Loans and receivables	Amortised cost	287,462	(16)	287,446
Total financial assets (on-balance sheet)			1,288,252	(132,581)	1,154,502
Off balance sheet items:					
Financial guarantees, Letters of credit and other loan commitments	Financial guarantees	Financial guarantees	-	(411)	(411)
Total financial assets			1,288,252	(132,992)	1,154,091
Derivative liabilities held for risk management	FVTPL	FVTPL	972	-	972
Deposits from banks	Amortised cost	Amortised cost	100,131	-	100,131
Deposits from customers	Amortised cost	Amortised cost	802,384	-	802,384
Other financial liabilities	Amortised cost	Amortised cost	88,031	-	88,031
Interest bearing loans and borrowings	Amortised cost	Amortised cost	93,211	-	93,211
Total financial liabilities			1,084,729	-	1,084,729

Bank	Classification		Original carrying	Re-measurement/ Reclassification	New carrying amount
1 January 2018	IAS 39	IFRS 9	IAS 39		IFRS 9
	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	Loans and receivables	Amortised cost	137,497	(2)	137,495
Non pledged trading assets	FVTPL	FVTPL	20,076	-	20,076
Pledged assets	FVTPL	FVTPL	24,523	-	24,523
Pledged assets	Held to maturity	Amortised cost	29,473	-	29,473
Pledged assets	Loans and receivables	Amortised cost	83	-	83
Derivative assets held for risk management	FVTPL	FVTPL	1,297	-	1,297
Loans and advances to customers	Loans and receivables	Amortised cost	488,555	(133,685)	354,870
Investment securities	Available-for-sale	FVOCI	136,563	(99,119)	37,444
Investment securities	Held to maturity	Amortised cost	38,505	98,990	137,495
Investment securities	FVTPL	FVTPL	-	-	-
Other receivables	Loans and receivables	Amortised cost	286,746	(16)	286,730
Total financial assets			1,163,318	(133,832)	1,029,485
Off balance sheet items:					
Financial guarantees, Letters of credit and other loan commitments	Financial guarantees	Financial guarantees	-	(411)	(411)
Total financial assets			1,163,318	(134,243)	1,029,074
Derivative liabilities held for risk management	FVTPL	FVTPL	972	-	972
Deposits from banks	Amortised cost	Amortised cost	10,686	-	10,686
Deposits from customers	Amortised cost	Amortised cost	796,708	-	796,708
Other financial liabilities	Amortised cost	Amortised cost	86,469	-	86,469
Interest bearing loans and borrowings	Amortised cost	Amortised cost	95,736	-	95,736
Total financial liabilities			990,571	-	990,571

9. Net interest income

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	₦ million	₦ million	₦ million
Interest income				
Cash and cash equivalents	**4,632**	3,484	**4,358**	1,628
Loans and advances to customers	**77,986**	91,451	**75,356**	88,979
Investment securities	**27,748**	29,614	**25,078**	29,268
Total interest income	**110,366**	124,549	**104,792**	119,875
Local currency balances	**80,538**	95,131	**79,868**	93,750
Foreign currency balances	**29,828**	29,418	**24,924**	26,125
Total interest income	**110,366**	124,549	**104,792**	119,875
Interest expense				
Deposits from banks	-	-	-	-
Deposits from customers	**38,484**	45,975	**37,335**	45,649
Debt securities issued	**673**	-	**673**	-
Other borrowed funds (see (a) below)	**15,859**	11,905	**15,859**	11,905
Total interest expense	**55,016**	57,880	**53,867**	57,554
Local currency balances	**44,248**	46,282	**44,248**	46,280
Foreign currency balances	**10,768**	11,598	**9,619**	11,274
Total interest expense	**55,016**	57,880	**53,867**	57,554
Net interest income	**55,350**	66,669	**50,925**	62,321

- Interest income on impaired loans for the Group was Nil for the year ended 31 December 2018 (31 December 2017: ₦₦5.03 billion).
- Interest income on investment securities at fair value through profit or loss amounted to ₦18,910 million for the year ended 31 December 2018 (31 December 2017: ₦19,455million).
- Interest income from financial instruments calculated using effective interest rate for the financial year 2018 is ₦110,366 million (2017: ₦124,549million)
- Interest expense on financial liabilities not measured at fair value through profit or loss amounted to ₦55,016 million (Group) and ₦53,867million (Bank) for the year ended 31 December 2018 (31 December 2017: ₦57,880 million (Group); ₦57,554 million (Bank)).

Amounts reported above include interest income and expense, calculated using the effective interest method, that relates to the following items.

(a) Interest on other borrowed funds comprises expenses on:	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	₦ million	₦ million	₦ million
Bank of Industry (BOI) /Commercial Agriculture Credit Scheme (CACS)	**248**	165	**248**	165
Foreign currency denominated borrowings	**3,001**	5,786	**3,001**	5,786
Interest expense on debt securities issued	**232**	-	**232**	-
Negotiated International Trade Facilities (ITFs)	**1,309**	759	**1,309**	759
Interbank takings	**10,303**	3,251	**10,303**	3,251
Open buy back transactions	**610**	1,139	**610**	1,139
AMCON clawback retention agreement	**156**	805	**156**	805
	15,859	11,905	**15,859**	11,905

10. Net fee and commission income

(a) Fee and commission income:

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	₦ million	₦ million	₦ million
Credit Related fees and commissions income (See note (c))	**5,434**	5,933	**5,434**	5,933
Account Maintenance Fee	**1,670**	1,427	**1,670**	1,427
E-business fee income (See note (d))	**4,725**	3,375	**4,725**	3,375
Commission on LCs, Invisible Trades and Guarantees	**1,358**	1,081	**1,358**	1,081
Other fees and commission	**877**	643	**136**	15
	14,064	12,458	**13,323**	11,830

(b) Fees and commission expense:

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
E-business fee charge:				
ATM on-us	**1,234**	790	**1,234**	790
POS	**233**	131	**233**	131
E-card maintenance	**1,001**	1,330	**1,001**	1,330
	2,468	2,251	**2,468**	2,251
Net fees and commission income	**11,596**	**10,207**	**10,855**	**9,579**

© Credit related fees and commissions relate to fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortised cost.

(d) *E-business fee income consists of the following:*

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
ATM not-on-us	**3,178**	2,263	**3,178**	2,263
POS	**245**	126	**245**	126
E-card maintenance	**1,212**	867	**1,212**	867
Online transfer	**41**	86	**41**	86
Card FX gain	**48**	33	**48**	33
	4,725	3,375	**4,725**	3,375

Performance obligations and revenue recognition policies:

Fees and commission income from contracts with customers is measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control over a service to a customer.

The Group provides banking service store tail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, credit card and servicing fees.

Fees for ongoing account management are charged to the customer's account on a monthly basis. The Group sets the rates separately for retail and corporate banking customers on a periodic basis.

Transaction-based fees for interchange, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the Group.

Revenue recognition under IFRS 15 (applicablefrom1January2018): Revenue from account service and servicing fees is recognised overtime as the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

11. Net trading income

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Gain on disposal of fixed income securities	**7,369**	6,778	**7,369**	6,778
Mark to market (loss)/gains on fixed income securities	**(49)**	20	**(49)**	55
Foreign exchange gain on trading	**1,090**	2,331	**1,090**	2,203
	8,410	9,129	**8,410**	9,036

Net trading income includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

12. Net income from other financial instruments at fair value through profit or loss

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Equity at fair value through profit or loss	**5,715**		**5,715**	
Derivatives held for risk management purposes:				
Foreign exchange swap contracts	**(159)**	362	**(159)**	362
	5,556	362	**5,556**	362

13. Other operating income

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Dividends	**972**	1,033	**2,309**	1,033
Gain on disposal of available for sale investments (see (a) below)	**1,254**	-	**1,254**	-
Gains on disposal of property and equipment (see (b) below)	**634**	1,769	**393**	1,768
Gains on disposal of trading properties (see (c) below)	-	238	-	175
Cash recoveries	**3,940**	5,946	**3,940**	5,946
Foreign exchange revaluation gain	**2,114**	1,619	**1,972**	1,618
Rental income	**197**	370	**197**	277
Liabilities no longer required	-	6,797	-	6,797
Fair value gain on investment property	-	200	-	-
Sundry income (see (d) below)	**478**	1,625	**388**	1,100
	9,589	19,597	**10,453**	18,714

(a) In 2018, the Group disposed of its investment in interswitch , an unquoted equity classsified at fair value through Other comprehensive income. The gain on disposal is analysed below:

Gain on disposal of investments in unquoted equity

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Sales Proceeds	**1,256**	-	**1,256**	-
Cost of investment	**(2)**	-	**(2)**	-
Gain on disposal of unquoted equities	**1,254**	-	**1,254**	-

(b) The gain on disposal of property and equipment is arrived at as shown below:

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 million
Proceeds from disposal	**938**	4,169	**702**	4,167
Disposal - cost (see note (29))	**(2,425)**	(3,607)	**(2,428)**	(3,577)
Disposal - accumulated depreciation (see note (29))	**2,121**	1,207	**2,119**	1,178
Gain on disposal of property and equipment	**634**	1,769	**393**	1,768

© The gain on disposal of trading properties is arrived at as shown below:

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Proceeds from disposal of trading properties	**967**	1,318	**326**	786
Cost of disposal (see note 26)	**(967)**	(1,080)	**(326)**	(611)
Gain on disposal of trading properties	-	238	-	175

(d) Sundry income

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Cash handling fees	**61**	59	**61**	59
Fraud recoveries	**65**	63	**65**	63
Bond auction income	**25**	174	**25**	174
Fees earned on property management	**44**	57	-	-
Other income	**283**	1,272	**237**	804
	478	1,625	**388**	1,100

14. Net Impairment loss on financial assets

(a) Net impairment charge for credit losses

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
IAS 39 impairment				
Net impairment charge for credit losses:				
-specific impairment (see note 23(b))	-	39,480	-	39,280
-portfolio impairment (see note 23(b))	-	(6,654)	-	(6,553)
Total impairment charge on loans and advances	-	32,826	-	32,727
Reversal of impairment	-	(7,217)	-	(7,217)
	-	25,609	-	25,510
IFRS 9 Impairment				
Stage 1 impairment - loans and advances	**(2,299)**	-	**(2,352)**	-
Stage 2 impairment - loans and advances	**649**	-	**637**	-
Stage 3 impairment - loans and advances	**(1,559)**	-	**(2,017)**	-
Total impairment on loans and advances	**(3,209)**	-	**(3,732)**	-
Impairment charge on Cash and cash equivalents	**68**	-	**68**	-
Impairment write-back on debt securities	**(29)**	-	**(29)**	-
Impairment write-back on contingent assets (see 35(b))	**(204)**	-	**(204)**	-
Total impairment charge for credit losses	**(3,374)**	-	**(3,897)**	-

(b) Net impairment loss/(write back) on other assets:

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Impairment loss on other assets (see note 32 (iv))	**382**	174	**382**	161
Impairment write back on trading properties (see note 26)	-	(273)	-	-
Allowance no longer required on other assets (see note 32 (iv))	-	(193)	-	(193)
Total impairment charge/(write-back) on other assets	**382**	(292)	**382**	(32)
Total net impairment loss on financial assets	**(2,992)**	25,317	**(3,515)**	25,478

15. Personnel expenses

	Group Dec. 2018 ₦ million	Group Restated Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Restated Dec. 2017 ₦ million
Wages and salaries	**33,177**	27,888	**31,141**	26,113
Contributions to defined contribution plans (see note 37 (a)(i) below)	**759**	726	**623**	611
Increase in liability for defined benefit plans	**561**	745	**560**	721
Equity-settled share based payment (see note (i)below)	-	100	-	100
Terminal benefits	**67**	98	-	-
	34,564	29,557	**32,324**	27,545

(i) **Share-based payment arrangements**

In 2014, the Share holders gave the Board of Directors approval to set aside up to 570,693,750 ordinary shares of 50kobo each from the Bank's unissued ordinary shares, representing three percent (3%) of authorized share capital, to fund an Employee Share Incentive Scheme.

In the course of the year ended 31 December 2018, no shares of the Bank had been awarded to key management personnel of the Bank under the Bank's share- based incentive scheme.

The terms and conditions of the grants are as follows:

	Group Dec. 2018	Group Dec. 2017	Bank Dec. 2018	Bank Dec. 2017
Number of shares (units)	**104,657,316**	104,657,316	**104,657,316**	104,657,316
Unit of shares vested (unit)	**82,422,359**	68,047,844	**82,422,359**	68,047,844
Vesting period (years)	**3 years**	3 years	**3 years**	3 years
Weighted average of share price at grant date	**₦5.29k**	₦5.29k	**₦5.29k**	₦5.29k
Grant date	**31 Dec. 2017**	**31 Dec. 2017**	**31 Dec. 2017**	**31 Dec. 2017**
Vesting condition is three (3) years' service				

(ii) Movement in the weighted average exercise prices of the shares awarded are as follows:

31 December 2018	**Group**		**Bank**	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the start of the year	104,657,316	5.29	104,657,316	5.29
Awarded during the year	-	-	-	-
Outstanding at year end	104,657,316	5.29	104,657,316	5.29

31 December 2017	**Group**		**Bank**	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the start of the year	135,237,574	4.81	135,237,574	4.81
Awarded during the year	16,901,130	7.80	16,901,130	7.80
Forfeited	(47,481,388)	4.81	(47,481,388)	4.81
Outstanding at year end	104,657,316	5.29	104,657,316	5.29

(iii) Movement in vested shares during the year are as follows:

	Group Dec. 2018	Group Dec. 2017	Bank Dec. 2018	Bank Dec. 2017
Vested shares - opening balance	**68,047,844**	30,540,135	**68,047,844**	30,540,135
Vested during the year	**14,374,515**	37,507,709	**14,374,515**	37,507,709
Vested shares - closing balance	**82,422,359**	68,047,844	**82,422,359**	68,047,844

16. Other operating expenses

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Auditors' remuneration	**299**	249	**192**	159
NDIC Premium	**4,004**	3,104	**4,004**	3,104
Rents and Rates	**1,306**	1,398	**1,017**	1,162
Accommodation and travels	**1,136**	1,254	**998**	1,156
Fleet management and vehicle related expenses	**598**	663	**598**	663
Repair and Maintenance	**1,743**	1,458	**1,733**	1,454
Professional fees	**1,325**	1,426	**1,039**	1,011
Advertising and Promotion expenses	**2,399**	2,465	**2,399**	2,072
Security expense	**1,185**	1,041	**1,185**	1,041
Expenses on software	**3,408**	4,216	**3,408**	4,216
Donations	**30**	46	**30**	46
General administrative expenses (see note (a) below)	**8,433**	6,208	**7,842**	5,982
Insurance	**352**	388	**311**	352
AMCON surcharge (see note (b) below)	**7,275**	7,217	**7,275**	7,217
	33,493	31,133	**32,031**	29,635

(a) General administrative expenses

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Office cleaning	**352**	279	**352**	279
Cash movement expense	**1,293**	1,285	**1,293**	1,285
Entertainment	**336**	265	**336**	265
Directors fees and allowances	**299**	367	**275**	343
Diesel and power	**2,426**	2,074	**2,426**	2,074
Stationery, printing, postage and telephone	**780**	544	**774**	538
Penalties	**26**	12	**26**	12
Restitution and other charges	**354**	116	**354**	116
Debt recovery expenses	**410**	79	**410**	79
Expense on Bulk SMS	**74**	72	**74**	72
Business meetings and conferences	**93**	88	**93**	88
Annual general meeting expenses	**86**	75	**83**	72
Marketing allowances	**134**	102	**134**	102
Expense of assets below capitalization	**143**	99	**143**	99
Correspondent bank transaction charges	**357**	298	**355**	296
Other expenses	**1,270**	427	**714**	236
	8,433	6,208	**7,842**	5,982

(b) AMCON surcharge represents the Bank's contribution to the Banking Sector Stabilization Fund for the year ended 31 December 2018. The applicable rate is 0.5% of total assets and off balance sheet items, calculated on a preceeding year basis.

17. Income tax expense

(a) Recognised in the profit or loss

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Current tax expense				
Company Income Tax	**138**	416	-	-
Education tax	-	-	-	-
Current Capital Gains Tax	**37**	131	**37**	131
Prior year under-provision of Capital Gains Tax	-	76	-	76
NITDA Levy	**185**	130	**185**	130
	360	753	**222**	337
Deferred tax expense				
Origination of temporary differences	-	158	-	-
Total income tax expense	**360**	911	**222**	337

In line with the Company Income Tax Act, 1990, as amended, the Bank is not liable to pay income tax as the Bank recorded a taxable loss for the year. The Bank is exempted from paying minimum tax under the Act, as it has imported share capital of over 25%. No education tax was charged because the Bank has no assessable profit for the year.

(b) Reconciliation of effective tax rate

		Group Dec. 2018		Group Restated Dec. 2017		Bank Dec. 2018		Bank Restated Dec. 2017
		N million		N million		N million		N million
Profit before income tax		18,453		13,919		18,660		11,576
Adjustment for NITDA levy		(185)		(130)		(185)		(130)
Profit after adjustment for NITDA levy		18,268		13,789		18,475		11,446
Income tax using the domestic corporation tax rate	30%	5,480	30%	4,137	30%	5,542	30%	3,434
Non deductible expenses	10%	1,829	23%	3,520	0%	1,829	0%	3,520
Tax exempt income	-114%	(21,128)	-144%	(22,363)	0%	(21,128)	0%	(22,363)
Prior year under provision	0%	-	0%	76		-		76
Education tax levy	0%	-	0%	-	0%	-	0%	-
Capital gains tax	0%	37	1%	131	0%	37	0%	131
NITDA levy	1%	185	1%	130	1%	185	1%	130
Tax losses (utilised)/unutilised	76%	13,971	95%	15,280	-30%	13,757	-30%	15,409
Total income tax expense in comprehensive income	2%	360	7%	911	1%	222	3%	337

The effective income tax rate for the year ended 31 December 2018 is 2% (2017: 7%) for the Group and 1% for the Bank (2017: 3%)

18. Earnings per share

(a) Basic earnings per share

Earnings/(loss) per share has been computed based on profit after taxation attributable to the Group ordinary shareholders and the weighted average number of shares in issue during the year is as follows.

	Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
Issued ordinary shares at beginning of the year	**29,121**	16,936	**29,121**	16,936
Weighted effect of Share based incentive	-	26	-	26
Weighted effect of right issues raised during the year	-	100	-	100
Weighted effect of shares at the end of the year	**29,121**	17,062	**29,121**	17,062

(b) *Profit attributable to ordinary shareholders*

In millions of Nigerian Naira

	Group Dec. 2018	Group Dec. 2017	Bank Dec. 2018	Bank Dec. 2017
Profit for the year attributable to equity holders	**17,648**	12,288	**18,438**	11,239
Basic earnings per share (in kobo)	**61**	72	**63**	66

(c) Diluted earnings per share

The Group does not have any dilutive potential ordinary shares, therefore, Basic EPS and Diluted EPS are the same for the Group.

19. Cash and cash equivalents

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Cash and balances with banks	**97,741**	66,961	**88,321**	66,458
Unrestricted balances with central bank	**20,662**	23,499	**20,662**	23,499
Money market placements	**115,233**	132,117	**50,115**	47,540
Cash and cash equivalent as presented in Cash flow statements	**233,636**	222,577	**159,098**	137,497
ECL Impairment on Cash and cash equivalents	**(70)**	-	**(70)**	-
	233,566	222,577	**159,028**	137,497

20. Non-pledged trading assets

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Government bonds	**-**	9,121	**-**	9,121
Treasury bills	**14,271**	10,955	**14,271**	10,955
	14,271	20,076	**14,271**	20,076

21. Pledged assets

Financial assets that may be repledged or resold by counterparties

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Treasury bills	**4,060**	24,523	**4,060**	24,523
Bonds	**44,685**	29,473	**44,685**	29,473
Placement	**94**	83	**94**	83
	48,839	54,079	**48,839**	54,079

a) Assets pledged as collateral relate to assets pledged to the Federal Inland Revenue Service (FIRS), Central Bank of Nigeria (CBN) Clearing, Bank of Industry (BOI), Unified Payment Systems, Interswitch Nigeria Limited and E-Tranzact for collections and other transactions.

b) Assets were also pledged as collateral as part of securities borrowing under terms that are usual and customary for such activities. The counter parties with whom assets have been pledged for inter-bank takings and borrowings include Standard Chartered Bank UK, Access Bank UK, FSDH Merchant Bank and FBN Merchant Bank

c) Assets pledged as collateral are recognised based on prices in an active market.

22. Derivative financial instruments

Group

	Dec. 2018 Assets ₦ million	Dec. 2018 Liabilities ₦million	Dec.2017 Assets ₦ million	Dec.2017 Liabilities ₦ million
Instrument Type:				
FX swaps	**1,029**	**-**	1,297	-
Non-deliverable futures	**-**	**1,120**	-	972
	1,029	**1,120**	1,297	972

Bank

	Dec. 2018 Assets ₦ million	Dec. 2018 Liabilities ₦ million	Dec.2017 Assets ₦ million	Dec.2017 Liabilities ₦ million
Instrument Type:				
FX swaps	**1,029**	**-**	1,297	-
Non-deliverable futures	**-**	**1,117**	-	972
	1,029	**1,117**	1,297	972

The Group uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risks. The instruments used include forward contracts and cross currency linked forward contracts.

23. Loans and advances to customers at amortised cost

(a) *Net loans and advances to customers*

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	**Bank Dec. 2018 ₦ million**	Bank Dec.2017 ₦ million
Gross amount:				
Local Currency	**258,439**	272,561	**258,439**	272,561
Foreign Currency	**261,229**	288,090	**214,957**	259,246
Gross Loans	**519,668**	560,651	**473,396**	531,807
Impairment:				
IFRS 9				
Stage 1 impairment	**(8,994)**	-	**(8,822)**	-
Stage 2 impairment	**(6,402)**	-	**(6,388)**	-
Stage 3 impairment	**(30,810)**	-	**(30,149)**	-
IAS 39				
Specific impairment	-	(36,459)	-	(36,232)
Collective impairment	-	(7,089)	-	(7,020)
Total impairment	**(46,206)**	(43,548)	**(45,359)**	(43,252)
Carrying amount	**473,462**	517,103	**428,037**	488,555

(b) Loans and advances by stages

Group

Dec.2018

	Stage 1	Stage 2	Stage 3	Total
Gross loans	295,731	93,671	130,266	519,668
Impairment	(8,994)	(6,402)	(30,810)	(46,206)
	286,737	87,269	99,456	473,462

Bank

Dec.2018

	Stage 1	Stage 2	Stage 3	Total
Gross loans	260,044	90,024	123,328	473,396
Impairment	(8,822)	(6,388)	(30,149)	(45,359)
	251,222	83,636	93,179	428,037

At 31 December 2018, ₦165.42 million (2017: ₦170.44 million) of the Group's loan and advances to customers are expected to be recovered more than 12 months after the reporting date.

IFRS 9

Reconciliation of impairment allowance on loans and advances to customers

	Group 2018 ₦ million	Group 2017 ₦ million	**Bank 2018 ₦ million**	Bank 2017 ₦ million
Balance, beginning of the year:				
Specific impairment	**36,459**	-	**36,232**	-
Collective impairment	**7,089**	-	**7,020**	-
Total allowance (1 January 2018)	**43,548**	-	**43,252**	-
Effect of Transition to IFRS 9- (see note 5(k))	**133,732**	-	**133,685**	-
IFRS 9 Balance, beginning of the year	**177,280**	-	**176,937**	-
Stage 1	**(2,299)**	-	**(2,352)**	-
Stage 2	**649**	-	**637**	-
Stage 3	**(1,559)**	-	**(2,017)**	-
Total impairment write-back for the year	**(3,209)**	-	**(3,732)**	-
Write-off	**(132,598)**	-	**(132,598)**	-
Provision re-instated during the year	**4,386**	-	**4,386**	-
Effect of foreign currency movements	**347**	-	**366**	-
Balance, end of year	**46,206**	-	**45,359**	-

(c.) Impairment allowance on loans and advances to customers

IAS 39

	Group	Group	**Bank**	Bank
	Dec. 2018	Dec.2017	**Dec. 2018**	Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Specific impairment				
Balance, beginning of the year	-	14,904	-	14,887
Impairment loss for the year:				
- Charge for the year	-	39,480	-	39,280
- Writeback of impairment	-	(7,217)	-	(7,217)
Net impairment for the year	-	**32,263**	-	**32,063**
Effect of foreign currency movements	-	1,879	-	1,869
Provision re-instated during the year *	-	717	-	717
Write-offs	-	(13,304)	-	(13,304)
Balance, end of year	-	**36,459**	-	**36,232**

* Provision re-instated during the year represents restatement of impairment on loans and advances that had previously been written off.

Portfolio impairment				
Balance, beginning of the year	-	13,742	-	13,572
Impairment credit/loss for the year:	-	-	-	-
Net Impairment/(write backs) for the year	-	(6,653)	-	(6,552)
Net impairment for the year	-	**(6,653)**	-	**(6,552)**
Balance, end of the year	-	**7,089**	-	**7,020**

24. Investment in equity accounted investee

This represents the Group's equity investment in Unique Venture Capital Management Company Limited (40%). The movement in investment in equity accounted investee as at 31 December 2018 is as follows:

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	**Bank Dec. 2018 ₦ million**	Bank Dec.2017 ₦ million
Cost				
Balance, beginning of the year	**115**	115	**91**	91
Share of current year result	**-**	-	**-**	-
Balance, end of the year	**115**	115	**91**	91
Impairments (see (i) below)	**(115)**	(115)	**(91)**	(91)
Balance, end of the year	**-**	-	**-**	-

(i) Movement in impairment is as follows:

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	**Bank Dec. 2018 ₦ million**	Bank Dec.2017 ₦ million
Balance, beginning of the year	**115**	115	**91**	91
Charge for the year	**-**	-	**-**	-
Balance, end of the year	**115**	115	**91**	91

25. Investment securities

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	**Bank Dec. 2018 ₦ million**	Bank Dec.2017 ₦ million
Investment securities at fair value through other comprehensive income (FVOCI) (see note (a) below)	**144,199**	-	**124,417**	-
Investment at fair value through profit or loss (FVTPL) (see note (b) below)	**37,048**	-	**37,048**	-
Investment securities at amortised cost (see note (c) below)	**18,133**	-	**13,666**	-
Available for sale investment securities	**-**	147,153	**-**	136,824
Held-to-maturity	**-**	38,505	**-**	38,505
Loss allowance	**(63)**	-	**(63)**	-
	199,317	185,658	**175,068**	175,329

		Group Dec. 2018 N million	Group Dec.2017 N million	**Bank Dec. 2018 N million**	Bank Dec.2017 N million
(a) *Investment securities at fair value through other comprehensive income comprise:*					
Investments in debt securities:					
Treasury bills		**111,096**	-	**91,315**	-
FGN Bonds		**25,116**	-	**25,116**	-
State Bonds		**3,146**	-	**3,146**	-
Corporate Bonds		**1,445**	-	**1,445**	-
Total investment in debt securities		**140,803**	**-**	**121,022**	**-**
Investment in equity securities:					
Equity: Quoted	*see Note 25(a)(i)*	**2,195**	-	**2,195**	-
Unquoted	*see Note 25(a)(ii)*	**1,201**	-	**1,200**	-
Gross investment in equity		**3,396**	-	**3,395**	-
Allowance for impairment	*see Note 25(a)(ii)*	**-**	-	**-**	-
Total investment in equity		**3,396**	-	**3,395**	-
Total investment securities at FVOCI		**144,199**	**-**	**124,417**	**-**

IAS 39

Available for sale investment securities comprise:

Investments in debt securities:					
Treasury bills		-	65,102	-	54,773
FGN Bonds		-	47,635	-	47,635
State Bonds		-	3,277	-	3,277
Corporate Bonds		-	1,119	-	1,119
Total investment in debt securities		-	**117,133**	-	**106,804**
		-		-	
Investment in equity securities:		-		-	
Equity: Quoted	*see Note 25(a)(i)*	-	2,195	-	2,195
Unquoted	*see Note 25(a)(ii)*	-	31,879	-	31,879
Gross investment in equity		-	34,074	-	34,074
Allowance for impairment	*see Note 25(a)(ii)*	-	(4,054)	-	(4,054)
Total investment in equity		-	30,020	-	30,020
		-		-	
Total investment securities at FVOCI		-	**147,153**	-	**136,824**

		Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
(i)	**Investment in quoted equities**	**₦ million**	₦ million	**₦ million**	₦ million
	Investment in REIT	**2,195**	2,195	**2,195**	2,195
(ii)	**Investment in unquoted equities**				
	Nigeria Auto Clearing System (NAC)	**356**	42	**356**	42
	Afrexim Bank		494		494
	Interswitch Nigeria Ltd	-	2	-	2
	Credit Reference Company (CRC)	**59**	50	**59**	50
	Nigerian Superswitch Infrastructure	-	10	-	10
	Africa Finance Corporation (AFC)	-	26,289	-	26,289
	Central Securities Clearing System	**100**	-	**100**	-
	Banque Internationale de Benin	-	1,152	-	1,152
	Africa Investment Bank Cotonou	-	122	-	122
	Investment in Small and Medium Scale Enterprises	**686**	3,718	**685**	3,718
		1,201	31,879	**1,200**	31,879
	Total investment in equity securities at FVOCI	**3,396**	34,074	**3,395**	34,074
	Less: specific impairment allowance	-	(4,054)	-	(4,054)
	Net investment in securities at FVOCI (see note (iii) below)	**3,396**	30,020	**3,395**	30,020

		Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
(iii)	**Equity securities**	**₦ million**	₦ million	**₦ million**	₦ million
	Balance, beginning of the year	**30,020**	27,336	**30,020**	27,336
	Fair value adjustment	**(26,625)**	1,736	**(26,625)**	1,736
	Reclassification	-	-	-	
	Reversal of/(additional) impairment	-	948	-	948
	Balance, end of the year (see note (ii) above	**3,395**	30,020	**3,395**	30,020

(b)	*Investment at fair value through profit or loss comprise:*				
	Investment in equity				
	Afrexim Bank	**3,292**	-	**3,292**	-
	Africa Finance Corporation (AFC)	**33,756**	-	**33,756**	-
		37,048	-	**37,048**	-

(c) Investment securities at amortised cost comprise:

Treasury bills	**4,467**	-	**-**	-
Federal Government of Nigeria -Bonds	**3,151**	22,782	**3,151**	22,782
State Government of Nigeria -Bonds	**10,515**	15,723	**10,515**	15,723
Corporate Bonds	**-**	-	**-**	-
	18,133	38,505	**13,666**	38,505
Stage 1 impairment	**(63)**	-	**(63)**	-
Total impairment	**(63)**	-	**(63)**	**-**
Net Total -Fixed income securities	**158,873**	185,658	**134,625**	**175,329**
Investment securities	**199,317**	185,658	**175,068**	175,329

26. Trading properties

This represents the cost of real estate properties held by the Group which are designated for resale. The movement on the trading properties account during the year was as follows:

	Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**1,153**	2,309	**513**	1,124
Reclassified to investment properties (see note 27 below)	**-**	(349)	**-**	-
Reversal of impairment on trading properties	**-**	273	**-**	-
Disposal	**(967)**	(1,080)	**(326)**	(611)
Balance, end of year	**186**	1,153	**187**	513

27. Investment properties

Investment properties are properties held by the Group for capital appreciation and rental income and are carried at fair value. These investment properties were revalued during the year ended 31 December 2018 by Messrs. Bode Adediji Partnership (FRC No: FRC/2013/NIGSV/00000001479), a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 31 December 2018 for UBN Property Company Limited respectively.

	Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**4,951**	4,347	**-**	-
Revaluation gains (see note (13))	**-**	200	**-**	-
Reclassified from trading properties (see note 26 above)	**-**	349	**-**	-
Additional cost capitalised during the year	**79**	55	**-**	-
	5,030	4,951	**-**	-
Impairment allowance	**-**	-	**-**	-
Balance, end of the year	**5,030**	4,951	**-**	-

28. Investment in subsidiaries

Cost

	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million
UBN Property Company Limited	**2,195**	2,195
Union Bank UK Plc	**8,372**	8,372
	10,567	10,567

(a) There was no movement in investment in subsidiaries during the year. The details of the investment in subsidiary/SPV during the year are as follows:

Company Name	Country Incorporation	**Nature of business**	**Direct ownership interest Dec. 2018**	Dec.2017
			Status/%	Status/%
UBN Property Company Limited (i)	Nigeria	Property Development	**39**	39
Union Bank UK Plc (ii)	Nigeria	Licensed UK Bank	**100**	100
Atlantic Nominees Limited (iii)	Nigeria	Single asset special purpose vehicle	**100**	100

(i) **UBN Property Company Limited (Registered office at 36, Marina, Lagos)**

The Company has 5,626,416,051 ordinary shares of ₦1.00 each of which 39.01% (December2017 - 39.01%) is held by the Bank. Inline with IFRS10- Consolidated Financial Statement, Union Bank of Nigeria Plc has control over this entity as it has the power, exposure to variability of returns and a strong link between power and variability of returns. The Bank also controls financial and operating policies of UBN Property Company Limited.

(ii) **Union Bank UK Plc (Registered office at 1 King's Arms Yard, London, EC2R 7AF)**

The Bank directly holds100% holding of Union Bank UK's 60,000,000 ordinary shares and 99% of its 50,000 deferred shares of GBP 1 each and 1% indirect holding through Williams Street Trustees Limited, the nominee company for Union Bank of Nigeria Plc Union Bank UK Plc was incorporated in December, 2004 as an authorised United Kingdom subsidiary to carry out the business formerly conducted by the London Branch of Union Bank of Nigeria Plc.

(iii) **Atlantic Nominees Limited**

The company is a Special Purpose Vehicle (SPV) set up by the defunct Universal Trust Bank Plc (UTB), through UTB Savings and Loans Limited, to hold UTB's interest in landed property located in Lekki, Lagos. UTB was acquired by the Bank in December 2005 (the transaction received court sanction in May, 2010), along with all its assets, including the SPV. The Bank holds approximately100% out of 50,000 ordinary shares of N1 each in UTB. The carrying value of the investment in Atlantic Nominees Limited is included in assets classified as held for sale (see Note 40 (a). On completion of on-going sale of the landed property, the SPV will be wound up.

(b) **Involvement with unconsolidated structured entities**

The Group does not have any unconsolidated structured entity as at 31 December 2018.

(c) Condensed results of consolidated entities
(i) The condensed financial data of the continuing operations as at 31 December 2018, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	***Group balances***	***Consolidation entries***	***Total***	***Bank***	***Union Properties***	***Atlantic Nominees***	***Union Bank UK***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Operating income before impairment loss	90,501	(1,337)	91,838	86,199	1,057	-	4,582
Net operating income after net impairment loss	93,493	(1,335)	94,828	89,713	1,057	-	4,057
Operating Expenses	(75,040)	(65)	(74,975)	(71,055)	(240)	-	(3,680)
Net impairment loss on financial assets	2,992	2	2,990	3,514	-	-	(524)
Profit before income tax	**18,453**	**(1,400)**	**19,853**	**18,660**	**817**	**-**	**378**
Taxation	(360)	-	(360)	(222)	(88)	-	(51)
Profit after income tax	**18,093**	**(1,400)**	**19,492**	**18,438**	**730**	**-**	**327**

Condensed Statement of financial position

	Group balances	***Consolidation entries***	***Total***	***Bank***	***Union Properties***	***Atlantic Nominees***	***Union Bank UK***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	233,566	(12,387)	245,953	159,028	18	-	86,907
Non-pledged trading assets	14,271	-	14,271	14,271	-	-	-
Pledged assets	48,839	-	48,839	48,839	-	-	-
Derivative financial instrument	1,029	-	1,029	1,029	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	473,462	(82)	473,545	428,037	-	-	45,508
Investments in equity-accounted investee	-	-	-	-	-	-	-
Investment securities	199,317	0	199,316	175,068	4,467	-	19,781
Assets held for sale	397	(325)	722	325	-	397	-
Trading properties	186	(1)	187	187	-	-	-
Investment properties	5,030	0	5,030	-	5,030	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-
Property and equipment	59,954	0	59,954	59,830	21	-	103
Intangible assets	6,045	0	6,045	5,628	1	-	416
Deferred tax assets	95,875	-	95,875	95,875	-	-	-
Other assets	324,277	(386)	324,663	324,003	205	-	455
Defined benefit assets	1,610	-	1,610	1,610			
Total assets	**1,463,858**	**(23,747)**	**1,487,605**	**1,324,297**	**9,742**	**397**	**153,169**
Financed by:							
Derivative financial instruments	1,120	-	1,120	1,117	-	-	3
Deposits from banks	99,477	-	99,477	-	-	-	99,477
Deposits from customers	857,593	(12,387)	869,980	844,413	-	-	25,567
Deferred tax liabilities	262	(0)	262	-	211	-	51
Other provisions	-	-	-	-	-	-	-
Current tax liabilities	581	(0)	580	232	152	-	196
Other liabilities	169,654	(787)	170,442	168,827	869	-	745
Retirement benefit obligations	788	-	788	786	2	-	-
Debt securities issued	13,860	-	13,860	13,860	-	-	-
Other borrowed funds	94,891	(84)	94,975	94,975	-	-	-
Equity and reserves	225,632	(10,488)	236,120	200,087	8,507	397	27,129
Total liabilities and equity	**1,463,858**	**(23,748)**	**1,487,606**	**1,324,297**	**9,742**	**397**	**153,169**

(c) Condensed results of consolidated entities
(i) The condensed financial data of the continuing operations as at 31 December 2017, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	*Group balances*	*Consolidation entries*	*Total*	*Bank*	*Union Properties*	*Atlantic Nominees*	*Union Bank UK*
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Operating income before impairment loss	21,240	(11)	21,251	20,041	149	-	1,061
Net operating income after net impairment loss	20,920	(11)	20,931	19,726	149	-	1,055
Operating Expenses	(66,728)	(3,017)	(63,712)	(62,958)	(47)	-	(706)
Net impairment loss on financial assets	(320)	-	(320)	(315)	-	-	(5)
Profit before income tax	**13,919**	**2**	**12,027**	**11,576**	**102**	**-**	**349**
Taxation	(142)	(1)	(141)	(41)	(33)	-	(67)
Profit after income tax	**13,008**	**1**	**11,590**	**11,239**	**70**	**-**	**282**

Condensed Statement of financial position as at 31 December 2017

	Group balances	*Consolidation entries*	*Total*	*Bank*	*Union Properties*	*Atlantic Nominees*	*Union Bank UK*
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Cash and cash equivalents	222,577	(22,026)	244,603	137,497	5,366	-	101,740
Non-pledged trading assets	20,076	-	20,076	20,076	-	-	-
Pledged assets	54,079	-	54,079	54,079	-	-	-
Derivative financial instrument	1,297	-	1,297	1,297	-	-	-
Loans and advances to customers	517,103	(2,524)	519,627	488,555	-	-	31,072
Investments in equity-accounted investee	-	-	-	-	-	-	-
Investment securities	185,658	1	185,657	175,329	-	-	10,328
Assets held for sale	397	(325)	722	325	-	397	-
Trading properties	1,153	(1)	1,154	513	641	-	-
Investment properties	4,951	-	4,951	-	4,951	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-
Property and equipment	55,986	(1)	55,987	55,801	30	-	155
Intangible assets	4,344	-	4,344	3,949	1	-	394
Deferred tax assets	95,875	-	95,875	95,875	-	-	-
Other assets	291,692	100	291,592	290,706	178	-	708
Defined benefit assets	352	-	352	352			
Total assets	**1,455,540**	**(35,342)**	**1,490,882**	**1,334,921**	**11,167**	**397**	**144,398**
Financed by:							
Derivative financial instruments	972	-	972	972	-	-	-
Deposits from banks	100,131	-	100,131	10,686	-	-	89,445
Deposits from customers	802,384	(22,027)	824,411	796,708	-	-	27,703
Deferred tax liabilities	259	-	259	-	210	-	49
Current tax liabilities	524	-	524	271	253	-	-
Other liabilities	111,461	(309)	111,770	108,359	2,034	-	1,377
Retirement benefit obligations	857	-	857	801	56	-	-
Other borrowed funds	93,211	(2,525)	95,736	95,736	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-
Equity and reserves	345,741	(10,481)	356,222	321,388	8,613	397	25,824
Total liabilities and equity	**1,455,540**	**(35,342)**	**1,490,882**	**1,334,921**	**11,167**	**397**	**144,398**

29. Property and equipment

(a) **Group:**

The movement in these accounts during the period was as follows:

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost								
Balance at 1st January, 2018	13,092	22,087	15,643	3,862	22,155	3,226	1,502	81,568
Exchange difference	-	-	8	-	19	-	-	27
Additions	211	7	1,352	660	4,453	219	2,714	9,616
Disposals	(84)	(229)	(33)	(51)	(679)	(1,349)	-	(2,425)
Reclassification to other assets	56	-	503	79	745	-	(1,500)	(117)
Balance as at 31 December 2018	13,275	21,865	17,473	4,549	26,693	2,096	2,716	88,668
Balance at 1st January, 2017	14,079	23,294	11,962	3,201	17,577	3,342	1,589	75,045
Exchange difference	-	-	19	-	(3)	-	-	16
Additions	118	-	3,433	908	3,876	546	1,500	10,381
Disposals	(1,305)	(1,130)	(115)	(248)	(147)	(662)	-	(3,607)
Reclassification to other assets	230	(7)	449	1	852	-	(1,587)	(62)
Write off	(30)	(70)	(105)	-	-	-	-	(205)
Balance as at 31 December 2017	13,092	22,087	15,643	3,862	22,155	3,226	1,502	81,568
Depreciation and impairment losses								
Balance at 1st January 2018	-	6,043	1,899	1,563	13,539	2,537	-	25,582
Exchange difference	-	-	6	-	1	-	-	7
Charge for the period	-	410	341	388	3,855	227	-	5,221
Disposals	-	(40)	(31)	(38)	(667)	(1,345)	-	(2,121)
Write-off/Adj	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	26	-	-	26
Derecognition of subsidiaries operations	-	-	-	-	-	-	-	-
Balance as at 31 December 2018	-	6,412	2,215	1,913	16,754	1,420	-	28,714
Balance at 1st January, 2017	-	5,826	1,688	1,435	10,239	3,057	-	22,245
Charge for the year	-	420	280	329	3,397	146	-	4,572
Disposals	-	(189)	(23)	(189)	(141)	(665)	-	(1,207)
Write-off/Adj	-	(14)	(55)	-	-	-	-	(69)
Exchange difference	-	-	12	-	31	-	-	43
Reclassifications	-	-	(3)	(12)	13	-		(2)
Balance as at 31 December 2017	-	6,043	1,899	1,563	13,539	2,537	-	25,582
(iii) **Net Book Value**								
Balance as at 31 December 2018	**13,275**	**15,453**	**15,258**	**2,637**	**9,939**	**677**	**2,716**	**59,954**
Balance as at 31 December 2017	13,092	16,044	13,744	2,299	8,616	689	1,502	55,986

(iv) In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

(v) Exchange difference relates to the conversion of property and equipments acquired in the overseas office at the rate of exchange ruling at the end of the period.

(vi) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

(vii) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2017: nil)

(b) Bank:

The movement in these accounts during the period was as follows:

(i) **Cost**	**Land** ₦ million	**Buildings** ₦ million	**Leasehold improvement** ₦ million	**Fixtures and fittings** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January 2018	13,066	22,087	15,539	3,862	21,912	3,172	1,500	81,138
Additions	211	7	1,352	660	4,448	219	2,714	9,610
Disposals	(84)	(229)	(33)	(51)	(682)	(1,349)	-	(2,428)
Reclassifications	56	-	503	79	745	-	(1,500)	(117)
Balance as at 31 December 2018	**13,249**	**21,865**	**17,361**	**4,550**	**26,422**	**2,042**	**2,714**	**88,203**
Balance at 1st January 2017	14,079	23,294	11,877	3,200	17,349	3,268	1,587	74,655
Additions	118	-	3,433	909	3,854	546	1,500	10,360
Disposals	(1,305)	(1,130)	(115)	(248)	(137)	(642)	-	(3,577)
Reclassifications to other assets	204	(7)	449	1	846	-	(1,587)	(94)
Write off	(30)	(70)	(105)	-	-	-	-	(205)
Balance as at 31 December 2017	13,066	22,087	15,539	3,862	21,912	3,172	1,500	81,138

(ii) Accumulated depreciation	**Land** ₦ million	**Buildings** ₦ million	**Leasehold improvement** ₦ million	**Fixtures and fittings** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January 2018	-	6,071	1,843	1,563	13,365	2,495		25,337
Charge for the period	-	410	326	388	3,809	224	-	5,156
Disposals	-	(40)	(31)	(38)	(666)	(1,345)	-	(2,119)
Balance as at 31 December 2018	**-**	**6,440**	**2,138**	**1,913**	**16,508**	**1,374**	**-**	**28,374**
Restated balance at 1st January 2017	-	5,854	1,657	1,435	10,141	3,001	-	22,088
Charge for the year	-	420	267	329	3,343	139	-	4,498
Disposals	-	(189)	(23)	(189)	(132)	(645)	-	(1,178)
Reclassifications	-	0	(3)	(12)	13	-	-	(2)
Write-off/Adj	-	(14)	(55)	-	-	-	-	(69)
Balance as at 31 December 2017	**-**	**6,071**	**1,843**	**1,563**	**13,365**	**2,495**	**-**	**25,337**

(iii) **Net Book Value**								
Balance as at 31 December 2018	**13,249**	**15,425**	**15,223**	**2,636**	**9,915**	**668**	**2,714**	**59,830**
Balance as at 31 December 2017	13,066	16,016	13,696	2,299	8,547	677	1,500	55,801

(iv) In the opinion of the directors, the market value of the Bank's properties is not less than the value shown in the financial statements.

(v) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2017: nil)

30. Intangible assets

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Cost				
Balance, beginning of the year	**9,229**	6,693	**8,143**	5,774
Additions	**3,500**	2,191	**3,222**	2,191
Reclassification	**-**	178	**-**	178
Exchange translation difference	**14**	167	**-**	-
Balance, end of year	**12,743**	9,229	**11,365**	8,143
Amortization and impairment losses				
Balance, beginning of the year	**4,885**	3,319	**4,194**	2,915
Amortisation for the year	**1,762**	1,466	**1,543**	1,280
Reclassification	**(26)**	(2)	**-**	(1)
Exchange translation difference	**77**	102	**-**	-
Balance, end of year	**6,698**	4,885	**5,737**	4,194
Carrying amounts as at year end	**6,045**	4,344	**5,628**	3,949
Balance as at 1 January	**4,344**	3,374	**3,949**	2,859

(i) In the opinion of the directors, the market value of the Group's software is not less than the value shown in the financial statements.

(ii) There were no capitalised borrowing costs related to the acquisition of software during the year (December 2017: nil) there were no impairment losses on the asset at year end.

31. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

31 December 2018

Deferred tax assets	**Assets ₦ million**	**Liabilities ₦ million**	**Net ₦ million**
Property, equipment, and software	-	(6,847)	(6,847)
Allowances for loan losses	-	(192)	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	(7,039)	95,875

Deferred tax liabilities	**Liabilities** ₦ million	**Net** ₦ million
Property, equipment, and software	(262)	(262)
Net tax assets (liabilities)	(262)	(262)

31 December 2017

	Assets ₦ million	**Liabilities ₦ million**	**Net ₦ million**
Property, equipment, and software	-	(6,847)	(6,847)
Allowances for loan losses	-	(192)	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	(7,039)	95,875

Deferred tax liabilities	**Liabilities** ₦ million	**Net** ₦ million
Property, equipment, and software	(259)	(259)
Net tax assets (liabilities)	(259)	(259)

Bank

31 December 2018

	Assets	Liabilities	Net
	₦ million	**₦ million**	**₦ million**
Property, equipment, and software	-	(6,847)	(6,847)
Allowances for loan losses	-	(192)	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	(7,039)	95,875

31 December 2017

	Assets	Liabilities	Net
	₦ million	**₦ million**	**₦ million**
Property, equipment, and software	-	(6,847)	(6,847)
Allowances for loan losses	-	(192)	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	(7,039)	95,875

Deferred tax assets and liabilities
Movement on the net deferred tax assets/(liabilities) account during the year:

	Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**96,134**	95,809	**95,875**	95,875
Prior year adjustment (see note 42(b))				
Balance, beginning of the year	**96,134**	95,809		
Credit for the year	**3**	325	**-**	-
Net deferred tax assets/(liabilities)	**96,137**	96,134	**95,875**	95,875
Made up of				
Deferred tax assets	**102,914**	102,914	**102,914**	102,914
Deferred tax liabilities	**7,301**	7,298	**7,039**	7,039

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N95.875bn (December 2017: ₦95.875bn) was based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability),which indicate that it is probable that the Group's entities will have taxable profits against which these assets can be utilized. As at year end, the Bank and Group have unrecognised deferred tax assets of ₦86.7 billion (2017: ₦71.8 billion).

Additional deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can use the benefits.

32. Other assets

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Cash Reserve Requirement	**256,345**	225,770	**256,345**	225,770
Excess CRR balance to be refunded	**25,523**	25,523	**25,523**	25,523
Total Cash Reserve Requirement (see (i))	**281,868**	251,293	**281,868**	251,293
Other assets:				
Clearing	**1,793**	1,883	**1,793**	1,883
Accounts receivable	**1,089**	2,033	**287**	330
Prepayments	**4,596**	4,230	**4,420**	3,960
Receivable on FX forwards (see (ii))	**14,773**	19,567	**14,773**	19,567
Other sundry assets (see (iii))	**28,007**	20,131	**27,520**	19,914
	50,258	47,844	**48,793**	45,654
Impairment on other assets(see (iv))	**(7,849)**	(7,445)	**(6,658)**	(6,241)
Net other assets	**42,409**	40,399	**42,135**	39,413
	324,277	291,692	**324,003**	290,706

(i) The Bank had restricted balances of ₦281.868 billion with the Central Bank of Nigeria(CBN) as at 31 December 2018, representing the cash reserve requirement (CRR) (₦251.293bn as at 31 December 2017). The CRR is a mandatory cash deposit which should beheld with the Central Bank of Nigeria as a regulatory requirement. The CRR is non interest bearing and is not available for use in the Group's day-to-day operations. As at the end of December 2018, the CRR in force was 22.5% (Dec 2017: 22.5%).

(ii) Receivable on FX forwards

The balance represents the value of foreign currency receivable on forward transactions with Central Bank of Nigeria.

(iii) Other Sundry assets

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Frauds and losses	**1,501**	1,501	**1,501**	1,501
Advance payments for PPE	**1,665**	3,000	**1,665**	3,000
Receivable from Union Homes	**1,927**	1,927	**1,927**	1,927
Property under dispute	**1,352**	1,352	**1,352**	1,352
Garnishee Order	**1,306**	1,606	**1,306**	1,606
Status Car loan	**480**	249	**480**	249
ATM receivable	**3,187**	1,361	**3,187**	1,361
Dividend Receivable	**432**	354	**432**	354
Receivable on electronic transfers	**2,941**	3,639	**2,941**	3,639
Master/Visa card/Interswitch/NIBSS settlement	**1,501**	755	**1,501**	755
Investment in AgriBusiness/SMEEIS	**1,436**	794	**1,436**	794
Receivable for unsettled financial assets	**2,416**	875	**2,416**	875
Fee receivable	**948**	948	**948**	948
Discounted Fx Forwards	**1,163**	-	**1,163**	-
Prepaid inventory items	**279**	-	**279**	-
Prepaid bulk SMS	**133**	-	**133**	-
Branch /Cash In Transit	**1,005**	-	**1,005**	-
Recievable for FX purchase	**3,303**	-	**3,303**	-
Other account balances	**1,033**	976	**546**	759
Balance, end of year	**28,007**	20,131	**27,520**	19,914

(iv) Movement in impairment on other assets:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**7,445**	7,123	**6,241**	5,932
Charge for the year	**382**	174	**382**	161
Allowance no longer required	**-**	(193)	**-**	(193)
Effect of exchange rate	**22**	341	**35**	341
Balance, end of year	**7,849**	7,445	**6,658**	6,241

Impairment allowances are charged on other sundry assets which are doubtful of recovery.

33. Deposits from banks

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Money market deposits (See note (i) below)	**-**	10,686	**-**	10,686
Other deposits from banks	**99,477**	89,445	**-**	-
	99,477	100,131	**-**	10,686

(i) **Money market deposits**

Local currency inter bank takings	**-**	-	**-**	-
Foreign currency inter bank takings	**-**	10,686	**-**	10,686
	-	10,686	**-**	10,686

34. Deposits from customers

	Group Dec. 2018	Group Dec. 2017	Bank Dec. 2018	Bank Dec. 2017
	₦ million	₦ million	**₦ million**	₦ million
Term deposits	**245,600**	265,878	**234,384**	265,274
Current deposits	**384,869**	349,100	**382,905**	344,028
Savings	**227,124**	187,406	**227,124**	187,406
	857,593	802,384	**844,413**	796,708

	Group Dec. 2018	Group Dec. 2017	Bank Dec. 2018	Bank Dec. 2017
	₦ million	₦ million	**₦ million**	₦ million
Local currency deposits	**658,523**	683,975	**658,523**	683,975
Foreign currency deposits	**199,070**	118,409	**185,890**	112,733
Total customers deposits	**857,593**	802,384	**844,413**	796,708

35. Current tax liabilities

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**524**	465	**271**	177
Foreign exchange translation difference	**14**	-	**-**	-
Reclassification	**-**	(193)	**-**	-
Charge for the year	**361**	911	**222**	337
Payments during the year	**(318)**	(659)	**(261)**	(243)
Balance, end of year	**581**	524	**232**	271

36. Other liabilities

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	**₦ million**	₦ million
Financial liabilities:				
Deposits for foreign currency	**63,974**	63,217	**63,974**	63,217
Accounts payable	**5,981**	6,188	**5,744**	4,626
AMCON contribution payable	**2,270**	2,270	**2,270**	2,270
Due to foreign correspondent banks (see note (a) below)	**31,594**	9,258	**31,594**	9,258
Draft and Bills payable	**5,325**	7,620	**5,325**	7,620
Insurance premium payable	**90**	16	**90**	16
Sundry creditors	**-**	406	**-**	406
Deposit for properties	**930**	930	**-**	-
Fx Futures Margin Deposit	**-**	106	**-**	106
Financial instruments- short position	**606**	12	**606**	12
Other provisions (see note (b) below)	**207**	-	**207**	-
Creditors and accruals (see note (c) below)	**5,454**	11,333	**5,431**	11,326
Electronic collections and other e-payment liabilities	**44,981**	1,748	**44,981**	1,748
	161,412	103,104	**160,222**	100,605
Non financial liabilities:				
Unearned income	**486**	420	**486**	420
Provision for claims and contingencies (see note (d) below)	**3,070**	2,978	**3,070**	2,978
PAYE and other statutory deductions	**932**	926	**873**	879
Provisions for Ex-staff claims	**-**	3,917	**-**	3,917
Other credit balances (see note (e) below)	**3,754**	2,385	**4,176**	1,829
	8,242	10,626	**8,605**	10,023
Total other liabilities	**169,654**	113,730	**168,827**	110,628

(a) Due to foreign correspondent banks consists of the following:
- debit balances in Nostro accounts, Nil (December 2017: Nil)
- obligations to a foreign correspondent bank in respect of letters of credit, ₦31.6bn (December 2017:N9.3bn). The letter of credit obligations have been transferred to the Bank's customers and booked as stocking term facilities as at 31 December 2018. The corresponding customers' obligations to the Bank are therefore part of reported loans and advances to customers.

(b) Other provisions relates to IFRS 9 provisions on Letters of credit and financial guarantees. See details below:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	₦ million	₦million
Allowance on letters of credit	107	-	107	-
Allowance on guarantees	100	-	100	-
	207	-	207	-

The movement on other provision during the year was as follows:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦million	₦ million	₦ million
Balance, beginning of year	-	-	-	-
Effect of IFRS 9 transition (see note 5(k))	411	-	411	-
Reversals during the year	(204)	-	(204)	-
Balance, end of year	**207**		**207**	

(c) Creditors and Accruals comprises the following:

	Group Dec. 2018	Group Dec.2017	**Bank Dec. 2018**	Bank Dec.2017
	N₦million	₦ million	**₦ million**	₦ million
Accruals for professional and consultancy fees	**404**	139	**404**	139
Accrual for Industrial Training Fund Levy	**281**	261	**281**	261
Accrual for Advertisement	**224**	53	**224**	53
Accrual for staff related allowances	**3,578**	1,598	**3,578**	1,598
Provision for restitution (see note (44))	**76**	612	**76**	612
AMCON provision (see note (f) below)	**-**	7,717	**-**	7,717
Accrual for Repairs and maintenance expenses	**152**	109	**152**	109
Accrual for rental expenses	**296**	233	**296**	233
Other accruals	**443**	611	**420**	604
	5,454	11,333	**5,431**	11,326

(d) The movement on provision for claims and contingencies during the year was as follows:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of year	2,978	3,104	2,978	3,104
Charge during the year	92	-	92	-
Reversals during the year	-	(126)	-	(126)
Balance, end of the year	3,070	2,978	3,070	2,978

(e) Other credit balances

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
Unrealized OTC Futures Recoupable	-	416	-	416
Provision for Audit Fees	150	151	150	151
Vendor retention fee payable	497	91	497	91
Franchise Collections	766	606	766	606
AMCON payable	-	406	-	406
Agency fees payable	122	109	122	109
Deferred rental income	108	108	-	-
Pos/Web Verve Payable	-	-	-	21
Sundry Persons	619	-	619	-
Others	1,491	499	2,021	31
	3,754	2,386	4,176	1,830

(f) AMCON PROVISION
The amount represents outstanding balance of the provision made by the Bank in 2011 in respect of probable liabilities as part of Financial Accommodation as contained in the AMCON's Clawback agreement.
In the year 2018, the Bank fully settled its liabilities to AMCON and as such no provisions were made in 2018 (2017: N7.717bn)

37. Employee benefit obligations

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Post employment benefit obligation (see (a) below)	**89**	176	**89**	124
Other long-term employee benefits (see (b) below)	**699**	681	**697**	677
	788	857	**786**	801

(a) Post employment benefit obligation

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Defined contribution scheme (see (i) below)	**89**	124	**89**	124
Defined benefit obligation (see (ii) below)	**-**	52	**-**	-
	89	176	**89**	124
Defined benefit asset (see (ii) below)	**1,610**	352	**1,610**	352
Net defined benefit asset (see note (iii) below)	**1,610**	300	**1,610**	352

(i) Defined Contribution Scheme

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Balance, beginning of year	**124**	152	**124**	152
Charge during the year (see note 15)	**759**	726	**623**	611
Contribution remitted during the year	**(794)**	(754)	**(658)**	(639)
Balance, end of year	**89**	124	**89**	124

The Group and its employees make respective contributions of 10% and 8%of basic salary, housing and transport allowance to each employee's retirement savings account maintained with employees' nominated Pension Fund Administrators.

(ii) Defined benefit obligation

The Management of the Bank, in compliance with the Pension Reform Act 2014 and inline with the Trust Deed guiding the Bank's Pension Fund, bought an annuity programme with Leadway Assurance Company Plc for its Defined Benefit (DB) Scheme Pensioners. Prior to this, the Bank engaged the Union Bank Pensioners' Association at both the National and Zonal Levels, conducted a road show across the country for its Pensioners under the Defined Benefit Scheme to get their buy-in for the Annuity Programme. Over 4,600 DB Pensioners have subscribed to the annuity program.

The benefits of the annuity program include;

- The transfer of risks associated with managing future income
- Longevity Risk: There is no fear of lack of income no matter how long the Annuitant lives
- Investment Risk: The Risk of Investment is borne by Leadway Assurance. This is not the case if the Bank continues to manage the fund.

(iii) The following table shows a reconciliation from opening balances to the closing balances for net defined benefit (asset) liability and its components.

Group	Gross defined benefit		Fair value of plan assets		Net defined Benefit	
	Dec. 2018 ₦ million	**Dec. 2017 ₦ million**	**Dec. 2018 ₦ million**	**Dec. 2017 ₦ million**	**Dec. 2018 ₦ million**	**Dec. 2017 ₦ million**
Balance, beginning of the year	**1,527**	11,223	(1,850)	(12,837)	**(300)**	(1,614)
Included in profit or loss						
Current service costs and interest (See note 15)	**246**	2,352	(246)	(1,727)	**-**	647
Additions to plan assets			(1,120)		**(1,120)**	
	246	2,352	(1,315)	(1,727)	**(1,120)**	647

Included in OCI						
Remeasurement of defined benefit obligation	(25)	127	(113)	(127)	(138)	-
Change in fair value of plan assets	-	-	-	-	-	-
Remeasurement of defined benefit obligation	(76)	127	(113)	(127)	(189)	-
Others						
Benefits paid by the plan	(365)	(13,470)	365	12,841	-	(628)
Reclassification (See (vii) below)	-	1,295	-	-	-	1,295
	(365)	(12,175)	365	12,841	-	667
Balance, end of year (see note 37(a) above)	1,331	1,527	(2,912)	(1,850)	(1,610)	(300)

Bank	**Gross defined benefit**		**Fair value of plan assets**		**Net defined Benefit**	
	Dec. 2018 ₦ million	**Dec. 2017 ₦ million**	**Dec. 2018 ₦ million**	**Dec. 2017 ₦ million**	**Dec. 2018 ₦ million**	**Dec. 2017 ₦ million**
Balance, beginning of the year	1,498	11,194	(1,850)	(12,837)	(352)	(1,643)
Included in profit or loss						
Current service costs and interest	246	2,352	(246)	(1,727)	-	624
Additions to plan assets	-	-	(1,069)	-	(1,069)	-
	246	2,352	(1,315)	(1,727)	(1,069)	624
Included in OCI						
Remeasurement of defined benefit obligation	(76)	127	(113)	(127)	(189)	-
Change in fair value of plan assets	-	-	-	-	-	-
Remeasurement of defined benefit obligation	(76)	127	(113)	(127)	(189)	-
Others						
Benefits paid by the plan	(365)	(13,470)	365	12,841	-	(628)
Reclassification (See (vii) below)	-	1,295	-	-	-	1,295
	(365)	(12,175)	365	12,841	-	667
Balance, end of year (see note 37(a) above)	1,302	1,498	(2,912)	(1,850)	(1,610)	(352)

(iv) Plan assets

Plan assets for funded obligations consist of the following

	Group Dec. 2018 ₦ million	**Group Dec. 2017 ₦ million**	**Bank Dec. 2018 ₦ million**	**Bank Dec. 2017 ₦ million**
Receivable from pension fund administrator	**2,912**	1,850	**2,912**	1,850
Cash and bank balances	**-**	-	**-**	-
Quoted entities	**-**	-	**-**	-
Money market investment	**-**	-	**-**	-
Private equity	**-**	-	**-**	-
Treasury bills	**-**	-	**-**	-
Real Estate	**-**	-	**-**	-
	2,912	1,850	**2,912**	1,850

(v) Actuarial assumptions

The following were the principal actuarial assumptions at reporting date (expressed as weighted averages).

	Group Dec. 2018	**Group Dec. 2017**	**Bank Dec. 2018**	**Bank Dec. 2017**
- Discount rate	15.5%	14.0%	15.5%	14.0%
- Average rate of inflation	12.0%	12.0%	12.0%	12.0%
- Pension increases	0.0%	0.0%	0.0%	0.0%

(vi) Sensitivity analysis

Reasonably possibility changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below

	Movement	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Discount rate	+1%	**1,248**	1,430	**1,248**	1,430
	-1%	**1,362**	1,574	**1,362**	1,574
Pension Increase Rate	+1%	**1,378**	1,592	**1,378**	1,592
	-1%	**1,233**	1,413	**1,233**	1,413
Mortality	Future Mortality Improvement (2% p.a)	**1,386**	1,592	**1,386**	1,592
	Future Mortality Improvement (0% p.a)	**1,209**	1,396	**1,209**	1,396

Although this analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

(vii) Amount reclassified from other liabilities represents the excess estimated liabilities over the of fair value of plan assets.

(viii) The weighted average liability duration for the plan is 5.94 years

(b) Other long-term employee benefits

Other long-term employee benefit represents liability in respect of long service award.

The basis of determining the benefit due to an employee is as stated below:

Length of service	Transaction officer and below	Executive trainee- Manager	Senior Manager - General Manager
10 years	10% of Annual Basic Salary Cash Award of ₦75,000	10% of Annual Basic Salary Cash Award of ₦120,000	10% of Annual Basic Salary Cash Award of ₦150,000
15 years	15% of Annual Basic Salary Cash Award of ₦100,000	15% of Annual Basic Salary Cash Award of ₦175,000	15% of Annual Basic Salary Cash Award of ₦180,000
20 years	20% of Annual Basic Salary Cash Award of ₦125,000	20% of Annual Basic Salary Cash Award of ₦220,000	20% of Annual Basic Salary Cash Award of ₦250,000
25 years	25% of Annual Basic Salary Cash Award of ₦150,000	25% of Annual Basic Salary Cash Award of ₦250,000	25% of Annual Basic Salary Cash Award of ₦375,000
30 years	30% of Annual Basic Salary Cash Award of ₦175,000	30% of Annual Basic Salary Cash Award of ₦300,000	30% of Annual Basic Salary Cash Award of ₦625,000
35 years	35% of Annual Basic Salary Cash Award of ₦250,000	35% of Annual Basic Salary Cash Award of ₦375,000	35% of Annual Basic Salary Annual Basic Salary

(i) The amounts recognised in the statement of financial position are as follows:

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Present value of unfunded obligation	**699**	681	**697**	677
Present value of funded obligation	-	-	-	-
Total present value of the obligation	**699**	681	**697**	677
Fair value of plan assets	-	-	-	-
Present value of net obligation	**699**	681	**697**	677
Recognized liability for defined benefit obligations	**699**	681	**697**	677

The movement of other long term employee benefit is as stated below:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of the year	**681**	624	**677**	621
Included in profit or loss				
Current service costs and interest	**561**	200	**560**	199
Remeasurement of defined benefit obligation	**-**	(102)	**-**	(102)
Curtailment	**-**	-	**-**	-
	561	98	**560**	97
Included in OCI	**-**	-		
Others				
Benefits paid by long service award plan	**(540)**	(41)	**(540)**	(41)
	(540)	(41)	**(540)**	(41)
Balance, end of year	**699**	681	**697**	677

(ii) Current service cost, interest cost and remeasurement recognised in profit or loss

The current service cost, interest cost and remeasurement gain on long service award is recognised as personnel expenses. See break down below:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Defined benefit obligation (see note 37(a)(iii) above)	**-**	647	**-**	624
Long service award (see note 37(b)(i) above)	**561**	98	**560**	97
Total current service cost (see note (15))	**561**	745	**560**	721

38. Debt securities issued

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Short term bonds (see (a))	**7,369**	-	**7,369**	-
Long term bonds (see (a))	**6,491**	-	**6,491**	-
	13,860	-	**13,860**	-

(a) This represents the outstanding balance on the Bank's Debt Issuance Program. The Series 1 Bonds are senior unsecured fixed rate bonds with maturity a tenor of three (3) years. The Series Bonds 2 are senior unsecured fixed rate bonds with maturity a tenor of seven (7) years.

39. Other borrowed funds

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Due to CACS (see (a))	**11,954**	11,833	**11,954**	11,833
BOI on-lending facilities (see note (b) below)	**3,923**	4,962	**3,923**	4,962
CBN RSS-on lending (see (c))	**20,069**	-	**20,069**	-
Other borrowings (see (d))	**58,945**	76,416	**59,029**	78,941
	94,891	93,211	**94,975**	95,736

(a) This represents the outstanding balance on an unsecured facility of ₦18,167,000,000 disbursed by the Central Bank of Nigeria (CBN), as partofits developmental role, in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Water Resources which established the Commercial Agriculture Credit Scheme (CACS) for promoting agricultural enterprises in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agricultural enterprises at a maximum rate of 9.00% p.a.

(b) This represents the outstanding balance of an intervention credit facility granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing /or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth ₦6.0 billion(Dec.2017: ₦6.0billion) and has a 15-year tenor and repayable quarterly.

A management fee of 1%, deductible at source, is paid by the Bank to BOI under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(c) The amount of ₦20.1bn (December 2017: Nil) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for start ups and expansion financing needs. There al sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate / charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

(d) Other borrowings consist of the balances on foreign currency denominated facilities obtained from the following financial institutions:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Afreximbank (See (i) below)	**35,457**	41,805	**35,457**	41,805
African Finance Corporation	**-**	13,263	**-**	13,263
Mashreq Bank (See (ii) below)	**7,235**	10,112	**7,235**	10,112
Union Bank, UK	**-**	-	**84**	2,525
Access Bank UK (See (iii) below)	**14,437**	11,236	**14,437**	11,236
UBA New York (See (iv) below)	**1,816**	-	**1,816**	-
	58,945	76,416	**59,029**	78,941

(i) Afreximbank

The amount of ₦35,457 million(US$98.8 million) represents the outstanding balances from two facilities: a taking of US$75 million and an amortising medium term facility of US$75 million granted by African Export - Import Bank on December 29, 2017 and July 29, 2016 respectively. Interest is payable quarterly at 7.94% and LIBOR + 6.10% per annum respectively. Final repayments on these facilities are due March 25, 2019 and March 2021 respectively.

(ii) Mashreq Bank

The amount of ₦7,235 million (US$20.2 million) is due to Mashreq Bank in respect of four trade finance facilities of 5m dollars each availed on the 15th of November 2018. Interest is payable at 6.36% per annum. Final maturity is 14 May 2019.

(iii) Access Bank Nigeria Limited

The amount of ₦14,437 million(US$40.2 million) represents three trade finance facilities granted by Access Bank Plc in Nov 2018 and Dec 2018. Interest is payable at an average rate of 6.96% per annum. The facilities mature in May 2019 and December 2019.

(iv) UBA New York

The amount of ₦1,816 million(US$5.1 million) represents a 5 million dollar facility granted by UBA New york USA on the 24th October 2018. Interest is payable at a rate of 6.28% per annum. The facility matures on the 23rd April 2019.

40. Discontinued operations

(a) Assets classified as held for sale

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	**₦ million**	**₦ million**	**₦ million**
Investments in subsidiaries	**-**	-	**325**	325
Investment properties	**188**	188	**-**	-
Other assets	**209**	209	**-**	-
	397	397	**325**	325

The Bank committed to a plan to dispose its subsidiary, Atlantic Nominees Limited in line with the CBN Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010 that Banks should dispose of their non-Banking subsidiaries. The Bank in a bid to dispose the special purpose vehicle, has put up the assets in the Company's books for sale and upon conclusion of this will complete the sales process of the subsidiary. As at year ended 31 December 2018, about 90% of the properties had been disposed and management is of the opinion that the outstanding portion will be disposed in the next 12 months. The Management of the Group remains committed to the disposal of assets held for sale and are actively engaging potential buyers. Furthermore, the assets are actively marketed for sale at a price that is reasonable in relation to its current fair value.

In the opinion of the Directors, assets held for sale have been recognised at the lower of their carrying amount and fair value less costs to sell.

Condensed statement of financial position for discontinued operations

Statement of financial position	Atlantic Nominee	Total
ASSETS	₦ million	₦ million
Investment properties	188	188
Other assets	209	209
Total assets	397	397

41. Capital and reserves

Share capital	**Group**	**Group**	**Bank**	**Bank**
	Dec. 2018	**Dec.2017**	**Dec. 2018**	**Dec.2017**
	₦ million	**₦ million**	**₦ million**	**₦ million**
(a) Authorised : 35,000,000,000 (Dec 2017: 35,000,000,000) Ordinary shares of 50 kobo each	**17,500**	17,500	**17,500**	17,500
(b) Issued and fully paid - 29,120,752,788 (Dec. 2017: 29,120,752,788) Ordinary shares of 50kobo each	**14,561**	14,561	**14,561**	14,561

	Group	**Group**	**Bank**	**Bank**
	Dec. 2018	**Dec. 2017**	**Dec. 2018**	**Dec.2017**
	₦ million	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of year	**14,561**	8,468	**14,561**	8,468
Right issue during the year	**-**	6,067	**-**	6,067
Employee Share Incentive Scheme	**-**	26	**-**	26
Balance, end of year	**14,561**	14,561	**14,561**	14,561

(c) Share premium

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

	Group	**Group**	**Bank**	**Bank**
	Dec. 2018	**Dec.2017**	**Dec. 2018**	**Dec.2017**
	₦ million	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of year	**187,091**	391,641	**187,091**	391,641
Transfer between reserves	**-**	(247,868)	**-**	(247,868)
Premium from shares issued during the year	**-**	43,097	**-**	43,097
Transfer from Share Based Payment Reserve	**-**	221	**-**	221
Balance, end of year	**187,091**	187,091	**187,091**	187,091
Share capital and share premium	**201,652**	201,652	**201,652**	201,652

(d) Statutory reserves

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16 (1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax made is if the statutory reserve less is than paid-up share capital and 15% of profit after tax if statutory the reserve is greater than the paid up share capital. The Bank made transfer a of ₦2.766 billion statutory to reserves during the year ended 31 December 2018 (December 2017: N1.69billion).

The movement in statutory reserve during the year is as shown below:

	Group	**Group**	**Bank**	**Bank**
	Dec. 2018	**Dec.2017**	**Dec. 2018**	**Dec.2017**
	₦ million	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of year	**26,031**	24,445	**26,031**	24,445
Prior year adjustment	**-**	(100)	**-**	(100)
Restated balance, beginning of year	**26,031**	24,345	**26,031**	24,345
Transfer from retained earnings	**2,766**	1,686	**2,766**	1,686
	28,797	26,031	**28,797**	26,031

(f) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of investments securities at FVOCI recognised in other comprehensive income.

	Group	Group	Bank	Bank
	Dec. 2018	Dec.2017	Dec. 2018	Dec.2017
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of year	**40,567**	34,832	**39,205**	33,579
Effect of IFRS 9 transition	**(20,400)**	-	**(20,400)**	-
Fair value changes during the year	**(5,685)**	5,735	**(5,470)**	5,626
Balance, end of year	**14,482**	40,567	**13,335**	39,205

(g) Regulatory risk reserve

The regulatory risk reserve warehouses the difference between the impairment on loans and advances computed under Nigerian GAAP based on the Central Bank of Nigeria prudential guidelines and provisions specified by the central banks of foreign subsidiaries, compared with the incurred loss model used in calculating the impairment under IFRSs.

The movement in regulatory risk reserve during the year is as shown below:

	Group	Group	Bank	Bank
	Dec. 2018	Dec.2017	Dec. 2018	Dec.2017
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of year	**71,027**	38,869	**71,027**	38,869
Effect of IFRS 9 transition	**(71,027)**	-	**(71,027)**	-
Excess of NGAAP provision over IFRS provision during the year	**-**	32,158	**-**	32,158
Balance, end of year	**-**	71,027	**-**	71,027

(h) Share based payment reserve

This represents the provision for liabilities under the equity settled portion of the Group's shares incentive scheme which enables key management personnel to benefit from the performance of the Group. Share based payment reserve is not available for distribution to shareholders.

The movement is shown below:

	Group	Group	Bank	Bank
	Dec. 2018	Dec.2017	Dec. 2018	Dec.2017
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of year	**193**	147	**193**	147
Additional shares awarded during the year (See note 15)	**89**	293	**89**	293
Transfer to share capital (see note (b) above)	**-**	(26)	**-**	(26)
Transfer to share premium (see note (d) above)	**-**	(221)	**-**	(221)
Balance, end of year	**282**	**193**	**282**	**193**

During the year ended December 31, 2018, no unit of share was awarded to key management personnel of the Bank under the Bank’s share-based incentive scheme (31 December 2017: 16,901,130 units) See note 15(ii).

During the year ended 31 December 2018, 14,374,515 units of shares had vested bringing the cummulative vested shares to 82,422,359 units.

(i) Other reserves

The other reserves are as follows:

	Group	Group	Bank	Bank
	Dec. 2018	Dec.2017	Dec. 2018	Dec.2017
	₦ million	₦ million	₦ million	₦ million
Translation reserve	**16,661**	14,321	**1,895**	1,895
Excess capital clawback reserves	**(14,918)**	(14,918)	**(14,918)**	(14,918)
Other SMEEIES reserves	**6,774**	6,774	**6,774**	6,774
Capital reserve	**5,489**	5,489	**5,489**	5,489
Impairment reserve on Debt securities at FVOCI	**38**	-	**38**	-
Equity component of employee benefit remeasurement	**3,044**	2,818	**3,044**	2,818
	17,087	14,484	**2,322**	2,058

(i) Translation reserve

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

(ii) Excess capital clawback reserves

Under the recapitalisation plan of the Bank executed in 2011, the Asset Management Company of Nigeria (AMCON) provided Financial Accommodation to bring the Bank's Completion Net Assets Value (NAV) to zero.

(iii) Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS/SMEEIS):

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms the of guideline (amended by CBN letter dated 11 July 2006), the contribution was 10% of profit after tax for the first 5 years, and thereafter reduced to 5% of profit after tax.

In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agricultural/Small and Medium Enterprises Scheme (AGSMIES), which was established support to the Federal Government's efforts promoting at agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation.

There are longer no mandatory transfers to this reserve under the revised guidelines. However, all banks are now required set to aside an amount equal to 5% of their annual Profit After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme.

(iv) Capital Reserves

Capital reserve warehouses the nominal value of shares cancelled during the capital reconstruction exercise that occurred during the financial year ended December 2012.

(v) Equity component of employee benefit remeasurement

This reserve warehouses the equity component of remeasurement of defined benefit liability/(assets)

(j) Retained deficit

The movement on the Retained Earnings account during the year is as follows:

	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec.2017 ₦ million
Deficit at the beginning of the year	**(16,313)**	(244,753)	**(21,047)**	(248,438)
Effect of IFRS 9 transition	**(41,565)**	-	**(41,517)**	-
Balance after transfer to Share Premium account	**-**	247,868	**-**	247,868
Retained profit for the year	**18,093**	13,008	**18,438**	11,239
Transfer from/(to) other reserves	**(3,610)**	441	**(3,610)**	441
Dividend paid to non-controlling interest	**(540)**	-	-	-
Transfer to non controlling interest	**(445)**	(720)	**-**	-
	(44,380)	15,845	**(47,736)**	11,111
Movement in regulatory risk reserve (see below)	**-**	(32,158)	**-**	(32,158)
Balance at the end of the year	**(44,380)**	(16,313)	**(47,736)**	(21,047)

In line with CBN Prudential Guidelines, the excess of Nigerian Generally Accepted Accounting Practice loan loss provision over the IFRS provision in this case IAS 39 incurred loss model is transferred to a regulatory risk reserve and not available for distribution to shareholders. The amount is treated as a deduction from retained earnings. The movement in regulatory risk reserve which was deducted from retained earnings during the year is as follows:

42. Non-controlling Interest

Movement in the non controlling interest	Group Dec. 2018 ₦ million	Group Dec.2017 ₦ million
Balance, beginning of year	**5,831**	5,111
Profit/(loss) for the year	**445**	720
Balance, end of year	**6,276**	5,831

43. Contingencies

(a) Litigations and claims

(i) The Group in the ordinary course of business is currently involved in 805 litigation cases (December 2017: 850 cases). The total amount claimed in the cases against the Bank is estimated at ₦6.92 trillion (December 2017: ₦6.14 trillion), while the total amount claimed in cases instituted by the Bank is ₦53.18 billion (December 2017: ₦77.16 billion).

In view of the inherent difficulty in predicting the outcome of such matters, particularly where in some cases, the claimants seek very large damages or where the matters involve many parties, the Bank generally cannot predict the eventual outcome of the pending matters, the timing of the ultimate resolution of these matters, or the eventual losses related to each pending matter.

The Bank, in conjunction with the legal counsel handling the matter, evaluates on an ongoing basis whether such matters present a loss contingency that is probable and estimable.

Once the loss contingency is deemed to be both probable and estimable, the Bank will establish a provision and record a corresponding amount of litigation-related expense. A total provision of ₦3.07 billion (December 2017: ₦2.98 billion) has been made based on the advice of professional legal counsel. These actions are being vigorously contested and the Directors are of the opinion, based on legal counsel, that no significant additional liability will arise therefrom in excess of the provision that has been made in the financial statements. The Bank continues to monitor the matters for further developments that could affect the amount of the accrued liability that has been previously established.

(ii) Significant litigations

The bank is involved in two(2) litigations with total claims of ₦6.54 trillion of which judgements were awarded against the Bank in conjunction with other parties. The Directors are of the view that a high level of success is expected at the appellate courts based on professional legal advice and that the likelihood of outflow of economic resource is considered remote.

In one of the cases, the Court of Appeal (Abuja Division) dismissed the appeal filed by the Bank against a judgment of the Federal High Court which ordered the Bank to pay certain judgment sums in conjunction with other four defendants. The judgment sum has been estimated at ₦1.372 trillion as at 31 December 2018. The Bank has filed an amended Notice of Appeal to the Supreme Court against the judgment and also an application to stay execution of the judgment of the Court of Appeal pending the hearing and determination of the case. The second case is also pending at the Court of Appeal where the Bank had appealed against the judgment that was delivered against the Bank and other seven defendants by the Federal High Court in December 2014 to pay the estimated sum of ₦5.17 trillion.

Based on current information and legal advice, the Directors do not believe that loss contingencies arising from these pending matters will have a material adverse effect on the consolidated financial position or liquidity of the Bank. However, in light of the inherent uncertainties involved in these matters, some of which are beyond the Bank's control, and the very large damages sought in these matters, an adverse outcome in one or more of these matters could be material to the Bank's results of operations, capital levels or liquidity.

44. Acceptances, bonds, guarantees and other obligations for the account of customers

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit. In the normal course of business, the Group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets, net of impairment for the Group was ₦161.73 billion (December 2017: ₦120.12 billion).

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

	Group Dec. 2018	Group Dec.2017	Bank Dec. 2018	Bank Dec.2017
	₦ million	₦ million	₦ million	₦ million
Performance bonds and guarantees	**89,515**	64,321	**89,515**	64,321
Letters of credit	**72,421**	55,798	**72,421**	55,798
IFRS 9 impairment on off balance sheet exposures	**(207)**	-	**(207)**	-
	161,729	120,119	**161,729**	120,119

45. Customers' complaints

The Bank in its ordinary course of business received 176,305 complaints (2017: 128,803) during the year ended December 31, 2018. The details of the complaints are illustrated in the table below:

Description	Number		Amount claimed		Amount refunded	
	2018	2017	2018	2017	2018	2017
Pending complaints brought forward	4,840	1,419	109,262,068	3,703,852,173	N/A	N/A
Received complaints	176,305	128,803	199,215,073	5,787,794,950	N/A	N/A
Resolved complaints	174,382	125,382	204,760,519	9,382,385,055	412,487,153	3,190,356,090
Unresolved Complaints escalated to CBN for intervention / carried forward	6,763	4,840	103,716,622	109,262,068	N/A	N/A

The total amount in respect of complaints resolved was ₦204,760,519 (2017:₦9,382,385,055) while the total disputed amount in cases which remain unresolved stood at ₦103,716,622.21 (2017:₦109,262,068).No complaints were referred to the Central Bank of Nigeria (CBN) for intervention during the year (2017: nil).

The Directors are of the opinion that these outstanding complaints will be ultimately resolved. The Bank has a total provision of ₦76million(2017:₦612 million) for these complaints, included in creditors and accruals balance (see Note 36(c)).

46. Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, placements and off balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end was as follows:

(i) Parent

The parent company, which is also the ultimate parent company, is Union Bank Plc of Nigeria.

(ii) Subsidiaries

Transactions between Union Bank of Nigeria Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

(iii)Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management personnel includes close members of family of key personnel and any entity over which key management personnel exercises control. The key management personnel have been identified as the executive and non-executive directors of the Group and other relevant senior management personnel. Close members family of are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank and its subsidiaries.

(a) Transactions with related parties are as follows

31 December 2018

In million naira

Entity	Relationship	Loans	Deposits	Interest Received	Interest Paid	Other borrowed funds	Other liabilities (Letters of credit financing)
UBN Property Company Limited	Subsidiary	-	20	-	67	-	-
Union Bank UK Plc	Subsidiary	-	-	-	280	3,416	16,648
Directors and relations	Key Mgt. Personnel	36,631	640	4,653	-	-	-
Executive Director's loans	Key Mgt. Personnel	254	-	11	-	-	-

31 December 2017

In million naira

Entity	Relationship	Loans	Deposits	Interest Received	Interest Paid	Other borrowed funds	Other liabilities (Letters of credit financing)
UBN Property Company Limited	Subsidiary	-	5,305	-	535	-	-
Union Bank UK Plc	Subsidiary	-	-	-	198	2,331	5,163
Directors and related companies	Key Mgt. Personnel	39,311	273	2,759	21	-	-
Executive Director's loans	Key Mgt. Personnel	198	-	11	-	-	-

The status of performance of each facility as at 31 December 2018 is as shown below:

(b) Secured loans and advances

Borrower	***Relationship***	***Facility Type***	**Dec. 2018** ***Amount*** **₦ million**	***Status***
Accugas Limited/Adeyemi Osindero/ Chairman- Cyril Odu***	Former Director	FCY Term Loan	16,782	Non-Performing
Notore Chemicals Industries Ltd/Onajite Okoloko	Former Director	FCY Term Loan	696	Non-Performing
Notore Chemicals Industries Ltd/Onajite Okoloko	Former Director	Term Loan	6,812	Non-Performing
PNG Gas Ltd/Cyril Odu	Chairman	Term Loan	3,831	Performing
PNG Gas Ltd/Cyril Odu	Chairman	Financial Guarantee	800	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Term Loan	6,635	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Financial Guarantee	644	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Overdraft	293	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Letter of Credit	140	Performing
			36,631	

*** Between 2014 and 2017, the Board Chairman was a director in Seven Energy, the erstwhile parent company of Accugas Ltd representing an International Private Equity Fund. Savannah Petroleum is in the final process of its acquisition of Accugas from Seven Energy.

Key management personnel compensation for the year comprises:

	Dec. 2018 ₦ million	Dec.2017 ₦ million
Salaries, short term benefits and pensions	**651**	760
Share-based payment	**89**	293
Directors' sitting allowance	**18**	20
Fees as directors	**199**	200
	957	1,273

Directors' Remuneration

(i) Directors' remuneration excluding pension contribution and certain benefits was provided as follows:

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Fees as directors	**199**	200	**199**	200
Directors' sitting allowance	**18**	20	**18**	20
	217	220	**217**	220
Executive compensation	**651**	760	**651**	760
Share-based payment	**89**	293	**89**	293
	957	1,273	**957**	1,273

(ii) The directors'remuneration shown above includes

	Group Dec. 2018 ₦ million	Group Dec. 2017 ₦ million	Bank Dec. 2018 ₦ million	Bank Dec. 2017 ₦ million
Chairman	**30**	30	**30**	30
Highest paid director	**172**	172	**172**	172

(iii) The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges were:

	Bank Dec. 2018	Bank Dec. 2017
N20,000,000 - N30,000,000	**8**	8
N30,000,001 - N40,000,000	**1**	1
N40,000,001 - N50,000,000	**-**	-
N50,000,001 - N100,000,000	**4**	5
N100,000,001 - N200,000,000	**1**	1
N200,000,001 - N400,000,000	**-**	-
	14	15

Employees

The number of persons in the employment of the Bank at 31 December was as follows:

	Bank Dec. 2018	Bank Dec. 2017
Management	**40**	40
Non-management	**2,553**	2,605
	2,593	2,645

The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions and other benefits) were:

	Bank Dec. 2018	Bank Dec. 2017
N1,000,000 - N1,500,000	**5**	5
N1,500,001 - N2,000,000	**3**	3
N2,000,001 - N2,500,000	**-**	-
N2,500,001 - N3,000,000	**-**	-
N3,000,001 - N3,500,000	**813**	910
N3,500,001 - N4,000,000	**-**	-
N4,000,001 - N4,500,000	**-**	-
N4,500,001 - N5,000,000	**703**	722
Above N5,000,000	**1,069**	1,005
	2,593	2,645

47. Compliance with banking regulations

The Bank contravened some banking regulations in the course of the year, this contravention attracted a penalty of ₦12.00m for the year 2018 (2017: ₦12.04m). Details of the banking regulation which the Bank contravened during the year was as follows:

Banking Legislation	Nature of contravention	Penalties N million
FPR/DIR/GEN/CIR/06/017Guides to charges by banks and other financial institutions in Nigeria	Non-refund of SMS charges on dormant accounts	2.00
FPR/DIR/GEN/CIR/06/017 Guides to charges by banks and other financial institutions in Nigeria	Excess Lending Rate Charged above the Approved Maximum Limit.	2.00
BSD/DIR/GEN/LAB/09/033 - Review of operational guidelines for blacklisting	Non-inclusion of investigation/Disciplinary Committee reports in the Returns on dismissed/terminated staff	2.00
CBN monetary, credit, foreign trade and exchange policy guidelines for fiscal years 2016/2017 and BOFIA 2010 LFN	Late filing of 2017 audited financial statements	2.00
BOFIA 2010 LFN Section 7	Failure to obtain prior written approval of the CBN before engaging in capital restructuring	2.00
FPR/DIR/GEN/CIR/01/045 Time bar for resolution of customer complaints	Late resolution of ATM dispense errors	2.00
		12.00

48. Current/non-current classification

The following table shows the analysis of the Group's assets and liabilities and on the basis of their current/ non-current classification.

Group	Note	31 December 2018 Carrying amount	Current	Non-current	31 December 2017 Carrying amount	Current	Non-current
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS							
Cash and cash equivalents	19	233,566	233,566	-	222,577	222,577	-
Non-pledged trading assets	20	14,271	14,271	-	20,076	20,076	-
Pledged assets	21	48,839	32,176	16,663	54,079	26,544	27,535
Derivative assets held for risk management	22	1,029	1,029	-	1,297	1,297	-
Loans and advances to banks							
Loans and advances to customers	23	473,462	333,305	140,157	517,103	356,223	160,880
Investments in equity accounted investee	24	-	-	-	-	-	-
Investment securities	25	199,317	169,493	29,824	185,658	156,553	29,105
Trading properties	26	186	-	186	1,153	-	1,153
Investment properties	27	5,030	-	5,030	4,951	-	4,951
Property and equipment	29	59,954	-	59,954	55,986	-	55,986
Intangible assets	30	6,045	-	6,045	4,344	-	4,344
Deferred tax assets	31	95,875	-	95,875	95,875	-	95,875
Other assets	32	324,277	319,681	4,596	291,692	287,462	4,230
Defined benefit assets	37(a)	1,610	-	1,610	352	-	352
		1,463,461	1,103,521	359,940	1,455,143	1,070,731	384,412
Assets classified as held for sale	40(a)	397	397	-	397	397	-
TOTAL ASSETS		1,463,858	1,103,918	359,940	1,455,540	1,071,128	384,412

Group

	Note	31 December 2018 Carrying amount ₦ million	Current ₦ million	Non-current ₦ million	31 December 2017 Carrying amount ₦ million	Current ₦ million	Non-current ₦ million
LIABILITIES							
Derivative liabilities held for risk management	22	1,120	1,120	-	972	972	-
Deposits from banks	33	99,477	99,477	-	100,131	100,037	94
Deposits from customers	34	857,593	837,224	20,369	802,384	796,374	6,010
Current tax liabilities	35	581	581	-	524	524	-
Deferred tax liabilities	31	262	-	262	259	-	259
Other liabilities	36	169,654	105,018	64,636	113,730	77,975	35,755
Employee benefit obligations	37(a)	788	-	788	857	-	857
Debt securities issued	38	13,860	-	13,860	-	-	-
Other borrowed funds	39	94,891	37,858	57,033	93,211	67,463	25,748
TOTAL LIABILITIES		1,238,226	1,081,278	156,948	1,112,068	1,043,344	68,723

Bank

	Note	31 December 2018 Carrying amount ₦ million	Current ₦ million	Non-current ₦ million	31 December 2017 Carrying amount ₦ million	Current ₦ million	Non-current ₦ million
ASSETS							
Cash and cash equivalents	19	159,028	159,028	-	137,497	137,497	-
Non-pledged trading assets	20	14,271	14,271	-	20,076	20,076	-
Pledged assets	21	48,839	32,119	16,720	54,079	26,544	27,535
Derivative assets held for risk management	22	1,029	1,029	-	1,297	1,297	-
Loans and advances to customers	23	428,037	287,880	140,157	488,555	327,675	160,880
Investments in equity accounted investee	24	-	-	-	-	-	-
Investment securities	25	175,068	145,244	29,824	175,329	146,224	29,105
Trading properties	26	187	-	187	513	-	513
Investment in subsidiaries	28	10,567	-	10,567	10,567	-	10,567
Property and equipment	29	59,830	-	59,830	55,801	-	55,801
Intangible assets	30	5,628	-	5,628	3,949	-	3,949
Deferred tax assets	31	95,875	-	95,875	95,875	-	95,875
Other assets	32	324,003	319,583	4,420	290,706	286,746	3,960
Defined benefit assets	37(a)	1,610	-	1,610	352	-	352
		1,323,972	959,154	364,818	1,335,000	946,058	388,942
Assets classified as held for sale	40(a)	325	-	325	325	-	325
TOTAL ASSETS		1,324,297	959,154	365,143	1,335,325	946,058	389,267
LIABILITIES							
Derivative liabilities held for risk management	22	1,117	1,117	-	972	972	-
Deposits from banks	33	-	-	-	10,686	10,592	94
Deposits from customers	34	844,413	824,044	20,369	796,708	790,698	6,010
Current tax liabilities	35	232	232	-	271	271	-
Other liabilities	36	168,827	59,194	109,633	110,628	77,975	32,653
Employee benefit obligations	37(a)	786	-	786	801	-	801
Debt securities issued	38	13,860	-	13,860	-	-	-
Other borrowed funds	39	94,975	37,942	57,033	95,736	69,988	25,748
		1,124,210	922,529	201,681	1,015,802	950,495	65,307

49. Reconciliation notes to consolidated and separate statement of cashflows

		Group Dec. 2018	Group Restated Dec. 2017	Bank Dec. 2018	Bank Restated Dec. 2017
		₦ million	**₦ million**	**₦ million**	**₦ million**
(i)	***Change in non-pledged trading assets***				
	Opening balance for the year	**20,076**	8,323	**20,076**	8,323
	Closing balance for the year	**(14,271)**	(20,076)	**(14,271)**	(20,076)
	Total changes in non-pledged trading assets	**5,805**	(11,753)	**5,805**	(11,753)
(ii)	***Change in pledged assets***				
	Opening balance for the year	**54,079**	53,430	**54,079**	53,430
	Closing balance for the year	**(48,839)**	(54,079)	**(48,839)**	(54,079)
	Total changes in pledged assets	**5,240**	(649)	**5,240**	(649)
(iii)	***Change in loans and advances to customers***				
	Opening balance for the year	**517,103**	507,190	**488,555**	489,890
	Effect of IFRS 9 transition	**(132,992)**	-	**(132,944)**	-
	Impairment (charge)/write-back on loans and advances	**3,209**	(32,826)	**3,732**	(32,727)
	Recoveries (see note 13)	**3,940**	5,946	**3,940**	5,946
	Reversal of impairment on loans and advances (see note 14(a))	**-**	7,217	**-**	7,217
	Closing balance for the year	**(473,462)**	(517,103)	**(428,037)**	(488,555)
	Total changes in loans and advances to customers	**(82,202)**	(29,576)	**(64,754)**	(18,229)
(iv)	***Change in other assets***				
	Opening balance for the year	**291,692**	202,298	**290,706**	201,838
	Impairment charges recognised in profit or loss (note 14(b))	**(382)**	(174)	**(382)**	(161)
	Allowance no longer required on other assets (note 14(b))	**-**	193	**-**	193
	Reclassification of property and equipments	**143**	60	**117**	92
	Reclassification of intangible assets	**(26)**	(180)	**-**	(179)
	Closing balance for the year	**(324,277)**	(291,692)	**(324,003)**	(290,706)
	Total changes in other assets	**(32,850)**	(89,495)	**(33,562)**	(88,923)
(v)	***Change in derivative financial instruments - assets***				
	Opening balance for the year	**1,297**	2,747	**1,297**	2,747
	Closing balance for the year	**(1,029)**	(1,297)	**(1,029)**	(1,297)
	Changes on derivative instruments - assets	**268**	1,450	**268**	1,450
	Change in derivative financial instruments - liabilities				
	Opening balance for the year	**(972)**	(13)	**(972)**	(13)
	Closing balance for the year	**1,120**	972	**1,117**	972
	Changes on derivative instruments - liabilities	**148**	959	**145**	959
(vi)	***Change in deposits from banks***				
	Opening balance for the year	**(100,131)**	(90,266)	**(10,686)**	(4,351)
	Closing balance for the year	**99,477**	100,131	**-**	10,686
	Total changes in deposits from banks	**(654)**	9,865	**(10,686)**	6,335
(vii)	***Change in deposits from customers***				
	Opening balance for the year	***(802,384)***	(658,444)	**(796,708)**	(633,827)
	Closing balance for the year	***857,593***	802,384	**844,413**	796,708
	Total changes in deposits from customers	***55,209***	143,940	**47,705**	162,881
(viii)	***Change in other liabilities***				
	Opening balance for the year	**(111,461)**	(141,404)	**(108,359)**	(141,191)
	Adjustment for non-cash items	**(2,222)**	1,588	**(1,697)**	1,588
	Closing balance for the year	**169,654**	111,461	**168,827**	108,359
	Total changes in other liabilities	**55,971**	(26,755)	**58,771**	(29,644)

(ix) *Proceeds/(acquisition) of investment securities*

Opening balance for the year	**(185,658)**	(181,720)	**(175,329)**	(166,759)
Change in fair value of equity securities	**(889)**	-	**(889)**	-
Change in fair value of debt securities	**6,186**	(7,862)	**5,971**	(7,753)
Impairment write-back on debt securities (see note 14(a))	**(29)**		**(29)**	
Cost of investment securities disposed (See note 13(a))	**2**	-	**2**	-
Proceeds/(acquisition) of investment securities	**(18,929)**	3,924	**(4,794)**	(817)
Closing balance for the year	**(199,317)**	(185,658)	**(175,068)**	(175,329)

(x) *Movements in borrowings*

Opening balance for the year	**93,211**	89,514	**95,736**	91,812
Total cash inflows from borrowings	**25,207**	14,886	**25,207**	14,886
Total repayments of borrowed funds	**(23,527)**	(11,189)	**(25,968)**	(10,962)
Closing balance for the year (See Note 38)	**94,891**	93,211	**94,975**	95,736

Other National Disclosures

Value Added Statement
For the year ended 31 Dec 2018

Group:

	Dec. 2018 ₦ million	%	Dec. 2017 ₦ million	%
Gross earnings	**145,517**		163,844	
Group share of associate's profit	**-**		-	
Interest expenses	**(55,016)**		(57,880)	
	90,501		105,964	
Net impairment loss on financial assets	**2,992**		(25,317)	
	93,493		80,648	
Bought in materials and services	**(33,493)**		(31,133)	
Value added	**60,000**	100	49,514	100
Distribution:				
Employee				
- Employees as personnel expenses	**34,564**	58	29,557	60
Government				
- Taxation	**360**	1	911	2
Retained in the Group				
- For replacement of property and equipment and intangible assets	**6,983**	12	6,038	12
- Profit for the year (including non controlling interests)	**18,093**	30	13,008	26
	60,000	100	49,514	100

Bank:

	Dec. 2018 ₦ million	%	Dec. 2017 ₦ million	%
Gross earnings	**140,066**		157,566	
Interest expenses	**(53,867)**		(57,554)	
	86,199		100,012	
Net impairment loss on financial assets	**3,515**		(25,478)	
	89,714		74,534	
Bought in materials and services	**(32,031)**		(29,635)	
Value added	**57,683**	100	44,899	100
Distribution:				
Employee				
- Employees as personnel expenses	**32,324**	56	27,545	61
Government				
- Taxation	**222**	0	337	1
Retained in the Group				
- For replacement of property and equipment and intangible assets	**6,699**	12	5,778	13
- Profit for the year	**18,438**	32	11,239	25
	57,683	100	44,899	100

Financial summary
For the year ended 31 Dec 2018
Group

STATEMENT OF FINANCIAL POSITION	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million	Dec. 2014 ₦ million
ASSETS					
Cash and cash equivalents	233,566	222,577	136,194	82,252	121,960
Non-pledged trading assets	14,271	20,076	8,323	-	745
Pledged assets	48,839	54,079	53,430	84,728	83,935
Derivative assets held for risk management	1,029	1,297	2,747	1,820	7
Loans and advances to customers	473,462	517,103	507,190	366,721	312,797
Investments in equity-accounted investee	-	-	-	24	24
Investment securities	199,317	185,658	181,720	215,137	197,200
Trading properties	186	1,153	2,309	3,177	1,930
Investment properties	5,030	4,951	4,347	4,546	-
Property and equipment	59,954	55,986	52,800	52,611	51,100
Intangible assets	6,045	4,344	3,374	3,749	2,422
Deferred tax assets	95,875	95,875	95,910	95,883	95,883
Other assets	324,277	291,692	202,298	138,686	122,547
Defined benefit assets	1,610	352	1,643	-	-
Assets classified as held for sale	397	397	397	397	20,426
	1,463,858	**1,455,540**	**1,252,682**	**1,049,731**	**1,010,976**
LIABILITIES					
Share capital	14,561	14,561	8,468	8,468	8,468
Share premium	187,091	187,091	391,641	391,641	391,641
Reserves	17,704	138,258	(133,550)	(158,686)	(181,394)
Non-controlling interest	6,276	5,831	5,111	5,337	5,338
Derivative financial instrument	1,120	972	13	-	7
Deposits from banks	99,477	100,131	90,266	44,091	61,890
Deposits from customers	857,593	802,384	658,444	570,639	527,617
Current tax liabilities	581	524	465	382	822
Deferred tax liabilities	262	259	141,404	107,533	103,580
Other liabilities	169,654	111,461	101	-	-
Employee benefit obligations	788	857	805	4,267	7,525
Debt securities issued	13,860	-	-	-	-
Other borrowed funds	94,891	93,211	89,514	76,059	78,135
Liabilities included in discontinued operations	-	-	-	-	7,347
	1,463,858	**1,455,540**	**1,252,682**	**1,049,731**	**1,010,976**

STATEMENT OF COMPREHENSIVE INCOME	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million	Dec. 2014 ₦ million
Net operating income	90,501	105,964	93,627	81,850	96,195
Group share of associates' profits	-	-	-	-	(6)
Exceptional item					
Impairment losses on financial assets	2,992	(25,317)	(15,889)	(9,244)	(9,651)
	93,493	80,647	77,738	72,606	86,538
Operating expenses	(75,040)	(66,728)	(62,000)	(57,850)	(59,419)
Profit before tax	**18,453**	**13,919**	**15,738**	**14,756**	**27,119**
Taxation	(360)	(911)	(347)	(552)	(434)
Profit after tax	18,093	13,008	15,391	14,204	26,685
Profit for the year from discontinued operations	-	-	-	-	140
Profit for the year	18,093	13,008	15,391	14,204	26,825
Non-controlling interest	445	720	(226)	(1)	1,198
Profit attributable to equity holders	**17,648**	**12,288**	**15,617**	**14,205**	**25,627**
Earnings/(Loss) per share (basic)	61k	72k	92k	84k	151k

Bank

STATEMENT OF FINANCIAL POSITION	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million	Dec. 2014 ₦ million
ASSETS					
Cash and cash equivalents	159,028	137,497	35,536	54,451	58,457
Non-pledged trading assets	14,271	20,076	8,323	-	745
Pledged assets	48,839	54,079	53,430	84,728	83,935
Derivative assets held for risk management	1,029	1,297	2,747	1,820	-
Loans and advances to customers	428,037	488,555	489,890	348,984	302,372
Investments in equity-accounted investee	-	-	-	-	-
Investment securities	175,068	175,329	166,759	209,223	193,656
Assets classified as held for sale	325	325	325	325	2,525
Trading properties	187	513	1,124	1,124	1,930
Investment in subsidiaries	10,567	10,567	10,567	10,567	8,372
Property and equipment	59,830	55,801	52,567	52,531	51,007
Intangible assets	5,628	3,949	2,859	3,318	2,071
Deferred tax assets	95,875	95,875	95,875	95,875	95,875
Other assets	324,003	290,706	201,838	138,030	121,810
Defined benefit assets	1,610	352	1,643	-	-
	1,324,297	**1,334,921**	**1,123,483**	**1,000,976**	**922,755**
LIABILITIES					
Share capital	14,561	14,561	8,468	8,468	8,468
Share premium	187,091	187,091	391,641	391,641	391,641
Reserves	(1,565)	117,467	(149,440)	(166,602)	(192,316)
Derivative financial instrument	1,117	972	13	-	-
Deposits from banks	-	10,686	4,351	11,800	18,055
Deposits from customers	844,413	796,708	633,827	569,116	507,431
Current tax liabilities	232	271	177	229	635
Deferred tax liabilities	-	-	-		
Other liabilities	168,827	110,628	141,861	106,035	103,181
Dividend payable					
Employee benefit obligations	786	801	773	4,230	7,525
Debt securities issued	13,860	-	-	-	-
Other borrowed funds	94,975	95,736	91,812	76,059	78,135
	1,324,297	**1,334,921**	**1,123,483**	**1,000,976**	**922,755**

STATEMENT OF COMPREHENSIVE INCOME	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million	Dec. 2014 ₦ million
Net operating income	86,199	100,012	91,883	83,269	85,584
Exceptional item					
Impairment losses on financial assets	3,515	(25,478)	(17,066)	(9,177)	(7,671)
	89,714	74,534	74,817	74,092	77,913
Operating expenses	(71,054)	(62,958)	(58,764)	(55,637)	(57,222)
Profit before tax	**18,660**	**11,576**	**16,053**	**18,455**	**20,691**
Taxation	(222)	(337)	(168)	(420)	(205)
Profit after tax	**18,438**	**11,239**	**15,885**	**18,035**	**20,486**
Earnings/(Loss) per share (basic)	63k	66k	94k	106k	121k
Earnings/(Loss) per share (adjusted)	63k	66k	94k	106k	121k

SALES AND SERVICE CENTRE LOCATIONS

ABIA

1. **Umuahia Branch**
10 Library Avenue Umuahia,
Abia, Ngwa

2. **Umudike Branch**
Main Gate, NRCRI Premises,
Umudike Abia, Ngwa

3. **Factory Road, Aba Branch**
1 Factory Road Aba,
Abia, Aba North

4. **Aba Main Branch**
17 Port Harcourt Road Aba,
Abia, Aba North

5. **Aba Market Branch**
58 Azikiwe Road Aba,
Abia, Ugwunagbo

6. **Ngwa Road Aba Branch**
49a Ngwa Road Aba,
Abia, Ngwa

7. **Umuocham Branch**
121 Aba/Owerri Aba,
Abia, Ossisioma

8. **Ohafia Branch**
Mission Hill Elu Ohafia,
Abia, Ohafia

9. **Ariaria Branch**
228 Faulks Road Aba,
Abia, Ngwa

10. **Arochukwu Branch**
Amannagwu Arochukwu,
Abia,Arochukwu

ABUJA

11. **Abuja Main Branch**
1 Hadejia Close Area 3 Garki,
Abuja

12. **UAC Abuja Branch**
UAC Building CBD,
Abuja

13. **Federal Secretariat Abuja Branch**
Hall A 35 Blk A, Abuja

14. **Dei-Dei Branch**
Building Material International Market,
Abuja

15. **Kubwa Branch**
Nymex Plaza, Gado Nasko Road
(Beside NNPC Mega Station) 2nd Gate,
Kubwa, Abuja

16. **Gwarimpa Branch**
Providence Plaza, 3rd Avenue,
Gwarimpa, Abuja

17. **Adetokunbo Ademola Branch**
39, Adetokunbo Ademola Crescent,
Wuse 2, Abuja

18. **Gwagwalada Branch**
Plot 41 Bank Road, Off Hospital Road,
Phase 3 Gwagwalada, Abuja

19. **Maitama Abuja Branch**
Plot 2793 Aguyi Ironsi Maitama, Abuja,
Abuja Municipal

20. **Nass Abuja Branch**
National Assembly Complex,
Abuja

21. **Wuse Ii Abuja Branch**
Aminu Kano Crescent Wuse I
Abuja

22. **Area 8 Garki Branch**
6 Ogbomosho Street Area 8 Garki
Abuja

23. **Silverbird Abuja Branch**
Silverbird Entertainment Centre
Plot 1161, Memorial Drive,
Central Area,
Abuja

ADAMAWA

24. **Michika Branch**
Bama Road Beside Ni Office,
Michika Adamawa State

25. **Mubi Branch**
Ahmadu Bello Way Mubi

26. **Yola Main Branch**
Adjacent Cbn, Galadima Aminu Way,
Yola, Adamawa, Yola South

27. **Demsa Branch**
Along Numan -Yola Road Demsa

28. **Gyawana Branch**
Along Numan -Yola Road Demsa

29. **Guyuk Branch**
Along Numan -Yola Road Demsa

AKWA IBOM

30. **Abak Branch**
No 28 Hospital Road, Abak,
Akwa Ibom, Abak

31. **2nd Uyo Branch**
Udo Udoma Avenue, Opposite House
of Assembly Uyo,
Akwa Ibom, Uyo

32. **Ikot-Abasi Branch**
No 1 Ibekwe Road,Ikot Abasi,
Akwa Ibom, Ikot-Abasi

33. **Eket Branch**
No 1, Grace Bill Road,
Eket, Akwa Ibom

34. **Ikot-Edibon Branch**
Nsit Ubuim L.G.A.,Akwa Ibom

35. **Ikot-Ekpene Branch**
No 1b Uyo Road,
Ikot Ekpene,
Akwa Ibom

36. **Qua Iboe Terminal Branch**
Qit Terminal Ibeno,
Akwa Ibom

37. **Uyo Main Branch**
15 Abak Road,
Uyo

ANAMBRA

38. **Awka Branch**
Ziks Avenue, Old Enugu Onitsha Rd,
Awka, Anambra

39. **Abagana Branch**
Umudunu, Orofia Village,
Abagana, Anambra

40. **Ajalli Branch**
Umunze Road Ajalli, Opposite Orumba,
North Secretariat Ajalli,
Anambra

41. **Oko Branch**
Ekwulobia-Umunze Road,
Anambra

42. **Nkpor-Junction Branch**
33 New Market Road Nkpor,
Anambra

43. **Igbo-Ukwu Branch**
Ekwulobi/Nnewi Road,

44. **Ogidi Branch**
Building Materials Market,
Ogidi, Anambra

45. **Nnewi Branch**
3 Edo Ezemewi Road,
Nnewi, Anambra

46. **Bright Str., Onitsha Branch**
1, Bright Street, Anambra

47. **2, New Mkt Rd. Onitsha Branch,**
2, New Market Road, Anambra

48. **Niger Bridge Head, Onitsha Branch**
41 Uga Street, Onitsha

49. **Atani Road, Onitsha, Branch**
3 Atani Road Onitsha, Anambra

50. **Market Branch Nnewi, Branch**
138, Motorcycle Spare Parts
Nkwo Market Nnewi

51. **Upper Iweka, Branch**
By Nigerian Police Officers Wives
Market, Powa Plaza,
Upper Iweka, Onitsha

52. **Jagua Plaza Branch**
Jaguar Plaza, 2 Johnson Street
Main Market Onitsha

53. **Umunze Cash Point Branch**
Ekwulobia Urban Mass Transit Park,
Umunze

BAUCHI

54. Bauchi Main Branch
18 Commercial Road Bauchi, Bauchi

55. Yandoka Branch
Yandoka Bye-Pass-Bauchi, Bauchi

55. Misau Branch
Kano Kari Road-Misau

BAYELSA

56. Yenagoa Main Branch
204 Mbiama-Yenagoa Road, Amarata
Yenegoa, Bayelsa

57. Ovom, Yenagoa Branch
70 Mbiama - Yenagoa Road,
Yenagoa

BENUE

58. **Bank Road Makurdi Branch**
Bank Road Makurdi,
Benue

59. **Gboko Branch**
Market Road Gboko

60. **Makurdi Main Branch**
Opposite Min Of Works Makurdi,
Benue, Makurdi

61. **Oju Branch**
Local Government Secretariat Road,
Benue, Oju

62. **Ogiri-Oko Branch**
3a, Ogiri-Oko Road, G.R.A.
Makurdi, Benue

63. **Aliade Branch**
Gboko Road, Aliade

BORNO

64. **Maiduguri Main Branch**
Sir Kashim Ibrahim Road,
Borno, Maiduguri

65. **Kwaya Kusar Branch**
Gombe Road, Maiduguri,
Borno, Kwaya Kusar

66. **University of Maidiguri Agency Branch**
University of Maiduguri,
Along Bama Road.
Maiduguri

CROSS RIVER

67. **Tinapa Branch**
396 Murtala Mohammed Highway
(8 Miles), Ikot Omin,
Calabar, Cross River

68. **Calabar Main Branch**
397 Murtala Mohammed Highway
(8 Miles), Ikot Omin,
Calabar, Cross River

69. **Akamkpa Branch**
Calabar - Ikom Highway, Akamkpa LGA,
Crs., Cross Rivers

70. **Ogoja Branch**
25 Igoli Road, Ogoja L.G.A.
Cross River State,
Ogoja

71. **Unical-Bof Branch**
University of Calabar,
Abraham Ordia Stadium
Calabar Opp

DELTA

72. **Ughelli Branch**
Along Patani Road,
Ughelli, Delta

73. **Asaba Main Branch**
119 Nnebisi Road Asaba
Delta

74. **Ogwashi-Uku Branch**
Ogwashi-Uku, Delta

75. **Enerhen Junction Branch**
By Enerhen Junction,
35 Warri Sapele Road,
Delta State

76. **Ibusa Branch**
137,Umejei Road Ibusa,
Delta

77. **Warri Refinery Branch**
Warri Refinery Deport Uvwie LGA,
Warri, Delta

78. **Oghara Branch**
111, Ajagbodun/Oghara Road Oghara,
Delta

79. **Oleh Branch**
111, Emore Road, Oleh,
Delta

80. **Ovwian Aladja Branch**
No 28 Udu Road, Ovwian/Aladja, Delta

81. **Agbor Branch**
124 Old Lagos Asaba Road,
Agbor, Delta State

82. **Sapele Branch**
80 Sapele Warri Road,
Sapele, Delta

83. **Airport Road Warri Branch**
No 60 Airport Road,
Effurun, Delta

84. **Naval Base Warri Branch**
Opposite Naval Base,
Warri Sapele Road,
Warri, Delta

85. **Stadium Branch**
Opposite Naval Base,
Warri Sapele Road,
Warri, Delta

86. **Chevron Cash Point Branch**
Chevron Nig Ltd, Km 4,
Warri New Port Expressway,
Warri, Delta State

87. **Ozoro Cash Point Branch**
Delta State Polytechnic,
Ozoro, Delta State

EBONYI

88. Abakaliki Branch
1, Ogoja Road, Abakaliki

EDO

89. **Ugbowo Branch**
224, Ugbowo Lagos Road,
Benin City, Edo State

90. **Auchi Branch**
Along Warrake Road Auchi, Edo

91. **Benin Agbor Road Branch**
60,Agbor Road, Benin City, Edo

92. **Mission Road Benin Branch**
5/7, Mission Road, Benin City, Edo

93. **Akpakpava Main Benin Branch**
5/7, Mission Road, Benin City, Edo

94. **Airport Road Benin Branch**
74,Air-Port Road, Benin City, Edo

95. **Forestry Road Branch**
7 Forestry Road, Benin City, Edo State

96. **Ekpoma Branch**
7, Royal Market Road, Ekpoma, Edo

97. **Uromi Branch**
13 Unity Road, Uromi, Edo State

EKITI

98. **Ado-Ekiti Main Branch**
No 8, Ijigbo Street, Ekiti, Ado-Ekiti

99. **Igede Ekiti Branch**
Kings Street Ado-Ekiti, Ekiti,
Irepodun/Ifelodun

100. **Ilawe-Ekiti Branch**
1 Iro Str Ilawe Ekiti, Ekiti,
Ekiti South West

ENUGU

101. **Agbani Branch**
Akpugo Road, Agbani,
Nkanu West LGA, Enugu State

102. **Zik Avenue Enugu Branch**
Old No 58/New No 68 Zik Avenue
Uwani Enugu, Enugu State

103. **Garden Avenue Enugu Branch**
No 3 Garden Avenue, Enugu

104. **9th Mile Enugu Branch**
9th Mile Corner, Enugu

105. **Ogbete Market Branch**
Ogbete Market, Enugu

106. **Ogui Road, Enugu Branch**
Ogui Road, Enugu

107. **Okpara Ave Enugu Branch**
Okpara Avenue, Enugu

108. **Enugu Ukwu, Branch**
Umueze Awovu Village, Old Enugu
Onitsha Road, Enugu Ukwu

109. **Emene, Branch**
Strabag Bustop, Airport Road, Emene

110. **Nsukka Branch**
UC Network Building,
Opposite UNN Gate,
Nsukka, Enugu State

111. **Ogbede Branch**
Igbo Etiti Local Govt Secretariat
Ogbede, Enugu State

112. **Ituku Cash Point UNTH Branch**
UNTH Ituku Ozalla, Enugu

GOMBE

113. **Gombe Main, Branch**
Biu Road, Gombe

114. **Talasse Branch**
Tula Road-Talasse, Gombe

115. **Bajoga Branch**
Gombe-Potiskum Road-Bajoga

116. **Kashere Branch**
Federal University Kashere
Akko LGA, Gombe State

IMO

117. Anara Town, Branch
Anara Town, Orlu Road ,Imo

118. Aboh Mbaise, Branch
Ogbor Oboama Ezinihitte, Mbaise, Imo

119. Okigwe Branch
58 Owerri Road, Okigwe, Imo

120. Orlu Branch
4, Bank Road, Orlu, Imo

121. Douglas Road Branch
77, Douglas Road, Owerri, Imo State

122. 2nd Owerri Branch
23 Port Harcourt Road, Imo,
Owerri Municipal

123. Okigwe Road Branch
41, Old Okigwe Road
(Rockview Roundabout), Owerri,
Imo State

JIGAWA

124. Dutse Branch
Yadi Dutse, 7002, Dutse Jigawa State

125. Hadejia Branch
2, Ringim Road, Hadejia

KADUNA

126. Ahmadu Bello., Kaduna Branch
7/8 Benue Street, Ahmadu Bello Way,
Kaduna

127. Yakubu Gowon Way Kaduna Branch
Yakubu Gowon Way, Kaduna

128. Kaduna South Branch
16/17 Kachia Rd Kaduna South, Kaduna,
Kaduna South

129. Mohammed Buhari Way Branch
4, Mohammadu Buhari Way, Kaduna

130. Samaru Branch
Sokoto Road, Opp Ahmadu Bello
University, Samaru, Kaduna

131. Zaria Branch
1 Circular Road Kaduna, Zaria

132. PPMC Kaduna Branch
NNPC Refinery Kaduna

133. Jaji Branch
ICS Quarters Jaji Military Cantonment,
Jaji

134. KRPC Kaduna Agency Branch Kaduna
Refinining Petroleum
Company Complex, Kaduna

135. Kwoi Agency Branch
Km15, Kwoi Kafanchan Expressway
Kwoi, Kaduna

KANO

136. Kofar Ruwa Branch
Kofa Ruwa Way, Kofa Ruwa Market,
Kano South LGA. Kano State

137. Ado Bayero Kano Branch
48e Ado Bayero Road,Kano,
Kano Municipal

138. M.M. Way Kano Branch
71, Murtala Mohammed Way, Kano,
Kano Municipal

139. Bank Road Kano Branch
4 Bank Road, Kano

140. Zoo Road Kano Branch
7b, Zoo Road, Kano

141. Hotoro Kano Branch
40 Maiduguri Rd, Hotoro, Kano

142. Sharada, Kano Branch
Sharada Phase 1, Kano, Kano Municipal

143. Doguwar Giginya Branch
Doguwa Town, Doguwa L/Govt.

144. Chalawa Ind, Layout Branch
Challawa, Ind Layout.

KATSINA

145. Funtua Branch
Katsina Rd Opposite Upper Sharia
Court Of Appeal,
Funtua, Katsina

146. Jibia Branch
Kaura Namoda-Jibia Road,
Jibia, Katsina State

147. Katsina Main Branch
18 Trading Area, Nagogo Road,
Katsina, Katsina P.M.B

148. Yahaya Madaki Branch
Transformer Junction,
Yahaya Madak Way,
Katsina. P.M.B

KEBBI

149. Bagudo Branch
Opposite Motor Garage, Bagudo,
Kebbi State

150. Birnin Kebbi Branch
Haliru Abdul Way,
Opp. Yahaya Memorial Hospital,
Birnin Kebbi, Kebbi State

151. Jega Branch
4, Mohammed Dado Street,
Jega, Kebbi

152. Yelwa Branch
1, Bank Road, Kebbi

153. Okene Branch
22 Lafia Street, Okene, Kogi State

154. Idah Branch
Idah Way, Idah, Kogi State

155. Lokoja Main Branch
Murtala Mohammed Way, Kogi State

156. Ajaokuta Branch
Road 6, Geregu Campus,
Ajaokuta, Kogi State

157. Anyigba Branch
Igala Unity Square,
Anyigba, Kogi State

158. Kabba Branch
Illorin road Kabba/Banu LGA
Kogi State

159. IBB way Lokoja Branch
37B by Fen Junction IBB way
Kogi State

KWARA

160. M.M. Way Ilorin
67, Murtala Mohammed Way,
Ilorin, Kwara State

161. Ilorin University
221, Umar Saro Rd, Sawmill Area,
Ilorin, Kwara State

162. Ilorin Market
173, Abdul Azeez Attah Rd, Surulere,
Ilorin, Kwara State

163. Lafiagi Branch
Emir's Rd, Lafiaji, Kwara State

164. Offa Branch
Olofa Way, Offa, Kwara State

165. Bode Saadu
Sabo Area, Bode Saadu
Kwara State

166. Pategi
Market Rd, Patigi
Kwara State

167. Kaiama Cash Point Branch
UBN Kaiama Adjacent SSS Office,
Behind Kaiama, Kwara State

168. Unilorin Cash Point Branch
University Of Ilorin.
Illorin, Kwara State

LAGOS

169. Warehouse Road Branch
27 Yinka Folawiyo Avenue,
Apapa, Lagos State

170. Oyingbo Lagos Branch
AG Leventis Building, Iddo House,
Otto Bus Stop,
Oyingbo, Lagos State

171. Ijora Branch
6 Causeway Road Ijora,
Apapa, Lagos State

172. Iyana Isolo Branch
Plot 8, Block K Isolo Industrial Estate,
Iyana Isolo, Lagos State

173. Ijeshatedo Branch
62 Adeshina Street Ijeshatedo,
Surulere, Lagos State

174. Ladipo Branch
90 Ladipo Road, Matori Mushin LGA
Lagos State.

175. Lawanson Branch
123 Itire Rd, Lawanson,
Surulere, Lagos State

176. Orile Coker Branch
Awaye House Odunade Bus Stop,
Surulere, Lagos State

177. **Burma Road Branch**
16 Burma Road, Apapa
Lagos State

178. **Mushin Branch**
10 Abolade Street off Abiodun Street,
Ojuwoye Mushin, Lagos State

179. **Tin-Can Island Branch**
Tincan Island Port, Apapa
Lagos State

180. **Wharf Road Apapa Branch**
32 Wharf Road, Apapa,
Lagos State

181. **Maza Maza Branch**
1a Ojo Road,
Maza Maza, Lagos State

182. **3rd Avenue Festac Branch**
3rd Avenue, 32 Road Festac Town,
Amuwo Odofin, Lagos State

183. **Association Progressive Gate,**
Trade Fair Branch
Aspamda Main Gate, Trade Fair,
Lagos State

184. **Atiku Abubakar Hall Branch**
Trade Fair Branch
BBA, Atiku Abubakar Hall,
Trade Fair Complex,
Lagos-Badagry Expressway,
Lagos State

185. **Okokomaiko Branch**
BBJ Anyi Plaza Balogun Trade Fair,
Ojo, Lagos State

186. **Alaba International Market**
Plot B977, Japan Line/China Market,
Agudosi Street, Alaba Int'l Market,
Ojo, Lagos State

187. **New Alaba Market Branch**
Shop 453 New Alaba Market,
Ojo, Lagos State

188. **Ogudu Branch**
47 Ogudu Road,
Kosofe, Lagos State

189. **Maryland Branch**
Wing 2 No. 4 Mobolaji Bank Anthony
Way, Maryland, Lagos State

190. **Idi-Araba Branch**
LUTH Compound, Mushin
Lagos State

191. **Oba Akran Branch**
Plot 16, Oba Akran Avenue,
Ikeja, Lagos State

192. **Ikorodu Branch**
63 Lagos Road, Ikorodu,
Lagos State

193. **Ilupeju Branch**
25 Industrial Avenue Ilupeju,
Shomolu, Lagos State

194. **Allen Avenue**
39, Allen Avenue,
Ikeja, Lagos State

195. **Eric Moore Road Branch**
22 Eric Moore Road Iganmu,
Surulere, Lagos State.

196. **Oregun Branch**
41 Kudirat Abiola Way,
Beside Modern Plaza,
Ikeja, Lagos State

197. **Onipanu (Adebowale House) Branch**
150 Ikorodu Road Onipanu,
Shomolu, Lagos State

198. **Ojuelegba Branch**
3 Western Avenue, Surulere,

199. **Oshodi Branch**
18B Oshodi/Apapa, Exp
Oshodi, Lagos

200. **Pen Cinema Railway Branch**
4 Iju road Agege Pen Cinema
Agege Lagos

201. **Decemo Idumota Branch**
50 Decemo Street Idumota
Lagos

202. **Sabo Yaba Branch**
349 Herbet Macaulay, Yaba,
Lagos State

203. **Ketu Branch**
549 Ikorodu Road, Ketu,
Kosofe, Lagos State

204. **Iju Branch**
169 Iju Road, Agege,
Lagos State

205. **Alausa Branch**
166, Obafemi Awolowo Way,
Ikeja, Lagos State

206. **Dopemu Branch**
26 Shasha Road, Akowonjo,
Alimosho, Lagos State

207. **Ikotun Egbe Branch**
64 Ikotun- Isolo Road, Egbe
Ikotun, Lagos State

208. **Idimu Branch**
40 Ikotun Idimu Road,
kotun, Lagos State

209. **Agege Main Branch**
118 Ipaja Road, Shofunde Agege,
Agege, Lagos State

210. **Acme Road Branch**
Acme Road Rales, Glass House, Ogba
Ikeja, Lagos State

211. **Ojomu Shopping Plaza Branch**
By Eti-Osa Local Govt. Council,
Lekki Epe Exp Way,
Ibeju Lekki, Lagos State

212. **Lekki Oniru Branch**
Block VI, Plot 18 Oniru Estate,
Lekki–Epe Expressway,
Eti Osa Local Government Area,
Lagos State

213. **Adeola-Odeku Branch**
Plot 97, Ahmadu Bello Way,
Victoria Island,
Eti Osa, Lagos State

214. **Awolowo Road, Ikoyi Branch**
77, Awolowo Road,
Ikoyi, Lagos State

215. **Adeniji Adele Branch**
183b Adeniji Adele Street,
Lagos Island, Lagos State

216. **Balogun Market Branch**
34 Balogun Square,
Lagos Island, Lagos State

217. **Falomo Branch**
1, Alfred Rewane Road,
Falomo Round About,
Ikoyi, Lagos State

218. **Chevron Brand**
2, Chevron Drive, Lekki Pennisula,
Lekki, Lagos State

219. **Obalende Branch**
13/15 Nojeem Maiyegun Street,
Obalende, Ikoyi, Lagos State

220. **Lewis Street Branch**
61, Lewis Street,
Lagos Island, Lagos State

221. **131 Broad Street Branch**
131 Broad Street, Lagos Island
Lagos State.

222. **Ikota Shopping Complex Branch**
Shops H119-122, H155-158,
Ikota Shopping Complex,
Km 22, Lekki Epe Experessway,
Ajah, Lagos State

223. **Muri Okunola Branch**
Plot 243b Muri Okunola Street
Victoria Island, Lagos State

224. **Adeyemo Alakija Branch**
29, Adeyemo Alakija Street,
Victoria Island, Eti Osa, Lagos State

225. **Moloney Branch**
6 Moloney Street,
Ikoyi, Lagos State

226. **Tinubu Square Branch**
19 Tinubu Square, Lagos Island
Lagos State

227. **Oke-Arin Branch**
32 John Street Oke Arin,
Lagos Island, Lagos State

228. **Head Office Stallion Plaza**
36 Marina, Lagos Island,
Lagos State

229. **Awoyaya Smarter Banking Centre Branch**
Yomade Shopping Complex, Awoyaya,
Along Lekki-Epe Expressway,
Lagos State

230. **Ebute Metta - NCR Compound Branch**
1, Okeira Road, NRC HQ Admin Block,
Ebute Metta, Lagos State

231. **Iddo Branch**
1, Taylor Road,G.Cappa Yard Iddo Market
Lagos State

232. **Owode –Onirin Branch**
Gate 5 Owode Onirin Market,
Ikorodu Road, Lagos State

233. **Yaba – Ozoneh**
Ozone Complex, 1 - 11 Commercial Avenue,
Sabo Yaba, Lagos State

234. **Agric Ikorodu Branch**
80 Isawo road Opposite Mechanic Village
Agric Ikorodu Lagos

NASARAWA

235. Karu Branch
New Karu,
Nasarawa State

236. Lafia Branch
Jos Road, Lafia,
Nasarawa State

237. Awe Branch
Court Road, Awe,
Nasarawa State.

238. Nasarawa Eggon Branch
Union Bank Nig Plc, Opposite Chief
Magistrate Court, Eggon
Nasarawa State.

NIGER

239. Bida Branch
9 Lemu Road,
Niger, Ngwa,

240. Minna Branch Bank Street,
Minna, Niger

241. Suleja Branch
GRA Suleja,
Niger, Nigeria

242. Agaie Branch
Bida Road,
Agaie

243. Paiko Branch
Minna/Suleja Road

244. FUT Minna BOF Branch
Federal University of Technology,
Gidan Kwano, Minna

OGUN

245. Agbara Branch
Ilaro Road Agbara Ogun State,
Lagos, Ifo

246. Otta Branch
75 Owode/Idi-Iroko Express Road,
Otta

247. Abeokuta Branch
Onikolobo Road Panseke
Abeokuta, Ogun

248. Ilaro Branch
Akinola Crescent Ilaro,
Ogun, Ilaro

249. Ijebu Ode Main Branch
15, Ibadan Road
Ijebu Ode, Ogun

250. Ogere Branch
27, Abeokuta Road
Ogere, Ogun Branch

251. Sagamu Branch
139b Akarigbo Street, By Mellor Street,
Ijoku, Sagamu, Ogun State

ONDO

252. Akure Main Branch
Alagbaka-Akure, Ondo,
Akure South

253. Akure Market Branch
37 Ilemo Str Off Oba Adesida Road,
Ondo, Akure South

254. Ilutitun Branch
38 Union Bank Road,
Ilutitun, Ondo State

255. Ode Irele Branch
Olofun Street Ode Irele,
Ondo, Okitipupa

256. Ondo Branch
Ododibo Street Ondo,
Ondo, Ondo East

257. Ita-Ogbolu Branch
66 Main Road
Ita Ogbolu

258. Idanre Branch
No 1, Palace Road,
Adjacent MTD Police Station,
Odode, Idanre

OSUN

259. Ile Ife Branch
Iremo Road Ile Ife,
Osun, Ife Central

260. Ikirun Branch
Inisa Road Ikirun,
Osun, Ifelodun

261. Ilesha Branch
Ereja Square, Ilesha,
Osun, Ilesa West

262. Osogbo Branch
Gbogan Road Oshogbo,
Ondo, Osogbo

263. Ifewara Branch
Enuwa Square Ifewara

264. Erin-Ijesha Branch
No. 47 Tosho Akinleye Street,
Erin Ijesha

OYO

265. Agodi Ibadan Branch
Secretariat Ibadan,
Oyo, Ibadan

266. 3, Lebanon Str, Ibadan Branch,
3 Lebanon Street Ibadan,
Oyo, Ibadan North

267. Challenge Road Ibadan Branch
Challenge Ibadan,
Oyo

268. Bola Ige Branch
New Gbagi Ile Ife Road Ibadan,
Ibadan, Oyo State

269. 2nd Uyo Branch
Bank Road Ibadan, Oyo,
Ibadan North

270. UCH Ibadan Branch
U. C. H. Ibadan,
Oyo

271. Iseyin Branch
Iseyin, Oyo

272. Ogbomoso Branch
Ogbomoso, Oyo,
Ogbomosho

273. Oyo Branch
Oyo, Oyo North

274. Ita Osu Market, Ijebu Ode Branch
Olabisi Onabanjo Market,
Ita Osu Ijebu Ode

275. Iwo Road Branch
Iwo Road Ibadan,
Oyo

276. Lanlate Branch
Opposite Catholic Church,
Oke Imole, Lanlate

PLATEAU

277. Doemak Branch
Doemak, Plateau

278. Shendam Branch
No. 1 Wase Road, Opposite THT Clinic,
Shendam

279. Bank Str Jos Branch
7, Bank Street Jos, Plateau,
Jos North

280. Jos Market Branch
Rwang Pam Street Jos, Plateau

281. M.M Way Jos Branch
Murtala Mohammed Way,
Jos, Plateau

282. Langtang Branch
Pankshin/ Shendam Road Langtan,
Plateau State

283. Mangu Branch,
Peoples House, Mangu LGA

284. Federal College of Education
Pankshin Branch
Federal College Of Education Pankshin

285. Kabong Branch
Kabong Salite Market, Jos

RIVERS

286. Oyigbo Port Harcourt Branch
52, Location Road, Oyigbo, Rivers,Oyigbo

287. Bori Branch
1 Bank Road, Bori, Rivers

288. Onne Nafcon Branch
Nafcon Complex, Rivers

289. Orije Port-Harcourt Branch
28 Aba Road, Rivers

290. 171d Aba Road, PHC Branch
171d, Aba Road, 5186, Rivers

291. Station Road PHC Branch
No. 3 Station Road, Opposite CBN, PHC

292. Kingsway PHC Branch
12 Azikiwe Road, Rivers

293. Trans Amadi Ph. Branch
Plot 468, Trans Amadi Industrial Layout, Rivers

294. 45 Ikwerre Road, PHC Branch
45, Ikwerre Road, Rivers

SOKOTO

295. Sokoto Main Branch
Ahmadu Bello Way, Sokoto, Sokoto North

296. Sokoto Market Branch
Sokoto Market Road, Sokoto

297. Isa Branch
Sokoto Road,Isa LGA

TARABA

298. Jalingo Branch
Hammaruwa Way, Jalingo, Taraba, Jalingo.

299. Bali Branch
Opposite Bali Local Govt. Secretariat, Bali.

300. Donga Branch
2 Domzanga Way Donga, Donga LGA

301. Ibi Branch
Wukari Shendam Road Ibi

YOBE

302. Damaturu Branch
Potiskum Road, Yobe, Damaturu

303. Gashua Branch
Sir Kashim Ibrahim Road, Yobe

304. Gusau Branch
14, Bank Road, Zamfara, Gusau

PROXY FORM
UNION BANK OF NIGERIA PLC
50TH ANNUAL GENERAL MEETING

I/We

Being a member/members of **UNION BANK OF NIGERIA PLC** hereby appoint ....or failing him/her Mr. CYRIL ODU or failing him MR. EMEKA EMUWA to be my/our proxy, to act and vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company to be held in the H. A. B. Fasinro Hall, Lagos City Hall, Catholic Mission Street, Lagos on Tuesday, 7th May 2019 at 12.00 noon and at any adjournment thereof.

As witness my/our hands this .... day of

.... 2019

Signed:

....

NOTE:
A member of the Company entitled to attend and vote at the 50th Annual General Meeting is entitled to appoint a proxy in its, his or her stead. All completed proxy forms should be deposited at the office of **The Registrar, Greenwich Registrars and Data Solutions Limited, 274 Murtala Muhammed Way, Yaba, Lagos,** not less than forty-eight (48) hours before the time scheduled for holding the meeting. A proxy need not be a member of the Company.

In the case of joint shareholders, any one of such shareholders may complete the form but the names of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap F8. Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear stamp duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of officers or an attorney duly authorized in that behalf.

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (Strike out which-ever is not desired)

	ORDINARY BUSINESS	FOR	AGAINST
	ORDINARY RESOLUTIONS		
1.	To receive and adopt the Audited Group Financial Statements for the financial year ended 31st December, 2018 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.		
2.	To elect/re-elect Directors.		
	A. To elect the following Director being the first Annual General Meeting since his appointment: 1. Mr. Mark Patterson B. To re-elect the following Directors who retire and are eligible for re-election: 1. Mr. Kandolo Kasongo 2. Mr. Richard Kramer 3. Mr. Emeka Okonkwo 4. Mr. Taimoor Labib		
3.	To authorise the Directors to fix the remuneration of the Auditor.		
4.	To elect members of the Statutory Audit Committee.		
	SPECIAL BUSINESS		
	ORDINARY RESOLUTION		
1.	To approve the remuneration of the Directors.		
	SPECIAL RESOLUTION		
2.	To delete the provisions of Article 56(b) of the Articles of Association and replace same with "*the tenure of office of Non-Executive Directors shall be for a maximum period of 3 terms of 4 years each, subject to statutory directives*".		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

BEFORE POSTING THE ABOVE CARD, KINDLY TEAR OFF THIS PART AND RETAIN IT.

ADMISSION CARD
UNION BANK OF NIGERIA PLC
50TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR ITS/HIS/HER DULY APPOINTED PROXY TO THE 50TH ANNUAL GENERAL MEETING BEING HELD IN THE H. A. B. FASINRO HALL, LAGOS CITY HALL, CATHOLIC MISSION STREET, LAGOS ON TUESDAY, 7TH MAY 2019 AT 12.00 NOON

NAME OF SHAREHOLDER/PROXY.. SIGNATURE...

ADDRESS..

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Affix Current Passport Photograph

GREENWICH REGISTRARS & DATA SOLUTIONS

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar
GREENWICH REGISTRARS & DATA SOLUTIONS
274 Murtala Muhammed Way, Yaba, Lagos

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname/Company Name	**First Name**	**Other Names**

Address

City | **State** | **Country**

Previous Address (if any)

CSCS Clearing House Number

Mobile Number 1 | **Mobile Number 2**

Email Address

Shareholder's Signature | **Company Seal (If applicable)**

2nd Signatory (Joint/Company Accounts)

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: +234-(0)1-2917747, +234-(0)1-2793160-2.

Tick	Company Name	Shareholders Account No.
	11 PLC	
	Abplast Products PLC	
	Allianz Nigeria Plc (erstwhile Union Assurance Company Limited; Ensure Insurance)	
	Aluminium Extrusion PLC	
	Cashchew Nut Processing Industries PLC	
	Chellarams PLC	
	Christlieb PLC	
	DANA Group of Companies PLC Series 1 & 2	
	DN Tyre & Rubber PLC	
	Ecobank Transnational Incorporated (Naira)	
	Ecobank Transnational Incorporated (USD)	
	Ekiti State Bond Tranche 2	
	EKOCORP PLC	
	Eterna PLC	
	FAN Milk PLC	
	General Telecoms PLC	
	GlaxoSmithKline Nigeria PLC	
	Global Biofuel Nigeria Limited	
	Great Nigeria Insurance PLC	
	Ikeja Hotels PLC	
	Impresit Bakolori PLC	
	Industrial & General Insurance PLC	
	IPWA PLC	
	John Holts PLC	
	Julius Berger Nigeria PLC	
	Kajola Integrated & Investment Company PLC	
	Lennard Nigeria PLC	
	Meyer PLC	
	Municipality Waste Management Contractors Limited Series I,II & III	
	Nestle Nigeria PLC	
	Nigeria Cement Company PLC	
	Nigeria Reinsurance	
	Nigerian Enamelware Company PLC	
	Nigerian Lamp & Industries	
	Nigerian Wire & Cable PLC	
	Okitipupa Oil Palm PLC	
	Oluwa Glass Company	
	The Tourist Company of Nigeria PLC	
	Tripple Gee & Company PLC	
	UBA Fixed N20 Billion Bond Series 1 Bond	
	UBN Property Company PLC	
	Unilever Nigeria PLC	
	Union Bank of Nigeria PLC	
	Union Homes REITS	
	Union Homes Savings & Loans PLC	
	University Press PLC	
	WEMA Bank PLC	
	Wema Funding SPV Plc Bond Series I & II	

unionbank

Your Simpler, Smarter Bank