unionbank

2019 ANNUAL REPORT

Your Simpler, Smarter Bank.

2019 ANNUAL REPORT

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NOTICE OF 51ST ANNUAL GENERAL MEETING

NOTICE is hereby given that the 51st Annual General Meeting of Union Bank of Nigeria Plc will be held in The Auditorium, Stallion Plaza (9th Floor), 36 Marina, Lagos on Tuesday 5th May 2020 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Group Financial Statements for the financial year ended 31st December 2019 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.
2. To declare a dividend for the financial year ended 31st December 2019.
3. To elect/re-elect Directors.
4. To appoint Messrs. Ernst and Young as the External Auditor.
5. To authorise the Directors to fix the remuneration of the Auditor.
6. To elect/re-elect members of the Statutory Audit Committee.

NOTES

a) PROXY

All members are advised that due to the COVID-19 Pandemic, attendance shall be by way of proxy, subject to the quorum provisions in the Company's Articles of Association, and the names of the proxies have been provided in the Proxy Form.

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 a completed proxy form to be valid for the purpose of the meeting, it must be duly stamped by the Commissioner of Stamp Duties and deposited at the office of the **Company Registrar, CardinalStone Registrars Limited, 358 Herbert Macaulay Way, Yaba, Lagos or should be signed and forwarded via e-mail to registrars@cardinalstone.com** 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 27th April 2020 to 30th April 2020 (both days inclusive) for the purpose of preparing an updated Register of Members.

d) PAYMENT OF DIVIDEND

If the dividend of twenty-five (25) Kobo per N0.50 ordinary share recommended by Directors is approved by members at the Annual General Meeting, the dividend payments will be made on 6th May 2020 to members whose names appear in the Register of Members at the close of business on 24th April 2020.

e) RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange's Rulebook, kindly note that it is the right of every shareholder to ask questions at the Annual General Meeting and 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.

f) 2019 FINANCIAL STATEMENTS (WEB LINK)

Shareholders can access the 2019 Financial Statements on the Bank's website by using the following link:
https://www.unionbankng.com/annualreport2019

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 12th day of February, 2020

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 289 sales and service centres and over 977 automated teller machines spread across Nigeria.

Union Bank's ownership structure comprises Union Global Partners Limited (UGPL), a consortium of strategically aligned investors with 65.10% shareholding, Atlas Mara Ltd with 25.58%, and a diverse group of shareholders that account for the remaining 9.32%.

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, optimised processes and platforms, robust technology and a re-energised 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 MVPs

(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- Issuer Default Rating (IDR)
(Stable Outlook)

Moody's

B2 Local Currency
Long Term Bank Deposits
(Negative Outlook)

GCR

BBB+ Long Term IDR
(Stable Outlook)

Agusto

A- Local Currency Rating
(Stable Outlook)

₦1.87Trn
Total Assets

₦252Bn
Total Equity

5.8m
Customers

2,362
Employees

Our Footprint

289
Sales & Service Centres

977
Active ATMs

5,900
Active POS Machines

1.3m
Active Mobile Users

443,000
Active Online Users

AG. BOARD CHAIR'S STATEMENT

Introduction

Distinguished shareholders, ladies and gentlemen. On behalf of the Board of Union Bank of Nigeria ("Union Bank" or "The Bank"), it is my pleasure to welcome you all to this year's Annual General Meeting.

I hereby present the operating results and key achievements of our Bank for the financial year ended December 2019.

The Global Landscape

The global economy weakened from 3.7% in 2018 to 2.9% in 2019 according to the International Monetary Fund (IMF) as a result of trade tensions, civil unrest and weak investment sentiments.

The United States (US) economy grew at an annual rate of 2.3%, weaker than 2.9% recorded in 2018. Consumer spending was the main driver of growth while the lagging effects of tighter monetary policy and trade uncertainties weighed down growth.

The United Kingdom (UK) officially left the European Union after 47 years of membership and more than three years after it voted to do so in a referendum. As a result, the UK economy ended 2019 with a marginal growth of 1% largely driven by pressure from the long-term uncertainty from Brexit, mounting business costs, and a global economic slowdown.

In the emerging markets, the Chinese economy grew by 6.1% in 2019 compared to 6.6% in 2018. The US-China trade war continued throughout 2019, however, a Phase 1 deal was signed in January 2020. The deal is expected to ease trade tensions between the two largest global economies.

Sub-Saharan Africa grew by an estimated 2.6% in 2019, a slight improvement from 2.5% in 2018 according to the World Bank. The slower-than-expected overall growth in 2019 reflects ongoing global uncertainty, domestic macroeconomic instability, and political and regulatory uncertainties within the region. Smaller economies witnessed stronger performance as four of the fastest growing economies in the world in 2019 came from Africa – Cote d'Ivoire, Ethiopia, Ghana, and Rwanda. On the other hand, recovery in Nigeria, Angola, and South Africa remained fragile.

The Africa Continental Free Trade Agreement (AfCFTA) aimed at expanding intra-African trade was advanced in 2019 with 54 of the 55 African Union (AU) member states (Eritrea being the only exception) signing the deal. Egypt, Ghana, Kenya, and South Africa are some of the 28 member states that ratified the deal in 2019.

Prior to the outbreak of the COVID-19 global pandemic which began at the end of 2019, the International Monetary Fund (IMF) projected global growth would improve to 3.3% in 2020 from the 2.9% in 2019. Given the current global shutdown of businesses, borders and economies, a severe contraction of the global economy is all but a foregone conclusion.

The Nigerian Economy

On the domestic front, Nigeria's Gross Domestic Product (GDP) grew by 2.3% in 2019 compared to 1.9% in 2018. In the fourth quarter of 2019, the economy witnessed its strongest quarterly expansion since the third quarter of 2015, driven largely by the non-oil sector.

Oil prices remained volatile throughout the year from ~$57 per barrel to ~$67 per barrel impacting Federal Government earnings alongside OPEC's cut on Nigeria's output from 1.9mbpd to 1.7mbpd. Headline inflation rate moderated to a 43-month low of 11% in August 2019 due to tighter monetary policy but ended the year slightly under 12% largely attributed to the increased prices of food items due to the land border closure which took effect in August 2019. On average, inflation rate was 11.4% in 2019 compared to 12.2% in 2018.

A review of exchange rates indicated that the Naira depreciated 0.1% year-on-year to ₦364.5/$ at the Importer and Exporter (I&E) window, parallel market rates appreciated by 0.1% year-on-year to ₦360.5/$ and remained flat at ₦307.0/$ at the official window.

2019 saw the re-election of President Muhammadu Buhari in the presidential elections which held in February. The economy was off to a slow start at the beginning of the year due to the uncertainties and tensions usually associated with elections.

In March 2019, the Monetary Policy Committee (MPC) reduced the monetary policy rate to 13.5% from 14% with the rate remaining unchanged for the rest of the year. Liquidity Ratio and Cash Reserve Ratio (CRR) were kept at 30% and 22.5% respectively. The Central Bank of Nigeria (CBN) also raised the Loan to Deposit Ratio (LDR) for deposit money banks twice during the year to 60% in July and 65% in September 2019 to boost lending to the real sector. President Buhari also inaugurated the Economic Advisory Council in September 2019 to chart policy direction on fiscal analysis and economic growth.

Other notable events that occurred during the year include:

- **Minimum wage increase:** In April 2019, President Buhari signed into law the Minimum Wage Repeal and Re-enactment Act 2019, raising minimum wage from ₦18,000 to ₦30,000.
- **CBN Governor re-appointed:** In May 2019, Godwin Emefiele was reinstated as the CBN Governor for another five years. He unveiled a five-year monetary policy roadmap focused on achieving single digit inflation, double digit GDP growth and recapitalisation of banks.
- **Improved ranking in Nigeria's ease of doing business:** Nigeria's ranking improved to 131 out of 190 countries on the World Bank Doing Business Index, moving up 15 places from 146th position in the 2018 report.
- **Prompt passage of the 2020 Budget:** President Buhari presented the ₦10.6 trillion 2020 appropriation budget to the National Assembly in October 2019. The budget was passed by the National Assembly in December 2019.
- **Rating agency changes on Nigeria's outlook:** In December 2019, Moody's Investor Services and Fitch Ratings revised their outlook on Nigeria's sovereign credit rating to "negative" from "stable", citing increasing risks to the government's fiscal strength and external position.

Our Bank

In line with the Bank's mission to make lives better by delivering the simplest, smartest solutions every time, we remained focused on delivering results and improving our service offerings to the market. This led to several achievements during the year, including:

Launch of alpher, our women's proposition

In celebration of the 2019 International Women's Day, we introduced our women's proposition, alpher via a soft launch to the market. alpher caters to the needs of women-owned and women-led businesses. This proposition offers access to finance at discounted rates, mentorship and capacity building opportunities, business and lifestyle discounts, amongst others.

Focus on Digital and Technology

In 2019, we intensified our efforts in the digital space by launching our digital loan offerings and other self-service functionalities on Union Mobile. We expanded the Robotics Process Automation (RPA) launched last year to include more processes that ultimately improve customer experience while optimizing our business operations.

Funding for Growth

During the year, our Bank raised funds through the Nigerian debt capital markets to support growth across our priority areas. In January 2019, we issued a ₦24 billion Commercial Paper which was oversubscribed at 120%. In June, we also issued a Tier 2 ₦30 billion bond which was fully subscribed, becoming the largest ten-year bond ever issued by a Nigerian corporate institution. We also secured a US$200m 10-year funding from The Overseas Private Investment Corporation (OPIC) now the U.S. International Development Finance Corporation (DFC) to support investments over the next ten years in digitisation, SME and αlpher.

Empowering Our Communities

A key objective for the Bank in 2019 was to enable success for the average Nigerian and drive impact through citizenship, social innovation and education. Through initiatives such as UnionCares, UBN Employee Volunteer Day, we were able to directly impact our communities and strengthen stakeholder engagement to drive positive, sustainable development in Nigeria.

We continued to empower citizens, especially women, through strategic partnerships in line with United Nations Sustainable Development Goal 17 - Partnership for the Goals. For example, we empowered 60 women to launch small scale businesses and trained 60 women in urban farming, in partnership with Mamamoni Empowerment Foundation and Gartner Callaway Sustainability Company Ltd respectively. We also partnered with Leading Ladies Africa to run the Enterprise and Leadership Programme (ELP) for 40 women entrepreneurs.

The Bank will continue to promote environmentally friendly business practices and operations while empowering the communities in which we serve and operate.

Our Financial Scorecard

We remain committed to delivering high-quality earnings to our shareholders, and I am pleased to announce we were able to deliver this in 2019, despite the challenging operating environment.

The Bank's gross earnings grew by 14% to ₦159.9 billion from ₦140.1 billion in 2018 with profits growing by 33% to ₦24.7 billion in 2019 (vs. ₦18.7 billion in 2018). The Bank reduced operating expenses by 1% to ₦70.8 billion in 2019 (vs. ₦71 billion in 2018), while the Bank's cost-to-income ratio dropped to 74.1% from 79.2% in 2018.

Customer deposits grew by 5% to ₦886.4 billion (vs. ₦844.4 billion in Dec 2018), while our loan book grew by 10% to ₦595.3 billion (vs. ₦543.1 billion in Dec 2018).

Overall, our Group profit before tax grew by 10% to ₦20.4 billion in 2019 from ₦18.5 billion in 2018. We closed the 2019 financial year with total assets of ₦1.9 trillion and shareholders' funds of ₦252.3 billion.

Dividend

On behalf of the Board, I am pleased to inform our shareholders that we have recommended a dividend payment for the first time since 2008. For 2019, the Board is proposing a dividend of 25 kobo per 50 kobo share, subject to shareholder approval. We remain committed to delivering value to our shareholders as we continue to drive growth and profitability of our business towards sustaining this trend.

Union Bank UK (UBUK) Divestment

In line with the Bank's vision to be Nigeria's most reliable and trusted banking partner, we streamlined our business to focus on core banking for the Nigerian market, where we continue to grow and thrive. This led to the proposed divestment of our UK subsidiary, subject to regulatory approvals in Nigeria and the UK.

MBU Bidco Limited ("MBU"), a purchasing vehicle wholly owned by MBU Capital Limited, emerged as the preferred bidder and we have entered a share sale and purchase agreement to divest of our 100% equity stake in UBUK to MBU.

The divestment allows us to channel our focus and capital towards mining the enormous opportunities that the Nigerian market presents. Through the sale, we are better positioned to deliver greater value to our organisation and stakeholders as well as continue to build the future of banking in Nigeria.

Board Developments

On September 17th, 2019, the Bank's erstwhile Chairman, Mr. Cyril Odu passed away after a brief illness. We will miss Mr. Odu for his exceptional leadership and contributions to our Bank. May his gentle and amiable soul rest in perfect peace.

Mr. Richard Kramer retired from the Board of Directors after 8 years of service. Richard's stewardship in Union Bank was characterised by strategic thinking and, most valuable, his tireless efforts to increase the credibility and visibility of Union Bank. I would like to take this opportunity to thank Mr. Kramer for his commitment in building and growing Union Bank and his wider contributions to the Nigerian business sector. I am sure you all join me in wishing him a restful and fulfilling retirement.

At this time, I would like to welcome Mr. Kenroy Dowers (Non-Executive Director). Mrs. Omolola Cardoso and Mr. Joseph Mbulu, appointed as Executive Directors in December 2019, were approved by the CBN in Q1 2020.

Messrs. Kandolo Kasongo and Nath Ude, both Executive Directors, retired in Q1 2020 and on behalf of the Board of Directors, I would like to thank them for their services to the Bank and wish them well as they move on.

Outlook for 2020

Prior to the emergence of the COVID-19 pandemic, the Nigerian economy was expected to grow by 2.5% in 2020, driven by expected increased lending to the real sector, and continuous implementation of the Economic Recovery and Growth Plan. However, the COVID-19 outbreak has led to a global health crisis with negative impact on business and commercial activities.

Growth in Sub-Saharan Africa is expected to be significantly impacted by the ongoing outbreak and is forecast to fall sharply from 2.4% in 2019 to a range of -2.1 to -5.1% in 2020, the first recession in the region over the past 25 years, according to the World Bank.

Notwithstanding tough global and domestic conditions, we remain firm in executing our strategy and achieving our vision "to be Nigeria's most reliable and trusted banking partner". The Bank will continue to put its stakeholders first, while taking advantage of opportunities in emerging sectors to grow earnings, improve profitability and deliver returns to all stakeholders.

Conclusion

I would like to thank you, our shareholders, for your loyalty, patronage and support during the year. I would also like to thank fellow Board members, management and the employees who are our greatest assets, for their hard work and relentless commitment to creating a simpler, smarter Bank.

Thank you.

Beatrice Hamza-Bassey
Ag. Chair, Board of Directors

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I am pleased to welcome you to our 51st Annual General Meeting and present the 2019 annual financial statements of the Bank.

In 2019, we continued to emphasise revenue productivity and efficiency across all facets of our business. The theme for the year was *"Quick Decisions, Smart Actions, Productive Results"* with a key objective to deliver a stronger return on equity (ROE) by being strategic, disciplined, and focused on our key priorities.

Review of 2019

The Nigerian GDP grew by 2.27% in 2019, 0.36% points higher than 2018 driven by the following sectors: Information & Communication, Agriculture, Financial & Insurance Services and Manufacturing.

Oil prices witnessed volatility throughout the year due to tensions between the US and Iraq as well as escalated trade wars between the US & China. Fiscal and monetary efforts resulted in the stability of exchange rates which averaged ₦362.5 to the dollar in 2019 across the different windows.

Inflationary pressures remained in 2019, starting off at 11.37% in January before falling to an all- year low in August at 11.02%, and then surging to 11.98% in December 2019. This spike was largely driven by the continuous rise of food inflation as a result of the closure of the borders since August 2019.

The banking sector in 2019 was characterised by several defining events including the reduction of MPR to 13.5%, re-introduction of the cashless policy, increased loan to deposit ratio to 65%, emergence of Payment Service Banks (PSBs) and increasing competition with issuance of new banking licenses and increasing growth of companies in the fintech space. We also witnessed the consolidation of some banks within the industry.

In the face of the challenging operating environment, we were able to achieve significant headway across our six key priorities areas:

- Deepening our customer acquisition and penetration;
- Intensifying our operational efficiency through cost optimisation;
- Focusing on emerging segments with propositions for women, SME and Tech Ventures;
- Diversifying our portfolio to focus on key growth segments in Nigeria;
- Emphasising our ecosystems and value chain; and
- Digitising our business

Key Operational Highlights in 2019

In 2019, we were focused on further leveraging the platform (people, technology, brand and infrastructure) we have steadily built over the years to drive sustainable growth in earnings and profitability. Our efforts yielded positive results as we witnessed major feats across all our priority areas. Our customer base crossed the five-million mark, a testament to our investments in our strengthened brand, compelling and value-adding product and service offerings, as well as value chain and ecosystem focus.

We intensified our cost optimisation drive and focused on improving our asset quality where we saw significant gains.

Specifically, the following achievements were recorded in 2019:

Dividend: The Bank's strong overall performance has paved the way for a critical milestone – the Board of Directors is recommending a dividend payment to shareholders for the first time in over a decade. Returning value to our shareholders has been at the core of Union Bank's transformation and continuous drive to become a leading financial institution in Nigeria.

Customer Acquisition: We continued to expand customer acquisition, product and service delivery leveraging our robust distribution network, with increasing focus on our digital platforms. We currently serve over 5.8 million customers across all our touchpoints, up from 4.5 million customers in 2018.

Digital and Channel Growth: We expanded the scope of our Robotic Process Automation (RPA) initiative to include reconciliations, refunds and term deposit booking where transactions can be completed within minutes. In addition, we launched our digital loan offering to pre-approved customers via USSD in April 2019 giving access to loans within minutes.

On the channel front, active users on our enhanced mobile and online banking platforms went up by 62% and 43% respectively coupled with increasing efficiency and growth of our traditional channels (e.g. ATM, POS). This resulted in the growth of our e-business income by 63% to ₦7.7 billion in 2019 from ₦4.7 billion in 2018.

We also expanded our branch network, launching nine new branch locations across Nigeria in six states including Lagos, Nasarawa, Anambra, Kano, Calabar and Taraba. The Lekki branch in Lagos is a modern solar-powered structure equipped with an innovative drive-through ATM facility which portrays Union Bank's innovative outlook.

Long Term Efficiency Acceleration (LEAP) Programme: The Bank focused on operational efficiency and cost optimisation in 2019, which led to the introduction of Project LEAP in March 2019. The success of this programme was evident as it saved the Bank ₦2.4 billion in expenses in 2019, driven primarily by reductions in power costs, travel and fleet management as we better leveraged technology and alternative power sources. This led to an improvement in our Cost-Income Ratio to 74.1% from 79.2% in 2018.

Capital & Funding: In 2019, we were active in the debt capital market to support growth across our priority areas. We raised a ₦30 billion Tier 2 bond which was fully subscribed and the largest 10-year bond ever issued by a Nigerian corporate. We also issued our first commercial paper (CP), under our ₦100 billion programme. The ₦24 billion CP was 120% subscribed, further confirming investor confidence in the Bank. We also secured a 10-year US$200 million fund, in agreement with OPIC for investments in digitisation, on-lending to SMEs and funding for αlpher, our newly launched women banking proposition.

Union Bank UK (UBUK) Divestment: Consistent with our vision to be Nigeria's most reliable and trusted banking partner, we are optimising our business model to focus solely on Nigeria. This led to a strategic decision to divest of our UK subsidiary, subject to regulatory approvals in Nigeria and the UK. The divestment, expected to be completed in 2020, will enable us focus on the distinct long-term opportunities that the Nigerian market provides.

Brand and Citizenship: We continued to support our communities and enable success for Nigerians as we hosted the second edition of edu360 themed, 'Education Beyond Walls' with over 7,000 attendees and 40 schools participating nationwide. We trained 500 teachers to support capacity building in schools and received over 1,000 entries to our 3rd Annual Innovation Challenge, focused on "Edtech". Through the challenge, we empowered 10 finalists via a virtual accelerator programme and a 3-day bootcamp. The grand finale of the Challenge held at the edu360 event with the top three finalists rewarded with a total of N5 million towards further developing and scaling their offerings. In addition, all three winners received access to a 12-week premium support program which is aimed at helping their businesses scale.

In line with our continued commitment to investing in women, we empowered 60 women to launch small scale businesses in partnership with Mamamoni Empowerment Foundation and empowered 50 women in urban farming in Lagos. We also partnered with Leading Ladies Africa through αlpher to run the Enterprise and Leadership Programme (ELP) for 40 women entrepreneurs.

We supported the Girls Coding Summer Camp organized by Pearls Africa, where 80 girls from underserved communities were tutored on programming and ICT skills.

Other initiatives across Citizenship and Sustainability carried out during the year include:

- UBN Employee Volunteer (EV) Day held in 9 states and 15 Locations across Nigeria with over 1,500 employees volunteering to clean their communities – the highest recorded in a single event by the Bank.
- Donated UnionCares bags to 7,500 families in underserved communities.
- Impacted 7,595 students through our Financial Literacy Day and World Savings Day initiatives.
- Executed the Enabling NGOs campaign to support NGOs across 36 states in Nigeria with over 10,000 entries received, and 36 selected as beneficiaries.
- Sponsored Team Nigeria to the Special Olympics World Games in Abu Dhabi.

Awards and Recognition: Our investments and efforts were recognized as we received a number of awards and accolades in 2019, including:

- Best Branch Digitization Initiative in Africa – Asian Banker West Africa Awards (Joint award with Newgen Software).
- Excellence in Internet Banking – 2019 Finnovex Awards (West Africa)
- Member Compliance Award winner – 2019 FMDQ Awards
- Best Company in Environmental Excellence – 2019 Sustainability, Enterprise and Responsibility Awards (SERAs)
- 2019 Advertiser of the Year – Pitcher Awards Creativity Week.

Our Financial Performance in 2019

The Bank delivered a solid set of results in 2019, recording growth across the major income lines. We achieved topline revenue growth of 14% to close with ₦159.9 billion compared to ₦140 billion in 2018. Profit Before Tax (PBT) increased by 33% from ₦18.6 billion in 2018 to ₦24.7 billion for the year. Through our LEAP initiative, our focus on discretionary cost discipline led to a reduction of ₦2.4 billion on related cost lines driving overall expenses down. Consequently, our Cost-Income Ratio declined to 74.1% from 79.2% in 2018.

Core to our earnings has been the conscientious growth of our loan book. Our gross loans grew by 20% to close at ₦595.3 billion from ₦496.8 billion in 2018. As a result of our larger loan book and intensified recovery efforts, Non-Interest Income grew by 23% from ₦35.3 billion to ₦43.3 billion in 2019 with recoveries and e-business income of ₦8.8 billion and ₦7.7 billion respectively.

Our customer deposits grew by 5% to ₦886.3 billion from ₦844.4 billion as at December 2018 with low-cost deposits up by 7.7% and now accounting for 74% of total customer deposits compared to 71% in 2018.

With our sustained aggressive focus on recoveries and improving asset quality, the Bank's Non-Performing Loans (NPL) ratio improved to 5.8% from 8.1% as at December 2018, and in line with our 2019 guidance. Capital Adequacy Ratio (CAR) remained well above the regulatory threshold, closing the year at 19.7%.

Our 2020 Priorities

Our growth ambitions remain unchanged and we are optimistic about a sustained performance for the Bank in 2020. We are focused on driving growth via six priority areas:

- **Regional and Value Chain:** We will continue to leverage our value chain and ecosystems across Nigeria through our tailored regional strategy towards deepening customer acquisition and retention.

- **Transaction Banking:** Through our robust payments and collections platform, we will continue to serve the transaction processing needs of our clients while consistently investing in product and service innovation to deliver unrivaled value to our customers.

- **Channels:** This continues to be a major enabler for our business. We would continue to invest in the reliability, efficiency and security of our channels (both physical and digital) towards better serving our customers, enhancing customer experience and optimising our business operations.

- **Emerging Segments:** We recognise the need to support emerging segments of the economy and we are committed to intensifying our focus on SMEs, Tech Ventures and women. We will deepen penetration of these segments via compelling and competitive offerings as we work towards growing a sustainable economy and achieving a diverse customer base.

- **Education:** To support Nigeria's education sector development, we will leverage our rapidly growing edu360 platform to improve access to education as we strive towards becoming the premier bank for the education value chain.

- **Digital:** We will continue to digitally transform our business towards better sales and service productivity, operational efficiency and a digitally confident workforce. We will also leverage digital towards creation of new and sustainable revenue streams as we strive to deliver value to our stakeholders.

Looking Ahead

In 2020, we expect the global economy to slow down considerably due to the COVID-19 pandemic which is affecting at least 180 countries. The various lock-down and containment measures across countries have led to disruptions in global supply chains. The United Nations Trade and Development Agency has estimated the economic impact of the pandemic to be ~US$1-2 trillion in 2020. We therefore expect a tougher operating environment in Nigeria with GDP growth likely in the negative territory for 2020.

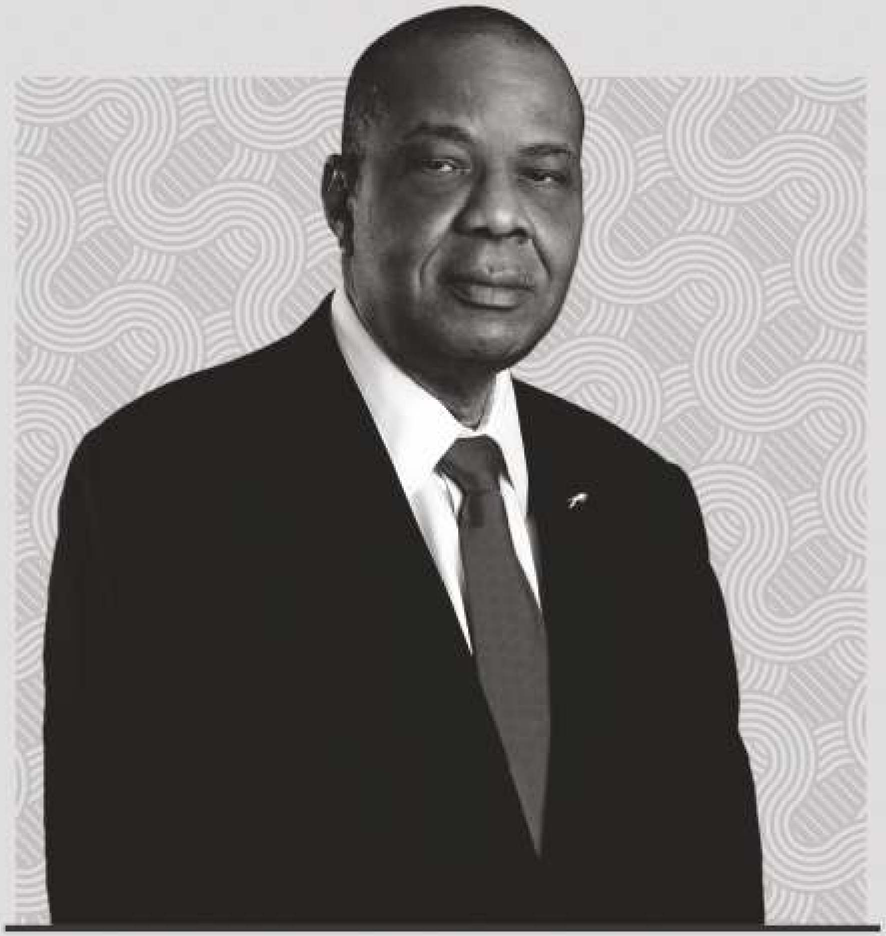
Notwithstanding, we remain focused on our strategy and ambition. The success and wellbeing of our employees, customers and community will remain top priority as we strive towards achieving our ambition to be Nigeria's most reliable and trusted banking partner.

In closing, I would like to appreciate our shareholders for their continued support over the years. We remain committed to delivering improved profitability and higher returns in 2020 and beyond. To the Board of Directors and the management team, I thank you for your support in 2019 even as I anticipate your continued support in 2020. I commend the Bank's employees for their efforts and contributions towards our achievements in 2019 and I look forward to a better and more productive year ahead.

Thank you.

Emeka Emuwa
Chief Executive Officer

In Memoriam



Cyril Odu

(Aged 68 years)

Board Chairman
2015 – 2019

CORPORATE INFORMATION

Directors

Beatrice Hamza Bassey	-	*Ag. Board Chair*
Emeka Emuwa	-	*Chief Executive Officer*
Omolola Cardoso	-	*Executive Director*[1]
Joseph Mbulu	-	*Executive Director/Chief Financial Officer*[2]
Emeka Okonkwo	-	*Executive Director*
Adekunle Sonola	-	*Executive Director*
Obafunke Alade-Adeyefa	-	*Independent Non-Executive Director*
Richard Burrett	-	*Non-Executive Director*
Ian Clyne	-	*Non-Executive Director*
Kenroy Dowers	-	*Non-Executive Director*[3]
Furera Isma Jumare	-	*Independent Non-Executive Director*
Taimoor Labib	-	*Non-Executive Director*
Mark Patterson	-	*Non-Executive Director*

[1] *Appointed with effect from 9th March 2020*
[2] *Appointed with effect from 6th February 2020*
[3] *Appointed with effect from 21st October 2019*

Cyril Odu	- *Chairman – Demise - 17th September 2019*
Richard Kramer OFR	- *Non-Executive Director - Retired with effect from 16th September 2019*
Nath Ude	- *Executive Director – Retired with effect from 3rd March 2020*
Kandolo Kasongo	- *Executive Director – Retired with effect from 31st March 2020*

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
CardinalStone Registrars Limited
358 Herbert Macaulay Way
Yaba
Lagos

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

MANAGEMENT TEAM

1	Emeka Emuwa	*Chief Executive Officer*
2	Omolola Cardoso	*Head Retail and Digital Banking*
3	Rosemary David-Etim	*Regional Business Executive, South*
4	Ogochukwu Ekezie-Ekaidem	*Head Corporate Communications and Marketing*
5	Ikechukwuka Emerole	*Head Treasury*
6	Tetem Feyi-Waboso	*Head Service & Technology*
7	Kandolo Kasongo	*Chief Risk Officer*[1]
8	Joseph Mbulu	*Chief Financial Officer and Compliance Executive*
9	Olajumoke Odulaja	*Chief Risk Officer*
10	Emeka Okonkwo	*Head Corporate Bank*
11	Adekunle Sonola	*Head Commercial Banking*
12	Miyen Swomen	*Head Human Resources*
13	Nath Ude	*Head Service and Technology*[1]
14	Taiwo Adeneye	*Head Central Processing Centre*
15	Oluwagbenga Adeoye	*Head Financial Control*
16	Paul Aseme	*Head SME Banking*
17	Bulus Ayuba	*Head Branch Services*
18	Fatai Baruwa	*Regional Executive, North*
19	Tayo Baruwa	*Chief Credit Officer*
20	Helen Brume	*Head Oil and Gas*
21	Lateef Dabiri	*Chief Compliance Officer*
22	Abigail Duopama-Obomanu	*Head Internal Control*
23	Kabir Garba	*Chief Audit Executive*
24	Oluwayomi Ibosiola	*Chief Data and Analytics Officer*
25	Chidi Ileka	*Chief Transformation Officer, LEAP*
26	Abolade Jegede	*Regional Business Executive, West*
27	Ali Kadiri	*Regional Executive, Lagos Mainland*
28	Segun Lamidi	*Head Operations*
29	Dupe Ogunbiyi	*Head Services*
30	Mobolade Ojeahere	*Head Transaction Banking*
31	Morenike Olabisi	*Head FMCG, Corporate Banking*
32	Olusola Olubi	*Head Specialized Markets, Corporate Banking*
33	Gloria Omereonye	*Regional Executive, Lagos Island*
34	Oghenefovie Oyawiri	*Head Operational Risk Mgt/Chief Information Security Officer*
35	Sesan Sobowale	*Head Legal*
36	Olumuyiwa Theophilus	*Head IT For Business*
37	George Udoh	*Group Head Commercial Banking*
38	Somuyiwa Sonubi	*Company Secretary*
	Subsidiaries	
39	David Forster	*Managing Director, Union Bank UK Plc*
40	Tosin Osikoya	*Managing Director, UBN Property Company Plc*

[1] *Retired*

THE BOARD

Beatrice Hamza Bassey
Ag. Board Chair

Mrs. Beatrice Hamza Bassey joined the Board of Union Bank as a Non-Executive Director in 2015 and was appointed Acting Chair of the Board in December 2019.

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. Hamza Bassey interfaces with U.S. and international regulators, and 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 in Law 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 the City of New York.

Emeka Emuwa
Chief Executive Officer (CEO)

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

Prior to joining Union Bank, he had spent 25 years at Citibank where he rose through the ranks from Management Associate in 1986 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, negotiating, 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.

Omolola Cardoso

Executive Director
Head, Retail & Digital Banking

Mrs. Omolola Cardoso was appointed to the Board of Union Bank in March 2020. As the Head of Retail and Digital Banking, Omolola is responsible for driving the Bank's retail business with a focus on digital transformation and innovation.

She joined Union Bank in 2013 as Head, Corporate Strategy and in this role, she guided the Bank's strategic direction, drove growth priorities including innovation and sustainability, and managed corporate planning and investor relations.

Prior to joining Union Bank, she served clients globally in a senior role with A.T. Kearney, a leading management consulting firm, across a wide array of industries including financial institutions, chemicals, industrial, consumer, pharmaceutical, and power. She began her career as an investment banker at Salomon Brothers and later Lehman Brothers.

Mrs. Cardoso has a Bachelor's degree in Finance and Business Economics from Ohio University and an MBA in Strategy and General Management from the Ross School of Business at University of Michigan. She has also completed the Executive Leadership program at the THNK School of Creative Leadership, Amsterdam.

Kandolo Kasongo

Executive Director
Chief Risk Officer &
Executive Compliance Officer

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

He started his banking career in 1981 with Citigroup in Kinshasa (D.R. Congo) and has since built a strong track record 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 28 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.

Mr. Kasongo retired from the Board of Union Bank in March 2020.

Joe Mbulu

Executive Director
Chief Financial Officer

Mr. Joe Mbulu joined Union Bank in August 2014, to direct and lead its transformation, and was appointed to the Board of Directors in March 2020.

Prior to joining Union Bank, Mr. Mbulu was the Chief Operating Officer for the Domestic Bank Business Unit of Ecobank Transnational (ETI), where he coordinated Strategy Formulation and Execution for the banking group's Retail, SME, Local Corporate and Public Sector businesses. Before joining ETI, Joe led Strategy & Business Transformation at Bank PHB. He also served as the Vice President for Business Transformation in the Global Finance Organisation at Nielsen in New York.

He has over 24 years' professional experience with world-class competencies in Financial Management & Analysis, Organisational & Business Transformation, Strategy/Operational Consulting and Project/Program Management in the financial services, information, pharmaceutical, manufacturing and media industries.

Mr. Mbulu holds an MBA from the Wharton School of Business, Pennsylvania, an MSc. in Finance from Lincoln University, Pennsylvania, and a BSc. in Agricultural Economics from the University of Benin.

Emeka Okonkwo

Executive Director
Head, Corporate Bank

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

Mr. Okonkwo's career in the banking industry commenced about 27 years ago as an officer in Citibank Nigeria. His career 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, where he had responsibility for 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
Head, Commercial Banking

Mr. Adekunle Sonola joined Union Bank in 2015 as an Executive Director in charge of the Bank's Commercial Banking business.

He has more than 26 years of experience in the banking sector. Prior to joining 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. He has also served as Director, Investment Banking Africa for Standard Bank of South Africa.

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

Nath Ude
Executive Director
Head, Service & Technology

Mr. Nath Ude joined Union Bank in January 2017 to head Service & Technology. He is a seasoned banker with over 26 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 left Citibank in 2004 to join Standard Chartered Bank, South Africa where he was the Country Head, Technology and Operations (Wholesale and Consumer Banking). He left Standard Chartered Bank to join FCMB in 2007 as Group Head of Operations and Technology and was later appointed as Executive Director – Service Management & Technology. He holds a Bachelor's degree in Finance from University of Nigeria, Nsukka and Master's Degrees from both Bayero University, Kano and University of Bangor, Wales.

Mr. Ude retired from the Board of Union Bank in March 2020.

NON-EXECUTIVE DIRECTORS

Obafunke Alade-Adeyefa
Independent Non-Executive Director

Mrs. Obafunke Alade-Adeyefa joined the Board of Union Bank 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 joining the banking industry where she worked for 10 years in different capacities before moving on to Texaco Overseas (Nigeria) Petroleum Unlimited as the Head of Treasury. Prior to joining the Board of 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).

Richard Burrett
Non-Executive Director

Mr. Richard Burrett joined the Board of Union Bank as a Non-Executive Director 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 41-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.

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

Kenroy Dowers
Non-Executive Director

Dr. Kenroy Dowers was appointed to the Board of Union Bank as a Non-Executive Director in October 2019.

He is the Group Managing Director, Strategy and Investments at Atlas Mara, Dubai, United Arab Emirates where he is responsible for Fund Raising, Investor Relations, Mergers and Acquisitions and nurturing relationships with Development Finance Institutions (DFIs).

Before joining Atlas Mara, he was Global Head of the Financial Institutions Group at International Finance Corporation (IFC), Washington DC where he led IFC's business investments (equity, debt and structured finance) and advisory, achieving numerous corporate and individual awards for work in investment and advisory services.

He serves as a member of the Executive Committee of Atlas Mara Limited and also sits on various Boards of the company's subsidiaries.

Dr. Dowers holds a Ph.D in Financial Economics and an MBA in Corporate Finance from the State University of New York. He is also an Associate Member of the Association of Chartered Certified Accountants (ACCA).

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

Mrs. Jumare 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. She also has a certificate in training practice from the UK Chartered Institute of Personnel and Development (CIPD) and is a National Institute of Management (NIM) certified professional manager.

Taimoor Labib
Non-Executive Director

Mr. Taimoor Labib was appointed as a Non-Executive Director of Union Bank in November 2017.

He 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.

Mr. Labib holds a Bachelor of Science degree in Industrial Management and Business Administration from Carnegie Mellon University, Pittsburgh.

Mark Patterson

Non-Executive Director

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

He is a senior international banker and lawyer with a 33-year career in leading positions with multinational banks, including Deutsche Bank and ANZ Bank.

He is 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 are critical to 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 instill 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

The following governance bodies are in place:

A. Board of Directors

The Board of Directors oversees the management of the Bank. In 2019, the Board comprised a Non-Executive Chairman, two Independent Non-Executive Directors, eight other Non-Executive Directors, the Chief Executive Officer and four Executive Directors as listed below:

S/NO	NAME	19/03/2019	07/05/2019	07/05/2019	11/06/2019	17/09/2019	20/10/2019	21/10/2019	10/12/2019
1	ODU, Cyril Akporuere[1]	✓	✓	✓✓	✓✓	D	D	D	D
2	EMUWA, Emeka	✓	✓	✓✓	✓✓	✓	✓	✓	✓
3	ALADE-ADEYEFA, Obafunke	✓	✓	✓✓	✓✓	✓	✓	✓	✓
4	BOTTS, John[1]	✓	R	R	R	R	R	R	R
5	BURRETT, Richard	✓	✓	✓✓	AB	✓	✓	✓	✓
6	CLYNE, Ian	✓	✓	✓✓	AB	✓	✓	✓	✓
7	DOWERS. Kenroy[2]	NA	NA	NA	NA	NA	NA	NA	✓
8	HAMZA BASSEY, Beatrice	✓	✓	✓✓	AB	✓	✓	✓	✓
9	JUMARE, Furera Isma	✓	✓	✓✓	✓✓	✓	✓	✓	✓
10	KASONGO, Kandolo	✓	✓	✓✓	✓✓	✓	✓	✓	✓
11	KRAMER, Richard[3]	✓	✓	✓✓	✓✓	R	R	R	R
12	LABIB, Taimoor	✓	✓	✓✓	AB	✓	AB	✓	✓
13	OKONKWO, Emeka	✓	✓	✓✓	✓✓	✓	✓	✓	✓
14	PATTERSON, Mark[4]	NA	✓	✓✓	AB	✓	✓	✓	✓
15	SONOLA, Adekunle	✓	✓	✓✓	✓✓	✓	✓	✓	✓
16	UDE, Nath	✓	✓	✓✓	✓✓	✓	✓	✓	✓

D *Demise*
✓ *Present*
AB *Absent*
NA *Not Yet Appointed*
R *Retired*
✓✓ *AGM/EGM*

[1] *Retired with effect from 19th March, 2019*
[2] *Appointed with effect from 21st October, 2019*
[3] *Retired with effect from 16th September, 2019*
[4] *Appointed with effect from 17th April, 2019*

Responsibilities of the Board of Directors

The Board, the highest decision-making body approved by the shareholders, met six (6) 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. Board Committees

The Board of Directors has six (6) 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 ten (10) times during the year. It is composed of the following members:

S/NO	NAME	24/01/2019	21/02/2019	18/03/2019	26/04/2019	06/05/2019	26/06/2019	29/08/2019	16/09/2019	21/10/2019	06/12/2019
1	BURRETT, Richard	✓	✓	✓	✓	✓	✓	✓	✓	✓	AB
2	EMUWA, Emeka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	ALADE-ADEYEFA, Obafunke	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	BOTTS, John[1]	✓	✓	✓	R	R	R	R	R	R	R
5	HAMZA BASSEY, Beatrice	✓	AB	✓	✓	✓	AB	✓	AB	✓	AC
6	KASONGO, Kandolo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	OKONKWO, Emeka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	SONOLA, Adekunle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	PATTERSON, Mark[2]	NA	NA	NA	✓	✓	✓	✓	✓	✓	✓

✓ *Present*
AB *Absent*
AC *Acting Board Chair*
NA *Not Yet Appointed*
R *Retired*

[1]*Retired with effect from 19th March, 2019*
[2]*Appointed with effect from 17th April, 2019*

Its responsibilities include the following:
- 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 of the credit portfolio; and
- Serve as a catalyst for the Bank's credit policy changes from the Credit Committee to the Board.

2. Board Finance and General Purpose Committee

The Committee met eight (8) times during the year. It is composed of the following members:

S/NO	NAME	08/03/2019	14/03/2019	06/05/2019	25/07/2019	16/09/2019	21/10/2019	26/11/2019	09/12/2019
1	KRAMER, Richard[1]	✓	✓	✓	AB	R	R	R	R
2	EMUWA, Emeka	✓	✓	✓	✓	✓	✓	✓	✓
3	ALADE-ADEYEFA, Obafunke	✓	✓	✓	✓	✓	✓	✓	✓
4	BURRETT, Richard	✓	AB	✓	✓	✓	✓	✓	✓
5	CLYNE, Ian	AB	✓	✓	AB	✓	✓	✓	✓
6	OKONKWO, Emeka	✓	✓	✓	✓	✓	✓	✓	✓
7	LABIB, Taimoor	AB	✓	✓	✓	✓	✓	AB	✓
8	DOWERS, Kenroy[2]	NA	NA	NA	NA	NA	NA	✓	✓

✓ *Present*
AB *Absent*
NA *Not Yet Appointed*
R *Retired*

[1]*Retired with effect from 16th September, 2019*

[2]*Appointed with effect from 21st October, 2019*

Its responsibilities include the following:

- 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, approve expenditures within the Committee's approved limits, review and recommend for Board approval, expenditures beyond the Committee's approved limits.
- Review and report to the Board on the Transformation programme, against goals, including timing, budget, quality of delivery, and tradeoffs 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 four (4) times during the year. It is composed of the following members:

S/NO	NAME	08/03/2019	02/05/2019	11/09/2019	06/12/2019
1	JUMARE, Furera Isma	✓	✓	✓	✓
2	EMUWA, Emeka	✓	✓	✓	✓
3	BOTTS, John[1]	AB	R	R	R
4	HAMZA BASSEY, Beatrice	✓	✓	AB	AC
5	BURRETT, Richard	✓	✓	✓	✓
6	SONOLA, Adekunle	✓	✓	✓	✓
7	UDE, Nath	✓	✓	✓	✓
8	PATTERSON, Mark[2]	NA	✓	✓	✓

✓ *Present*
AB Absent
AC Ag. Board Chair
NA Not Yet Appointed
R Retired

[1]*Retired with effect from 19th March, 2019*
[2]*Appointed with effect from 17th April, 2019*

Its responsibilities include the following:

- Consider and approve recruitment, appointments, promotions, severance and discipline of Principal Managers ("PM");
- Review and recommend recruitment, 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 and or increments for Principal Managers ("PM") to General Managers ("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 broad key performance indicators set by Executive Management for staff groups below the Executive Management level ("Staff") to achieve business and financial goals.
- 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 report to the Board, on the annual performance evaluation of Staff conducted by Management for the prior year's performance and overall outcome of the annual performance process.
- 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 optimisation plan and strategy.
- Review and recommend for Board approval, revision of salaries and service conditions for Staff.
- Review and recommend for Board approval, the Bank's Succession Plan for senior officers in the AGM, DGM and GM grades and any proposed amendments.
- Review and recommend for Board approval, any policies not otherwise contemplated herein relating to Staff and Support Staff, 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 towards 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 Bank's transformation strategy.

4. Board Risk Management Committee

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

S/NO	NAME	18/03/2019	06/05/2019	16/09/2019	09/12/2019
1	CLYNE, Ian	✓	✓	✓	✓
2	BOTTS, John[1]	✓	R	R	R
3	HAMZA BASSEY, Beatrice	✓	✓	AB	AC
4	PATTERSON, Mark[2]	NA	✓	✓	✓
5	JUMARE, Furera Isma	✓	✓	✓	✓
6	KASONGO, Kandolo	✓	✓	✓	✓
7	EMUWA, Emeka	✓	✓	✓	✓
8	UDE, Nath	✓	✓	✓	✓

✓ *Present*
AB *Absent*
AC *Ag. Board Chair*
NA *Not Yet Appointed*
R *Retired*

[1]Retired with effect from 19th March, 2019
[2]Appointed with effect from 17th April, 2019

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

5. Board Nomination and Remuneration Sub-Committee

The Sub-Committee met five (5) times during the year. It comprises the following members:

S/NO	NAME	19/03/2019	06/05/2019	16/09/2019	21/10/2019	09/12/2019
1	BOTTS, John[1]	✓	R	R	R	R
2	BURRETT, Richard	✓	✓	✓	✓	✓
3	CLYNE, Ian	✓	✓	✓	✓	✓
4	HAMZA BASSEY, Beatrice[2]	✓	✓	AB	✓	AC
5	LABIB, Taimoor	✓	✓	✓	AB	✓
6	PATTERSON, Mark[3]	NA	✓	✓	✓	✓

✓ *Present*
AB *Absent*
AC *Ag. Chair*
NA *Not Yet Appointed*

[1]Retired with effect from 19th March, 2019
[2]Acting Chair with effect from 9th December, 2019
[3]Appointed with effect from 17th April, 2019

The 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 comprises the following members:

S/NO	NAME	08/03/2019	14/03/2019	02/05/2019	11/09/2019	06/12/2019	09/12/2019
1	ALADE-ADEYEFA, Obafunke	✓	✓	✓	✓	✓	✓
2	CLYNE, Ian	✓	AB	✓	✓	✓	✓
3	JUMARE, Furera Isma	✓	✓	✓	✓	✓	✓
4	KRAMER, Richard Lee[1]	✓	✓	✓	R	R	R
5	DOWERS, Kenroy[2]	NA	NA	NA	NA	✓	✓

✓ *Present*

AB *Absent*

NA *Not Yet Appointed*

R *Resigned/Retired*

[1]Retired with effect from 16th September, 2019

[2]Appointed with effect from 21st October, 2019

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

- Matthew Akinlade - *Chairman*
- Marcel Ojinka - *Member*
- Obafunke Alade-Adeyefa - *Member*
- Furera Isma Jumare - *Member*
- Richard Lee Kramer[1] - *Member*
- Adeolu Akinsanya - *Member*

S/NO	NAME	23/03/2019	24/04/2019	02/05/2019	25/07/2019	22/10/2019	12/12/2019
1	AKINLADE, Matthew	✓	✓	✓	✓	✓	✓
2	AKINSANYA, Adeolu[1]	NE	NE	NE	✓	✓	✓
3	BICHI,Musa[2]	✓	✓	✓	NA	NA	NA
4	OJINKA, Marcel	✓	✓	✓	✓	✓	✓
5	ALADE-ADEYEFA, Obafunke	✓	✓	✓	✓	✓	✓
6	JUMARE, Furera Isma	✓	✓	✓	✓	✓	✓
7	KRAMER, Richard Lee[3]	AB	✓	AB	AB	R	R

✓ *Present*
AB *Absent*
NA *Not Yet Appointed*
NE *Not Yet Elected*
R *Retired*

[1]Elected with effect from 7th May, 2019
[2]Retired with effect from 7th May, 2019
[3]Retired with effect from 16th September, 2019

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 and control 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.

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, Innovation & Data Council
10. Cybersecurity Steering Committee

1. Executive Committee

The Executive Committee comprises the following members:

Chief Executive Officer (Chair)	Head, Commercial Banking,
Chief Credit Officer (Secretary)	Head, Retail and Digital Banking
Chief Financial Officer	Head, Human Resources
Chief Risk Officer	Head, Treasury
Head, Service & Technology	Chief Information Officer
Head, Corporate Banking	Head, Corporate Communications & Marketing

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 committee charters.
- Provide and discuss general business updates (provided by the various business /function heads).

2. Assets and Liabilities Committee

The Assets and Liabilities Committee (ALCO) meets monthly or as required. It comprises the following members:

Chief Executive Officer (Chair)	Chief Credit Officer
Head, Assets and Liabilities Management (Secretary)	Chief Risk Officer
Chief Financial Officer	Head, Market Risk
Head, Corporate Banking	Head, Treasury
Head, Commercial Banking	Head, Financial Control
Head, Retail and Digital Banking	

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 risk and liquidity risk.
- 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 risk and interest rate risk 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 of the following members:

Chief Executive Officer (Chair)	Head, Corporate Banking
Chief Information Officer (Secretary)	Head, Commercial Banking
Head, Service & Technology	Head, Retail & Digital Banking
Chief Risk Officer	Chief Data & Analytics Officer
Chief Financial Officer	Head, Human Resources
Chief Audit Executive	Chief Compliance Officer
Head, Alternative Channels	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, prioritise, fund, measure and monitor requests for IT services and the resulting work/deliverables towards optimising returns to the business.
- Improve IT organisational 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 following members:

Chief Risk Officer (Chair)	Head, Retail and Digital Banking
Head, Credit Documentation and Control (Secretary)	Chief Credit Officer
Chief Executive Officer	Head, Business Support and Recovery
Head, Corporate Banking	Head, Risk Analysis (Corporate Bank)
Head, Commercial Banking	Head, Risk Analysis (Commercial Bank)
Head, Legal	

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/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 and proposals beyond the Committee's limits.
- Review and approve decisions resulting from escalated areas by the regional stressed asset remedial teams. These include major accounts (N100m and above) classified as non-performing or with early warning signs.
- Review, and update the BRMC, on an annual basis on 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 following members:

Chief Risk Officer (Chair)	Head, Service Assurance
Head, Operational Risk Management (Secretary).	Chief Information Officer
Head, Service & Technology	Head, Corporate Communications & Marketing
Chief Audit Executive	Head, Operations
Chief Compliance Officer	Head, Internal Control
Head, Legal	Head, Financial Control
Head, Human Resources	Head, Customer Experience
Head Retail and Digital Banking	

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 minimise adverse outcome;
- 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 and reviewed effectively;
- Implement relevant Board decisions across the Bank; and
- Perform, with the support of relevant functions, research and quality assurance and provide analytical support to the business.

6. New Product Committee

This Committee meets as required. It is composed of the following members:

Chief Risk Officer (Chair)	Head, Legal
Head, Operational Risk Management (Secretary)	Head, Corporate Communications & Marketing
Chief Audit Executive	Chief Information Officer
Chief Compliance Officer	Head, Financial Control
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;
- Outline 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 implication;
  - 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 is composed of the following members:

An EXCO member (Chair)	Head, Legal
Human Resources (Secretary)	Head, Branch Services
Chief Audit Executive	Head, Operational Risk
Head, Human Resources	Discipline Officer

The roles and responsibilities of the Committee are as follows:

- Investigate identified cases where acts or practices are not compliant with laws, accepted banking practices, ethical principles or others (assisted by the Internal Audit Department, as required);
- Carry out appropriate administrative sanctions as set out in the communicated disciplinary and 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; and
- Ensure appropriate measures are taken by relevant departments to eliminate future occurrence of identified disciplinary cases.

8. Service Committee

This Committee was set up to optimise 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. The Committee meets or as required with interim updates as needed.

It comprises the following members:

Head, Service & Technology (Chair)
Head, Operations (Alternate Chair)
Head, Service Assurance (Secretary)
Chief Information Officer
Chief Compliance Officer
Head, Customer Care
Head, Retail and Digital Banking
Head, Alternative Channels
Head, Transaction Banking (Trade & Cash)
Chief Data & Analytics Officer
Head, Corporate Communications & Marketing
Head, Strategy & Investor Relations
Head, Payments & Collections

The roles and responsibilities of the Committee are as follows:

- Monitor and review overall service delivery performance across Union 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 Union Bank.
- Provide sign-off/input into recommendations/implementation plans as required.

9. Digital, Innovation & Data Council

This Committee was 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. The Committee meets monthly with interim updates as needed.

It comprises the following members:
Chief Executive Officer (Chair)
Head Retail and Digital Banking (Secretary)
Chief Information Officer
Chief Risk Officer
Chief Financial Officer
Head, Commercial Banking
Head, Corporate Banking
Head, Treasury
Head, Operations
Head, Alternative Channels
Head, Human Resources
Head, Cash Management
Chief Compliance Officer
Head, Corporate Communications & Marketing
Head, Service Assurance
Lead, Digital Business/Ventures
Head, Strategy & Investor Relations
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; and
- Ensure the Bank is well positioned for current and emerging developments in the digital space.

10. Cybersecurity Steering Committee

The Cybersecurity Steering Committee meets monthly or as needed. This Committee was set up to oversee and provide strategic direction on the governance of Union Bank's cybersecurity efforts towards protection of its systems, networks and data. This includes ensuring that the Bank's security policies, processes and investments align with the business objectives.

It comprises the following members:
Chief Risk Officer (Chair)
Head, Operational Risk Management (Secretary).
Chief Audit Executive
Chief Compliance Officer
Head, Operations
Head, Legal Services
Head, Human Resources
Chief Data & Analytics Officer
Head, Service Assurance
Chief Information Officer
Head, Corporate Communications & Marketing
Head, Internal Control
Head, Financial Control
Head, Customer Experience

The roles and responsibilities of the Committee are as follows:

- Be the custodian and governance body of Union Bank's security program by ensuring visible executive support, as well as monitoring progress and achievements.
- Review and approve security services by ensuring due diligence, risk assessment, and effective continuous assessment.
- Evaluate, approve, and sponsor institution-wide security investment.
- Enforce the implementation of policies for investment prioritisation and security risk management.
- Coordinate and validate external security-related corporate communications plans and activities (e.g., in the event of a high-profile, publicised security breach).
- Representing UBN executives (Board of Directors) in all activities related to UBN security programs and investments.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2019

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 31st December 2019.

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 and UBN Property Company Plc, whilst Union Bank (UK) Limited has been accounted for as "Discontinued Operations".

Operating Results

Highlights of the Group's operating results (Continuing and Discontinued Operations) for the year are as follows:

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Gross earnings	**166,545**	145,517	**159,861**	140,066
Profit before taxation	**24,844**	18,072	**24,746**	18,660
Taxation	**(478)**	(310)	**(371)**	(222)
Profit after taxation	**24,366**	17,762	**24,375**	18,438
Discontinued operations				
Profit/ (loss) before tax	**(4,491)**	381	**-**	-
Taxation	**-**	(50)	**-**	-
Profit after taxation from Discontinued operations	**(4,491)**	331	**-**	-
Continuing and discontinued operations:				
Profit before tax	**20,353**	18,453	**24,746**	18,660
Taxation	**(478)**	(360)	**(371)**	(222)
Profit after taxation	**19,875**	18,093	**24,375**	18,438
Other Comprehensive income:				
Movement in fair value reserves (equity instruments)	**-**	889	**-**	889
Re-measurement of defined benefit plan	**(411)**	226	**(411)**	226
Foreign currency translation	**613**	2,340	**-**	-
Movement in fair value reserves (debt instruments)	**7,494**	(6,186)	**7,527**	(5,971)
Other comprehensive income for the year	**7,696**	(2,731)	**7,116**	(4,856)
Total comprehensive income	**27,571**	15,362	**31,491**	13,582
Earnings per share (basic and diluted):				
Continuing operations	**83k**	59k	**84k**	63k
Discontinued operations	**(15k)**	1k	**-**	-

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Total non-performing loans and advances	**34,760**	45,434	**34,760**	38,496
Total non-performing loans to total gross loans and advances	**5.84%**	8.74%	**5.84%**	8.13%

Proposed dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, propose a dividend of 25kobo per 50kobo share from the retained earnings account as at 31st December 2019.

This proposed dividend will be presented to shareholders for approval at the next Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate.

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. 2019	Dec. 2018	Dec. 2019	Dec. 2018
1.	Cyril Odu[1]	2,661	2,661	–	–
2.	Emeka Emuwa	145,538,267	53,354,517	20,936,551	20,936,551
3.	Kandolo Kasongo[2]	5,008,854	5,008,854	–	–
4.	Emeka Okonkwo	5,611,758	5,641,551	–	–
5.	Adekunle Sonola	5,396,673	5,396,673	–	–
6.	Nath Ude[3]	742	742	–	–
7.	Obafunke Alade-Adeyefa	–	–	–	–
8.	John Botts[4]	–	–	–	–
9.	Richard Burrett	–	–	–	–
10.	Ian Clyne	–	–	–	–
11.	Beatrice Hamza Bassey	–	–	–	–
12.	Richard Kramer[5]	–	–	–	–
13.	Furera Isma Jumare	–	–	–	–
14.	Labib Taimoor	–	–	–	–
15.	Mark Patterson	–	–	–	–
16.	Kenroy Dowers[6]	–	–	–	–

[1] Demise- 17th September 2019
[2] Retired with effect from 31st March 2020
[3] Retired with effect from 3rd March 2020
[4] Retired with effect from 19th March 2019
[5] Retired with effect from 16th September 2019
[6] Appointed with effect from 21st October 2019

Director Appointments

Since the last Annual General Meeting, the following persons were appointed to the Board and being eligible, offer themselves for election:

1. Mrs. Omolola Cardoso
2. Mr. Kenroy Dowers
3. Mr. Joseph Mbulu

Director Retirements

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. Mrs. Obafunke Alade-Adeyefa
2. Mr. Ian Clyne
3. Mrs. Furera Isma Jumare
4. Mr. Adekunle Sonola

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.

Shareholding Analysis
The shareholding pattern of the Bank as at 31st December 2019 is as stated below:

YEAR	AUTHORIZED (N)		ISSUED AND PAID-UP (N)		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	-	N11,000,000	Conversion of Currency (2 ordinary shares of N1.00 each for 1 ordinary share of £1)
1971	-	N20,000,000	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 (N1 to N0.25)
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 (N0.25 to N0.50)
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 N 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	14,560,376,394	Rights Issue
Dec 2018		17,500,000,000	-	14,560,376,394	
Dec 2019	-	17,500,000,000	46,091,875	14,606,468,269	Allotment of LTTIP Shares

Shareholding Analysis

The shareholding pattern of the Bank as at 31st December 2019 is as stated below:

Share Range	Number of Shareholders	Number of Holdings	% Shareholding
1-1,000	306,067	106,439,350	0.36
1,001-5,000	110,567	238,448,206	0.82
5,001-10,000	20,089	136,431,535	0.47
10,001-50,000	14,399	278,550,906	0.95
50,001-100,000	1,358	94,460,272	0.32
100,001-500,000	985	195,211,544	0.67
500,001-1,000,000	101	69,194,036	0.24
1,000,001-5,000,000	108	236,530,038	0.81
5,000,001-100,000,000	28	579,018,265	1.98
100,000,001-500,000,000	4	788,976,562	2.70
	453,706	**2,723,260,714**	**9.32**
Foreign Shareholders			
500,000,001 and above	2	26,489,675,824	90.68
TOTAL:-	**453,708**	**29,212,936,538**	**100.00**

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

Share Range	Number of Shareholders	Number of Holdings	% Shareholding
1-1,000	306,628	106,802,911	0.37
1,001-5,000	111,544	240,799,351	00.83
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	215,468821	0.74
500,001-1,000,000	121	69,194,036	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:-	**456,268**	**29,120,752,788**	**100.00**

According to the register of members as at 31st December 2019, no individual shareholder held more than 5% of the issued share capital of the Bank, except the following:

	Dec. 2019		Dec. 2018	
Shareholder	**Shares Held**	**% of Shareholding**	**Shares Held**	**% of Shareholding**
Atlas Mara Limited	7,471,752,753	25.58	7,299,054,484	25.06
Union Global Partners Limited	19,017,923,071	65.10	19,017,923,071	65.31

Corporate Citizenship

As a socially driven and responsible organisation, we continued to make significant impact through our corporate social responsibility endeavours in 2019. Our Citizenship efforts contributed towards SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health & Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Economic Growth), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities) and SDG 15 (Life on Land).

Our approach is focused on the creation of an enabling environment for our employees to thrive as well as developing 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 efforts 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.

Since 2013, Union Bank has been partnering 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 in 2018/2019, the 20 selected social entrepreneurs benefitted from business advisory services and mentorship opportunities to enable them transform their social change ideas into actual ventures.

In 2019, we also supported Girls Coding Summer Camp in collaboration with Pearls Africa Foundation. 80 young girls from underserved communities in Lagos and Jos got the opportunity to learn coding and use these skills to propound solutions to social problems.

We partnered with Mamamoni Empowerment Foundation to set up an Innovation Hub for low-income women and girls from disadvantaged communities. The vocational training program has been established to enable girls and women build sustainable means of livelihood. It is anticipated that each year, over 400 underprivileged beneficiaries will receive training in vocational skills through the hub.

The Bank also supported the arts and sports by partnering with notable organisations such as Beeta Universal Arts Foundation, Fotofactory Lagos, Special Olympics Nigeria and Osiris Film and Entertainment to nurture talents in Nigeria.

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 2019, we continued our partnership with Gartner Callaway Sustainability Company Ltd. to train and empower 50 women in urban farming. At the end of the one-year cycle, the women, drawn from Human and Environmental Development Agenda (HEDA) – an NGO committed to human rights and women development to promote sustainable societies, were enabled with grow bags to assist them in growing lettuce and kale for sale.

Financial Literacy and Inclusion

As an organisation committed to financial inclusion, Union Bank impacted 7,595 students across Nigeria through its Financial Literacy Day and World Savings Day activities.

In celebration of the World Savings Day on 31st October, 2019, we were in 31 schools across Nigeria to educate students on the importance of developing a savings culture. This year, we adopted the theme "Savings Give Life A Lift" in line with the CBN theme for the celebration. Through this initiative, 3,821 students were impacted by our employees. This campaign reinforces our commitment to achieving the Sustainable Development Goals (SDGs) of Nigeria.

As the secretariat for the CBN Financial Literacy and Public Enlightenment Sub-Committee, we coordinated the financial literacy activities of the banking industry. Through these initiatives, we reached and impacted over 143,000 people.

The Financial Literacy Mentoring Programme (FLMP) covers Union Bank's monthly visits to schools through its Employee Volunteer programme. Over 500 employees participated in this initiative where 1,000 students in 30 schools across the country were impacted.

Employee Engagement Programs

We organised our first nationwide UBN Employee Volunteer Day, themed "Public Health and Wellbeing" which featured a clean-up and recycling exercise. 1,241 employee volunteers from 15 locations in Nigeria were involved in activities which resulted in the collection of 9,441 kg of recyclable waste and 5,282 kg of general waste.

At Union Bank, the month of February is dedicated to wellness. Every year, we promote a culture of inculcating frequent exercise, wholesome diet habits and maintaining a healthy work/life balance through our employee health awareness programme, 'FitFeb'.

Our 2019 FitFeb event was themed "Productivity Boost" with activities designed to improve employees' physical and mental well-being. Employees were also encouraged to eat healthy, stay mobile and active, and schedule their annual health check-ups.

In May 2019, we conducted our annual e-wellness assessment for employees. Employees took the assessment by answering a series of questions that address common medical ailments of working individuals. The questions aimed to gain insights into employees' sleep patterns, stress levels and blood sugar levels, with a view to promoting a healthier lifestyle among employees.

As part of our commitment to promote a healthier lifestyle for our employees, we enhanced our employee HMO Plan to include free gym sessions at 14 well-equipped gyms in various locations across the country. We also launched the Union Bank Employee Assistance Program (UBEAP) in 2019 as a free and confidential counselling service for employees who need support in dealing with the challenges of everyday living, work and health related issues. Under this programme, employees have access to free virtual and physical sessions with professional counsellors.

Donations and Charitable Gifts

We are committed to supporting and championing causes that align with our core values. In 2019, we supported 59 charities nationwide. We also donated 7,500 UnionCares bags to the less privileged. ₦47.3million was donated during the year, up from ₦30.2million in 2018. See breakdown below:

S/N	Organization	Location	Amount (N)
1	UnionCares Donation (Care Bags) to the less privileged	National	16,235,625
2	Donation of Furniture to Ilejemeje Community High School, Ekiti	Ekiti	2,218,400
3	Donation of Furniture to Community Primary School, Umuaga	Enugu	2,068,500
4	Child Lifeline Foundation	National	1,000,000
5	Jamaatu Nasril Islam Comprehensive High School	Kogi	1,000,000
6	Modupe Cole Memorial Child Care and Treatment Home	Lagos	1,000,000
7	Special Olympics Nigeria	National	1,000,000
8	The Children Development Centre	National	1,000,000
9	Arrows of God Orphanage	Lagos	750,000
10	Atunda Olu School (For the Physically and Mentally Challenged)	Lagos	750,000
11	Down Syndrome Foundation Nigeria	National	750,000

12	Hearts of Gold Children's Hospice	Lagos	750,000
13	Pacelli School for The Blind & Partially Sighted Children	Lagos	750,000
14	SOS Children's Villages, Nigeria	National	750,000
15	Winiseph Care Home	Lagos	750,000
16	Care. Organization. Public Enlightenment (Cope)	Lagos	700,000
17	National Orthopedic Special School, Igbobi	National	700,000
18	The Sickle Cell Club	National	700,000
19	Wesley School for The Hearing Impaired 1	Lagos	700,000
20	Wesley School for The Hearing Impaired 2	Lagos	700,000
21	Bethesda Child Support Agency	Lagos	500,000
22	Children Emergency Relief Foundation	National	500,000
23	Children's International School Donation for The Rebuild of Itedo Primary School	Lagos	500,000
24	Manna Children Centre	Lagos	500,000
25	Red Cross Nigeria	Lagos	500,000
26	Adolescent Friendly Research Initiative & Care (Adolfric)	Ekiti	250,000
27	Angels of Hope Foundation	Kano	250,000
28	Cerebral Palsy Center	Lagos	250,000
29	Coalition of Youth for The Promotion of Children's Rights	Yobe	250,000
30	Community Outreach for Educational Change	Kaduna	250,000
31	Courageous Girls Women and Children Initiative	Delta	250,000
32	Dagomo Foundation Nigeria Ltd	Edo	250,000
33	Dazzling Damsels of Virtue Foundation	Enugu	250,000
34	Debachanya Girl Child Empowerment Initiative	Niger	250,000
35	Eco Clean Action	Adamawa	250,000
36	Flip Book Foundation for Literacy	Lagos	250,000
37	Foundation for Rescue of Abandoned African Children	Oyo	250,000
38	Genius Eyes International Foundation	Imo	250,000
39	G-Insight Foundation	Kogi	250,000
40	Girl Child Care Advancement Initiative	Nasawara	250,000
41	House of Hilkiah Foundation	Benue	250,000
42	Integrated Women and Youth Empowerment Centre	Taraba	250,000
43	Ishiba Development and Empowerment Centre	Abuja	250,000
44	Lagos Food Bank Initiative	Lagos	250,000
45	Life Helpers Initiative	Sokoto	250,000
46	Mafita Foundation	Katsina	250,000
47	Mallpai Foundation	Kebbi	250,000
48	Naza Agape Foundation	Plateau	250,000
49	Obanna Gender Care Foundation	Anambra	250,000
50	Phoenix-Royal Foundation	Ogun	250,000
51	Plogging Nigeria	Osun	250,000
52	Rural Health Mission Nigeria	Gombe	250,000

53	Rural Nurture Initiative	Oyo	250,000
54	Seeddev (Information Technology Seed Development Initiative)	Ondo	250,000
55	Shenation	Bauchi	250,000
56	Sickle Cell Awareness Forum	Rivers	250,000
57	Sophys Ovie Foundation	Bayelsa	250,000
58	Spinal Cord Injuries Association of Nigeria (SCIAN)	Lagos	250,000
59	Teens Dream Initiative	Kwara	250,000
60	The Bridge Leadership Foundation (Tblf)	Cross River	250,000
61	The Rescuer and Friends Foundation	Ebonyi	250,000
62	Uduak Charles Diaries	Akwa -Ibom	250,000
63	Vigilant Heart Charitable Society	Lagos	250,000
64	Young Aid International Humanitarian Organization (Yai)	Borno	250,000
65	Young Minds Foundation	Jigawa	250,000
66	Zamfara Youth Charity Organisation	Zamfara	250,000
67	Zinnok Initiatives for Women and Children	Abia	250,000
	Total		**47,272,525**

Our Approach to Sustainability

We recognise that good business is strongly linked to sustainable practices and our sustainability journey is a deliberate decision to enable the success of our people.

In 2019, 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 (Quality education), SDG 5 (Gender equality), SDG 7 (Clean Energy), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable cities), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 14 (Life below Water) and SDG 15 (Life on Land).

Sustainable banking integrates environmental, social and governance (ESG) criteria into traditional banking and sets ESG benefits as a key objective.

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 empowerment initiatives.

Sustainability Initiatives

- **Environmental Responsibility**

  As an environmentally responsible Bank, Union Bank prioritises 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. Employees are expected to shut down all computers and unplug all power consuming equipment before leaving the office.

- **Recycling**

  Our Environmental and Social 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 and over 20 branches. We currently have a total of 87 recycling branches in Lagos, Abuja, Ogun, Edo and Kwara states.

  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 Union Bank Idi-Araba branch emerged winner with a total recycling weight of 1,726kg and recycling weight of 86.30kg per employee. They were conferred the 2019 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 well 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. We have adopted 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.

  Across our alternative channels, we have also ensured that we are as energy efficient as possible. To date, we have over 61 ATMs and 99 branches which are solar powered with three fabricated panel buildings and three container buildings.

- **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 2019, under our direct supervision and coordination, over 143,000 students were impacted during these celebrations.

  We are dedicated to forming alliances and partnerships at both institutional and sector levels 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.

  - **Citizenship, Sustainability and Innovation (CSI) Report**

    We published our third CSI report showing our activities and accomplishments across these key areas. This report is accessible to the general public on the Bank's website.

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

    In 2019, to demonstrate our commitment and ensure our activities comply with local and international standards, we submitted our second 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 NSBP Performance

Principles	Description	Our Performance
Principle 1	Our Business Activities	We make use of a robust risk management framework which applies to all financial products and services. 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 efforts to further increase our progress in sustainability. • 95% of our branches are sustainable. • We have 99 solar-powered branches and 61 solar-powered ATMs. • Our efforts also include the use of energy efficient equipment- light bulbs, air-conditioning systems, motion-sensor lighting and escalators. • We 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 87 recycling locations. • 1,641 employees involved in volunteering activities and spent a total of 4,515 hours.
Principle 3	Human Rights	Our employment policies and management practices support our customer needs, are aligned with an inclusive workplace culture and guided by our human rights policy. Our employment practices address gender diversity, indigenous employment, and support for physically challenged persons including providing relevant learning and development opportunities for our people. • 30 employees utilised the grievance mechanisms. • We have 5 physically challenged employees and 185 branches (64%) friendly to physically challenged individuals. • 13,241 retired employees granted access to free healthcare. • Under our UnionCares platform, we donated 7,500 gift bags to 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 our collaborative partnerships, we have demonstrated that we are a bank with an investment-led approach to female economic empowerment. • 42% of our total employees are female with 26% women in management positions and female representation on the Board of Directors is at 21%. • In 2019, 53% of management trainees were female. • 39% of total capacity building expenditure was spent on female employees and we held masterclasses across three states in Nigeria through our internal women's network, WeHub. • 21% of total loan portfolio was on lending to women. • We trained and empowered 50 women in Urban Farming and awarded 40 scholarships to women entrepreneurs.

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 launched our women's proposition, alpher to enable women owned and led businesses enjoy access to low cost long tenor funding, business advisory services, and capacity building for businesses. • 185 branches are easily accessed by physically challenged persons and we have 3,136 banking Agents nationwide. • We direct, supervise and coordinate the bank-wide Financial Literacy Day, World Savings Day and Fraud Awareness campaigns.
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 2019, we conducted internal and external sustainability audits.
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 2019, we conducted: • Two sustainability trainings for employees. • Three masterclass trainings for our women. • We created mentorship relationships through our capacity building programs such as Internships, Union Leadership Initiative and Management Trainee Program. • We also impacted 20 social entrepreneurs through the Social Innovators Programme and Awards. • We awarded 40 scholarships to women entrepreneurs to build their capacity through the Enterprise & Leadership Program (ELP) organised by China Europe International Business School (CEIBS) in partnership with Leading Ladies Africa. • We supported 5 out-of-school children through our Bottles for Books initiative.
Principle 8	Collaborative Partnerships	We are dedicated to forming alliances and partnerships at both institutional and sector levels and fostering international relationships with global entities that have similar environmental and social development goals. We have strong representation on the following local and international industry level committees: • United Nations Global Compact (UNGC) • 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 • 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 • 2019 Annual Report • Publication of the third edition of our Citizenship, Sustainability and Innovation (CSI) Report • Publication of our 2019 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.

In the event of any employee becoming incapacitated 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 (2018: 5 persons) on its staff list with physical disabilities.

Health, Safety and Welfare of Employees

The Bank maintains business premises designed to guarantee the health and safety 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.

Workforce Diversity

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) Physically Challenged Persons

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'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 challenges.

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.

Total Workforce

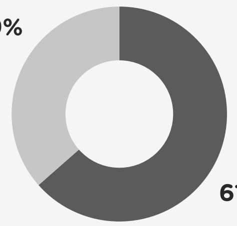
2019
2362

Men
1446
Women
916

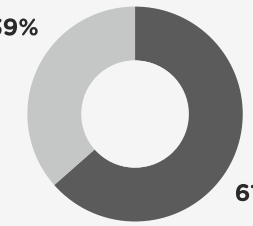
2018
2593

Men
1612
Women
981

2019



2018



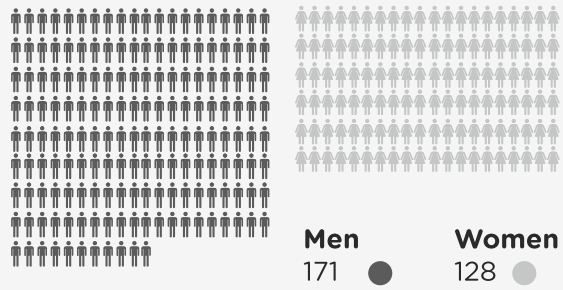
Recruitment During the Year

2019

Men
121

Women
93

2018



Men
171

Women
128

Diversity of Senior Management - Assistant General Manager to General Manager

2019

Men
25

Women
9

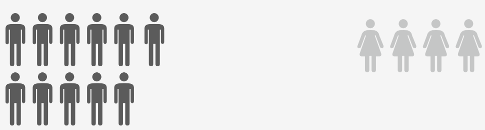
2018

Men
29

Women
9

Diversity of Board Members

2019



Men
11

Women
4

2018

Men
11

Women
3

Credit Ratings

CBN mandates all banks to be rated by a credit rating agency. The ratings are to be updated on a continuous basis from year to year. In 2019, the Bank engaged the services of rating agencies:

- **Agusto & Co.**
  Rating - Local Currency: A-(NG) (2018:A-NG)
  Outlook: Stable (2018:Stable)

- **Global Credit Ratings**
  Long term: BBB+(NG) (2018: BBB+NG)
  Outlook: Stable (2018: Stable)
  Short term: A2(NG) (2018: A2(NG)

- **Moody's Investor Services**
  Long Term Bank Deposits (Local Currency): B2 (2018: B2)
  Outlook: Negative (2018: Stable)
  National Scale Rating Long Term Bank Deposits (Local Currency): A2.ng (2018: A2.ng)
  National Scale Rating Long Term Bank Deposits (Foreign Currency): A3.ng (2018: A3.ng)

- **Fitch Ratings**
  Long-Term Issuer Default Rating (IDR): B- (2018: B-)
  Outlook: Stable (2018: Stable)
  Viability Rating : b- (2018: b-)
  Support Rating: 5 (2018: 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.

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 will be concluded as soon as the litigation is resolved.

Events after Reporting Date

Subsequent to year end, the Group is in the process of concluding the sale of Union Bank UK in line with its divestment plan. There were no other subsequent events which could have had material effect on the financial statements of the Bank as at 31st December 2019 and the profit for the year ended on that date, which have not been adequately provided for or disclosed.

Auditor

The tenure of the Bank's auditor, Messrs KPMG Professional Services, was 10 years at the financial year ended 31st December 2019. In accordance with section 5.2.12 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks and Discount Houses in Nigeria, Messrs KPMG Professional Services will not be eligible for reappointment as the Bank's auditor at the next Annual General Meeting.

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
FRC/2013/NBA/00000002061
Company Secretary
Lagos Nigeria
12th February, 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2019

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 Nigeris,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 (CBN) Guidelines and Circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act Cap C.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
12th February, 2020

Beatrice Hamza Bassey
Ag. Board Chair
FRC/2020/003/00000020477
12th February, 2020

REPORT OF THE STATUTORY AUDIT COMMITTEE
FOR THE YEAR ENDED 31ST DECEMBER 2019

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 31st December 2019 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 18th February 2004 on "Disclosure of insider related credits in the financial statements of banks". The balance has been disclosed in Note 49 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
12th February, 2020

Members of the Statutory Audit Committee are:

- Matthew Akinlade - Chairman
- Adeolu Akinsanya - Member
- Marcel Ojinka - Member
- Obafunke Alade-Adeyefa - Member
- Isma Furera Jumare - Member

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March 08, 2020

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UNION BANK OF NIGERIA PLC ("UBN") FOR THE YEAR ENDED 31ST DECEMBER 2019

In line with the provisions of **Section 2.8.3 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria ("the Code"), Section 15 of the Securities Exchange Commission (SEC) Code of Corporate Governance**, and **Section 15.1 of the Nigerian Code of Corporate Governance (NCCG),** DCSL Corporate Services Limited was appointed to undertake an appraisal of the Board of Directors of Union Bank of Nigeria Plc ("UBN") for the year-ended 31st December 2019. The appraisal entailed a review of the Bank's corporate and statutory documents, the Minutes of Board and Board Committee meetings, policies and other ancillary documents made available to us. We also administered Board and Peer Review Surveys to the Directors.

The essence of the review was to ascertain the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the CBN and SEC Codes and the NCCG and covered 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.

Following the review of the policies and processes operating in the Bank and the performance of our requisite procedures, we confirm that the Board of Directors is committed to ensuring prime corporate governance practices and adherence to the principles enshrined in the CBN and SEC Codes of Corporate Governance, the NCCG as well as globally accepted best practices. Furthermore, we confirm that the Board is committed to setting the pace for observance of highest ethical standards and transparency in the conduct of the Bank's business. Our findings from the Directors' Peer Assessment and Chairman's Leadership Assessment indicate that individual Directors discharged, satisfactorily, their governance responsibilities, performed creditably against the set yardsticks and continue to demonstrate strong commitment to enhancing the Bank's growth.

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

Yours faithfully,

For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director
FRC/2013/NBA/00000002716

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UNION BANK OF NIGERIA PLC FOR THE YEAR ENDED 31 DECEMBER 2019

DCSL Corporate Services Limited was appointed, in line with the provision of **Section 2.8.3 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria ("the CBN Code")**, to undertake an appraisal of the Board of Directors of Union Bank of Nigeria Plc ("UBN") for the year-ended 31st December 2019. The CBN Code aims to promote a transparent and efficient banking system that will engender good governance and encourage division of responsibilities in a professional and objective manner. Thus, **Section 2.8.1 of the CBN Code** mandates every Bank to carry out an annual review/appraisal of the performance of the Board, that of its Committees and individual Directors to serve as a score card for the assessment of the Board's performance in the prior year, and a benchmark for improved performance in subsequent years.

Our appraisal, conducted on a test basis, was carried out benchmarking the performance of the Board against the provisions of the Code as well as International best practices as guidelines. The review entailed qualitative assessment of the Board's processes, operations and effectiveness during the period-ended 31st December 2019. We reviewed the Bank's corporate and statutory documents, Minutes of Board and Board Committee meetings, policies and other ancillary documents made available to us. We also administered Board Performance and Peer Review Surveys to the Directors.

Having undertaken the above review, we hereby affirm that the Board of Union Bank of Nigeria Plc, during the period, recorded an impressive performance against the provisions of the CBN Code. We have, however, observed some gaps during the review exercise and proffered appropriate recommendations to the Board in our detailed Report.

Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UNION BANK OF NIGERIA PLC FOR THE YEAR ENDED 31 DECEMBER 2019

DCSL Corporate Services Limited was appointed, pursuant to **Section 15.6 of the Code of Corporate Governance for Public Companies in Nigeria, 2011, issued by the Securities and Exchange Commission (called herein, "SEC Code"),** to evaluate the performance of the Board of Directors of Union Bank of Nigeria Plc for the 2019 financial year and ascertain the extent of its compliance with the SEC Code and other corporate governance best practices, identify lapses (if any) and proffer recommendations to further strengthen the Corporate Governance practice in place at the Bank.

The SEC Code seeks to promote highest standard of transparency, accountability and corporate governance, without unduly inhibiting enterprise and innovation and align corporate governance practices in public companies in Nigeria with contemporary developments and international best practices. While **Section 15.6 of the SEC Code** empowers the Board to appoint external consultants to carry out this appraisal, **Sections 15.1 and 15.2 of SEC Code,** go further by requiring the Board to establish a system that enables a formal and rigorous annual evaluation of its own performance, that of its Chairman and individual directors, and Committees. The requisite criteria and key performance indicators together with targets should be set for the Board, Board Committees, the Chairman and each individual member.

Following our review, we hereby affirm that the Board of Union Bank of Nigeria Plc, in the period, substantially complied with the provisions of the SEC Code as well as other key corporate governance principles and best practices. We have brought to the Board's attention a few gaps observed during the review exercise and have proffered appropriate recommendations in this regard.

Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716

REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF UNION BANK OF NIGERIA PLC FOR THE YEAR ENDED 31 DECEMBER 2019

We appraised the performance of the Board of Directors of Union Bank Plc for the financial year ended December 31st 2019 in accordance with the parameters set in **Section 14 of the Nigerian Code of Corporate Governance, 2018 (called herein, "the NCCG")**, issued by the Financial Reporting Council of Nigeria.

Using the NCCG as a benchmark, we analysed the information extracted from the review of governance documents and questionnaires administered on the Directors to enable us identify corporate governance gaps, highlight the implications thereof and make recommendations for improvement. Other documents reviewed include Board packs, Board and Committee minutes, regulatory returns and reports, Company policies among others. The basis of our analysis of the documents was to ascertain if sound corporate governance measures were in place and to determine the level of the Company's compliance with extant laws, regulations and codes, particularly the NCCG.

We confirm the Board of Directors of Union Bank of Nigeria Plc performed creditably against the parameters set out in the NCCG. Our detailed findings and recommendations, in line with the provisions of **Section 14.4 of the NCCG**, have been communicated to and discussed with the Board while the performance results for the individual Directors have been communicated to them.

Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716

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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, 2019, 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 68 to 183.

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, 2019, 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 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.

Contingent liabilities

The Bank is involved in a number of legal actions in the ordinary course of business with contingent liabilities amounting to N6.95 trillion as at 31 December 2019 (2018: N6.92 trillion).

Included in the litigation are two significant legal cases with total claims of N6.62 trillion in which judgement have been given against the Bank and other co-defendants by the Federal High Court (FHC) in prior years and where the Bank's appeal against the judgments are currently pending before the appellate courts.

This is considered a key audit matter in the consolidated and separate financial statements given the magnitude of the amount involved and judgment made by the directors in determining that no provision is required.

How the matter was addressed in our audit

Our audit procedures amongst others included the following:

- We assessed the process set up by the Group for the identification of legal claims, litigations and other contingent liabilities. We evaluated the Group's assessment of the nature and status of the reported litigations and discussed with the internal legal counsel to understand the legal position and the basis of provision recognized where applicable.

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

- Where the Group has appealed to a higher court for unsuccessful litigation and the Group has made no provision, we evaluated the Group's assessment of probable outflow of resources based on responses received from the external independent legal counsels.

- We assessed the appropriateness and extent of contingent liability disclosures in compliance with the relevant accounting standards.

Refer to the Note 3 (w) in the Group Accounting policies and Note 36 and 42(a) to the consolidated and separate financial statements.

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.

The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices which are estimated from financial data obtained within and outside the Group, as inputs into complex financial models.

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 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 inflation rate, exchange rate and Gross Domestic 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 volume of 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, make the impairment of loans and advances to customers a matter of significance to the audit.

KPMG

How the matter was addressed in our audit

Our audit procedures amongst others included the following:

- We tested management review of credit risk grades allocated to counterparties. This key control covers processes such as review of external data into the impairment model and monitoring the performance of loans and advances. 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 unbiased and 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, as expected by the relevant accounting standards.

- 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 available industry knowledge about the obligors.

- We assessed the key data and assumptions for the data input into the ECL model used by the Group 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 comparing with 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 loans and advances between default and non-default categories.

KPMG

(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 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 and validated key inputs.

- We assessed whether disclosures in these financial statements appropriately reflect the Group's exposure to credit risk including collateral information.

Refer to Note 3c in the Group accounting policies, Notes 5b to 5j in the credit risk disclosures and Note 23 to the consolidated and separate financial statements.

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the Corporate Information, Corporate Governance report, Directors' report, Statement of Directors' responsibilities, Report of the Audit Committee and Other National Disclosures, which we obtained prior to the date of this auditors' report. It also includes other information such as the Notice of Annual General Meeting, Union Bank at a Glance, Corporate Profile, Chairman's statement, Chief Executive Officer's Statement, Profile of Board Members and Sales center locations (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.

KPMG

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 B3, 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.

KPMG

- 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.

KPMG

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 Cap B3, Laws of the Federation of Nigeria, 2004 during the year ended 31 December 2019. Details of penalties paid are disclosed in note 46 to the financial statements.

ii. Related party transactions and balances are disclosed in note 45 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Adegoke A. Oyelami, FCA
FRC/2012/ICAN/00000000444
For: KPMG Professional Services
Chartered accountants
27 February 2020
Lagos Nigeria

0868890

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

For the Year ended

		Group		Bank	
	Notes	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
		₦ million	₦ million	₦ million	₦ million
Gross earnings	9(a)	**166,545**	**145,517**	**159,861**	**140,066**
Continued operations					
Interest income	9(b)	**117,071**	105,281	**116,524**	**104,792**
Interest expense	9(c)	**(64,551)**	(53,685)	**(64,839)**	**(53,867)**
Net interest income		**52,520**	51,596	**51,685**	**50,925**
Net impairment (charge)/credit for credit losses	14(a)	**(184)**	3,897	**(184)**	3,897
Net interest income after impairment charge for credit losses		**52,336**	**55,493**	**51,501**	**54,822**
Fee and commission income	10	**14,962**	13,367	**14,962**	13,323
Fee and commission expense	10	**(3,649)**	(2,468)	**(3,649)**	(2,468)
Net fee and commission income		**11,313**	10,899	**11,313**	10,855
Net trading income	11	**8,198**	8,410	**8,198**	8,410
Cash recoveries		**8,760**	3,940	**8,760**	3,940
Net income from other financial instruments at fair value through profit or loss	12	**7,123**	5,556	**7,123**	5,556
Other operating income	13	**7,443**	5,518	**7,943**	6,513
Non interest income		**42,837**	**34,323**	**43,337**	**35,274**
Operating income		**95,173**	**89,816**	**94,838**	**90,096**
Net impairment write-back/(loss) on other financial assets	14(b)	**688**	(382)	**688**	(382)
Net operating income after net impairment write-back/(loss) on other financial assets		**95,861**	**89,434**	**95,526**	**89,714**
Personnel expenses	15	**(33,398)**	(32,560)	**(33,255)**	(32,324)
Depreciation of property and equipment	29(c)	**(5,801)**	(5,166)	**(5,791)**	(5,156)
Amortisation of intangible assets	30	**(1,927)**	(1,543)	**(1,927)**	(1,543)
Other operating expenses	16	**(29,891)**	(32,093)	**(29,807)**	(32,031)
Total expenses		**(71,017)**	**(71,362)**	**(70,780)**	**(71,054)**
Profit before income tax		**24,844**	**18,072**	**24,746**	**18,660**
Income tax expense	17	**(478)**	(310)	**(371)**	(222)
Profit for the year from continued operations		**24,366**	**17,762**	**24,375**	**18,438**
(Loss)/Profit for the year from discontinued operations	43	**(4,491)**	331	-	-
Continuing and discontinued operations:					
Profit before tax		**20,353**	18,453	**24,746**	18,660
Income tax		**(478)**	(360)	**(371)**	(222)
Profit after tax		**19,875**	18,093	**24,375**	18,438

	Notes	Group		Bank	
		Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
		₦ million	₦ million	₦ million	₦ million
Other comprehensive income, net of income tax					
Items that will never be reclassified to profit or loss					
- net change in fair value.		-	889	-	889
Remeasurement of defined benefit liability	39	**(411)**	226	**(411)**	226
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		**613**	2,340	**-**	-
Fair value gains/(losses) on debt instruments at FVTOCI		**7,494**	(6,186)	**7,527**	(5,971)
Other comprehensive income for the year		**7,696**	(2,731)	**7,116**	(4,856)
Total comprehensive income for the year		**27,571**	**15,362**	**31,491**	**13,582**
Profit attributable to:					
Equity holders of the Bank		**19,608**	17,648	**24,375**	18,438
Non-controlling interest	45	**267**	445	**-**	-
Profit for the year		**19,875**	18,093	**24,375**	18,438
Total comprehensive income attributable to:					
Equity holders of the Bank		**27,304**	14,971	**31,491**	13,582
Non-controlling interest	45	**267**	391	**-**	-
Total comprehensive income for the year		**27,571**	15,362	**31,491**	13,582
Earnings per share for profit from continuing operations attributable to equity holders of bank					
Basic and diluted (Kobo)	18	**83**	59	**84**	63
Earnings per share for profit from discontinued operations attributable to equity holders of Bank					
Basic and diluted (Kobo)	18	(15)	1	-	-

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. 2019 ₦ million**	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
ASSETS					
Cash and cash equivalents	19	**320,303**	233,566	**320,707**	159,028
Non-pledged trading assets	20	**23,322**	14,271	**23,322**	14,271
Pledged assets	21	**20,150**	48,839	**20,150**	48,839
Derivative assets held for risk management	22	**7,081**	1,029	**7,081**	1,029
Loans and advances to customers at amortised cost	23	**550,613**	473,462	**550,613**	428,037
Investment securities	25	**257,085**	199,317	**253,633**	175,068
Trading properties	26	**187**	187	**187**	187
Investment properties	27	**5,701**	5,030	**-**	-
Investment in subsidiaries	28	**-**	-	**2,195**	10,567
Right of Use Assets	31	**2,921**	-	**2,921**	-
Property and equipment	29	**57,968**	59,954	**57,934**	59,830
Intangible assets	30	**5,382**	6,045	**5,381**	5,628
Deferred tax assets	32	**95,875**	95,875	**95,875**	95,875
Other assets	33	**361,711**	324,276	**361,973**	324,003
Defined benefit assets	39(a)	**1,395**	1,610	**1,395**	1,610
		1,709,694	**1,463,461**	**1,703,367**	**1,323,972**
Assets classified as held for sale	43	**162,537**	397	**8,372**	325
TOTAL ASSETS		**1,872,231**	**1,463,858**	**1,711,739**	**1,324,297**
LIABILITIES					
Derivative liabilities held for risk management	22	**2,111**	1,120	**2,111**	1,117
Deposits from banks	34	**-**	99,477	**-**	-
Deposits from customers	35	**886,263**	857,593	**886,328**	844,413
Current tax liabilities	36	**486**	581	**380**	232
Deferred tax liabilities	32	**226**	262	**-**	-
Other liabilities	37	**433,114**	169,654	**436,262**	168,827
Lease Liabilites	38	**1,651**	-	**1,651**	-
Employee benefit obligations	39	**842**	788	**840**	786
Debt securities issued	40	**13,947**	13,860	**13,947**	13,860
Long term subordinated bond	41	**29,104**	-	**29,104**	-
Other borrowed funds	42	**109,924**	94,891	**109,924**	94,975
		1,477,668	**1,238,226**	**1,480,547**	**1,124,210**
Liabilities classified as held for sale	43	**142,221**	-	-	-
TOTAL LIABILITIES		**1,619,889**	**1,238,226**	**1,480,547**	**1,124,210**
EQUITY					
Share capital	44	**14,607**	14,561	14,607	14,561
Share premium	44	**133,235**	187,091	133,235	187,091
Retained earnings/(accumulated losses)	44	**21,437**	(44,380)	23,323	(47,736)
Other reserves	44	**76,520**	62,084	60,027	46,171
TOTAL EQUITY EXCLUDING NON-CONTROLLING INTEREST		**245,799**	**219,356**	**231,192**	**200,087**
Non-controlling interest	45	**6,543**	6,276	**-**	**-**
TOTAL EQUITY		**252,342**	**225,632**	**231,192**	**200,087**
TOTAL LIABILITIES AND EQUITY		**1,872,231**	**1,463,858**	**1,711,739**	**1,324,297**

Signed on behalf of the Board of Directors on 12 February 2020 by:

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

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

Beatrice Hamza Bassey
Ag. Board Chair
FRC/2020/003/00000020477

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 period ended 31 December 2019

Group	Share capital	Share premium	Statutory reserve	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2019	14,561	187,091	28,797	14,482	-	282	1,436	17,087	(44,380)	219,356	6,276	225,632
Adjustment on initial application of IFRS 16, net of tax (See Note 4(b))	-	-	-	-	-	-	-	-	(176)	(176)	-	(176)
Restated balance at 1 January 2019 (see Note 4(b))	14,561	187,091	28,797	14,482	-	282	1,436	17,087	(44,556)	219,180	6,276	225,456
Total comprehensive income												
Profit for the year	-	-		-	-	-	-	-	19,608	19,608	267	19,875
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	-	-	-	(591)	-	-	-	-	-	(591)	-	(591)
Remeasurement of defined benefit liability	-	-	-	-	-			(411)	-	(411)	-	(411)
Items that are or may be reclassified subsequently to profit or loss												
Net change in fair value for debt securities classified as fair Value through Other comprehensive income												
- net change in fair value	-	-	-	7,494	-	-	-	-	-	7,494	-	7,494
Expected credit loss reserve on debt securities	-	-	-	-	-			15	-	15	-	15
Foreign currency translation difference	-	-	-	-	-	-	-	613	-	613	-	613
Appropriation:												
Transfer from regulatory reserves	-	-	-	-	3,331	-	922	-	(4,253)	-	-	-
Transfer to/(from) other reserves	-	(54,458)	3,656	(311)	-	-	-	-	51,113	-	-	-
Total comprehensive income	-	(54,458)	3,656	6,592	3,331	-	922	217	66,468	26,728	267	26,995
Transactions with equityholders of the Bank												
Contributions by and distributions to owners												
Dividend paid to Non controlling interest	-	-	-	-	-	-		-	(475)	(475)	-	(475)
Equity-settled share-based payment	46	602	-	-	-	(282)		-	-	366	-	366
Total contribution and distributions to owners	46	602	-	-	-	(282)	-	-	(475)	(109)	-	(109)
Balance at 31 December 2019	**14,607**	**133,235**	**32,453**	**21,074**	**3,331**	**-**	**2,358**	**17,304**	**21,437**	**245,799**	**6,543**	**252,342**

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	-	-	-	(20,400)	(71,027)	-	-	-	(41,565)	(132,992)	-	(132,992)
Restated balance at 1 January 2018	14,561	187,091	26,031	20,167	-	193	-	14,484	(57,878)	204,649	5,831	210,480
Total comprehensive income												
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/(from) other reserves	-	-	2,766	(388)	-	-	1,436	-	(3,814)	-	-	-
Total comprehensive income	-	-	2,766	(5,685)	-	-	1,436	2,603	14,038	15,158	445	15,603
Transactions with equityholders of the Bank												
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**

Consolidated and Separate Statements of Changes in Equity

For the period ended 31 December 2019

Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2019	14,561	187,091	28,797	13,335	-	282	1,436	2,322	(47,736)	200,087
Adjustment on initial application of IFRS 16, net of tax (See Note 4(b))	-	-	-	-	-	-	-	-	(176)	(176)
Restated balance at 1 January 2019 (see Note 4(b))	14,561	187,091	28,797	13,335	-	282	1,436	2,322	(47,912)	199,911
Total comprehensive income										
Profit or loss	-	-		-	-	-	-	-	24,375	24,375
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	-	-	-	(591)	-	-	-	-	-	(591)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	(411)	-	(411)
Items that are or may be reclassified subsequently to profit or loss										
Movement in fair value reserves (debt instruments)										
Net change in fair value for debt securities classified as fair Value through Other comprehensive income	-	-	-	7,527	-	-	-	-	-	7,527
Expected credit loss reserve on debt securities	-	-	-	-	-	-	-	15	-	15
Appropriation:										
Transfer to regulatory reserves	-	-	-	-	3,331	-	-	-	(3,331)	-
Transfer to/(from) other reserves	-	(54,458)	3,656	(311)	-	-	922	-	50,191	-
Total comprehensive income for the year	-	(54,458)	3,656	6,625	3,331	-	922	(396)	71,235	30,914
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment	46	602	-	-	-	(282)	-	-	-	366
Total contribution and distributions to owners	46	602	-	-	-	(282)	-	-	-	366
Balance at 31 December 2019	**14,607**	**133,235**	**32,453**	**19,960**	**3,331**	**-**	**2,358**	**1,925**	**23,323**	**231,192**

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
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	-	-	-	(20,400)	(71,027)	-	-	-	(41,517)	(132,944)
Restated balance at 1 January 2018	14,561	187,091	26,031	18,805	-	193	-	2,058	(62,564)	186,175
Total comprehensive income										
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/(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 equityholders of the Bank										
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**

Consolidated and Separate Statements of Cash Flows

For the period ended

	Notes	**Group December 2019**	Group December 2018	**Bank December 2019**	Bank December 2018
Cash flows from operating activities					
Profit for the year		**19,875**	18,093	**24,375**	18,438
Income tax expense	17	**478**	360	**371**	222
Profit before tax		**20,353**	18,453	**24,746**	18,660
Adjustments for:					
Impairment (write-back)/losses on loans and advances to customers	52	**(9,342)**	(3,209)	**(9,342)**	(3,732)
Modification of financial assets		**9,480**	-	**9,480**	-
Impairment charge on cash and cash equivalents	14(a)	**12**	68	**12**	68
Impairment write-back on debt securities	14(a)	**(16)**	(29)	**(16)**	(29)
Impairment write-back on contingent assets	14(a)	**50**	(204)	**50**	(204)
Recoveries on loans and advances to customers		**-**	(3,940)	**-**	(3,940)
Allowances on other assets	14(b)	**-**	382	**-**	382
Reversal of impairment on other assets	14(b)	**(688)**	-	**(688)**	-
Write-off of property and equipment	29	**(3)**	-	**-**	-
Gain on sale of property and equipment	13	**(965)**	(634)	**(965)**	(393)
Gain on disposal of equity investment	13	**(228)**	(1,254)	**(300)**	(1,254)
Depreciation of property and equipment	29	**5,262**	5,221	**5,262**	5,156
Amortisation of intangible assets	30	**1,927**	1,762	**1,927**	1,543
Dividend income from equity investment	13	**(1,172)**	(972)	**(1,790)**	(2,309)
Interest paid on borrowings	9	**17,234**	15,859	**17,234**	15,859
Increase in plan assets	39(a)(iii)	**(18)**	(1,120)	**(18)**	(1,069)
Contributions to defined contribution plans	15	**628**	759	**628**	623
Increase in liability for defined benefit plans	15	**(17)**	561	**(17)**	560
		42,497	31,703	**46,203**	29,921
Changes in					
Financial assets at fair value through profit or loss	52(i)	**(9,051)**	5,805	**(9,051)**	5,805
Pledged assets	52(ii)	**28,689**	5,240	**28,689**	5,240
Loans and advances to customers	52(iii)	**(85,486)**	(82,202)	**(122,714)**	(64,754)
Right of use asset	52(iv)	**(2,921)**	-	**(2,921)**	-
Other assets	52(v)	**(36,177)**	(32,850)	**(38,106)**	(33,562)
Derivative financial instruments-assets	52(vi)	**(6,052)**	268	**(6,052)**	268
Derivative financial instruments-liabilities	52(vi)	**991**	148	**994**	145
Deposits from banks	52(vii)	**(99,477)**	(654)	**-**	(10,686)
Deposits from customers	52(viii)	**28,670**	55,209	**41,915**	47,705
Lease liabilities	52(ix)	**1,475**	-	**1,475**	-
Change in other liabilities	52(x)	**263,791**	55,971	**267,801**	58,771
		126,949	38,638	**208,233**	38,853
Income tax paid	36	**(375)**	(318)	**(223)**	(261)
Payment of defined contribution plan	39(a)(i)	**(636)**	(794)	**(636)**	(658)
Payment of long service award	39(b)(ii)	**(56)**	(540)	**(56)**	(540)
Cashflows from discontinued operations		**5,775**			
Net cash provided by/(used in) operating activities		**131,657**	36,986	**207,318**	37,394

Cash flows from investing activities					
Acquisition of investment properties	27	(671)	(79)	-	-
Proceeds from sale of trading properties	13(c)	-	967	-	326
Proceeds from sale of unquoted equity investment	13(a)	-	1,256	-	1,256
Proceeds from sale of property and equipment	13(b)	1,827	938	1,828	702
Proceed/(acquisition) of investment securities	52(xi)	(50,046)	(18,929)	(71,614)	(4,794)
Acquisition of property and equipment	29	(3,575)	(9,616)	(3,575)	(9,610)
Acquisition of intangible assets	30	(1,516)	(3,500)	(1,517)	(3,222)
Proceeds from sales of assets held for sale		625	-	625	-
Dividend income received	13	1,172	972	1,790	2,309
Cashflows from discontinued operations		(5,272)	-	-	-
Net cash generated from/(used in) investing activities		**(57,456)**	**(27,990)**	**(72,463)**	**(13,033)**
Cash flows from financing activities					
Inflow from other borrowings	52(xii)	30,133	25,207	30,133	25,207
Repayment of borrowings	52(xii)	(15,100)	(23,527)	(15,184)	(25,968)
Interest paid on borrowings	9	(17,550)	(15,859)	(17,550)	(15,859)
Inflow from debt securities issued		87	13,860	87	13,860
Inflow from bond issued	41	29,420	-	29,420	-
Dividend paid to non-controlling interest		(475)	-	-	-
Net cash generated from/(used in) financing activities		**26,515**	**(319)**	**26,906**	**(2,760)**
Net increase/(decrease) in cash and cash equivalents		100,716	8,676	161,761	21,601
Cash and cash equivalents at beginning of year		233,566	222,577	159,028	137,497
Net change in cash and cash equivalent from discontinued operation		(14,518)	-	-	-
Effect of exchange rate fluctuations on cash held		621	2,383	-	-
Cash and cash equivalents at end of period	19	**320,385**	**233,636**	**320,789**	**159,098**

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 2019

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 Group as at and for the year ended 31 December 2019 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 one of the subsidiary's shareholders.

2 Basis of Accounting

(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.

The financial statements were authorised for issue by the Board of Directors on 12 February 2020.

(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 (FVTPL) are measured at fair value.
- financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value.
- 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.
- derivatives financial instrument held for risk management are measured at fair value.
- assets and liabilities 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 realisable 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 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. 2019 ₦ million	Bank Dec. 2018 ₦ million
IFRS-based impairments:			
Impairment on Cash and cash equivalents	19	**82**	70
Impairment on loans to customers	23	**44,685**	68,783
Impairment on equity accounted investee	24	**91**	91
Impairment on investment securities	25	**33**	63
Impairment on other assets	33	**6,231**	6,658
Impairment on Letters of credit and financial guarantees	37	**257**	207
Provision for claims and contingencies	37	**2,595**	3,070
		53,974	78,942
Prudential provisions:			
Specific provision on loans to customers		**-**	70
General provision on loans to customers		**26,133**	38,762
Interest in suspense		**14,224**	11,690
Specific provision on investment securities		**7,684**	5,116
Impairment on cash and cash equivalents		**-**	91
Specific impairment on equity accounted investee		**-**	63
Provision for claims and contingencies		**6,669**	6,658
Specific provision on other assets		**2,595**	3,070
		57,305	65,520
Regulatory risk reserve		**3,331**	-

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

	Dec. 2019 ₦ million	Dec. 2018 ₦ million
Balance, beginning of the year	**-**	71,027
Effect of transition to IFRS 9	**-**	(71,027)
Transfer during the year	**3,331**	-
Balance, end of the year	**3,331**	-

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 transactions.

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.

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 resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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 currrency gain or loss on monetary items is the difference between the amortised cost in the functional currrency 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 monetary assets are recognised in profit or loss.

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

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.

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 other comprehensive income 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
- Interest expense on lease liabilities

(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.

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 recognised 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 recognised on an accrual basis regardless of the time of spending cash. Expenses are recognised in the statement of profit or loss and other comprehensive income 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 recognised 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 recognised as an expense when the associated income is earned.

Expenses are recognised 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) 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 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 computed 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.

(j) 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.

Classification and Subsequent Measurement
On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through other comprehensive income:

- 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 fair value through other comprehensive income only if it meets both of the following

conditions and is not designated as at fair value through profit or loss:
- 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 fair value through profit or loss.

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 fair value through other comprehensive income as at fair value through profit or loss 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 level 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 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.

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 securitises 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.

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 less any eligible transaction cost.

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.

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

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.

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 Group 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; and
- 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.

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 and separate 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.

(k) 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.

(l) 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.

(m) 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.

(n) Loans and Advances

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.

In certain circumstances, property is repossed following the foreclosure of loans that are in default. The repossessed properties are measured at the lower of carrying and fair value less cost to sell and reported within other asset.

(o) Investment Securities

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 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.

Embedded Derivatives

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.

(p) 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 the statement of profit or loss and other comprehensive income.

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.

Derecognition

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

(q) 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 the 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.

(r) 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.

(s) 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 derecognised on disposal or when no future economic benefits are expected from their use or disposal.

(t) 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. 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.

(u) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative effect of initial application is recgnised in retained earnings at January 2019. Accordingly, the comparative information presented in 2018 are not restated. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy Applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

- ***As a Lessee***

At commencement or on modification of a contract that contains a lease component, the Group, allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-Term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- ***As a Lessor***

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

- ***As a Lessee***

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

- ***As a Lessor***

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(v) 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 when fair value model applies), 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.

Am 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.

(w) Deposits, Debt Securities Issued and Subordinated Liabilities

Deposits, debt securities issued and subordinated liabilities are the 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.

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.

(x) 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.

(y) 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 occurrence or non occurrence 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.

(z) 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.

(aa) 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 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 benefits 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 recognises 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.

(ab) 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 shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. No gain or loss is 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, Small and Medium Enterprises Equity Investment Scheme (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 has 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.

(ac) 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.

(ad)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.

(ae) 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 2019 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 and separate financial statements.

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

- *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)
  - iv). Interest rate benchmark reform (Amendment to IFRS 9, IAS 39 and IFRS 7)

- *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

(a) Changes in Accounting Policies

New and Amended Standards and Interpretation

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. 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 2019.

i. IFRS 16: Leases

The key changes to the Group's accounting policies resulting from its adoption of IFRS 16 are summarised below:

Definition of a Lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a Lessee

As a lessee, the Group leases many assets including property. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019 .

Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application: the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments: the Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(b) Impact on financial statements

(i) On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

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 2019.

Consolidated statement of profit or loss and OCI

	Group	**Bank**
In millions of Naira	**₦ million**	**₦ million**
Right-of-use assets (property, plant and equipment)	3,176	3,176
Lease liabilities	1,556	1,556
Retained earnings	(176)	(176)

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 15.63%

Restatement of Financial Statements

In 2018, the Bank wrote off a certain fully impaired nonperforming credit facility that had not met the criteria for write off. In 2019, the Bank has reinstated the previously written off loan together with the corresponding impairment. This does not have any impact on comparative statement of financial position, opening and closing retained earnings comparative year. Therefore, the comparative statement of financial position has not been restated and no third statement of financial position has been presented.

S/N	Primary account	Financial statement caption	Amount previously presented	Adjustment	Re-instatated amount
			₦ million	₦ million	₦ million
1	Statement of financial position	Loans and advances to customers-gross	473,396	23,234	496,630
2	Statement of financial position	Loans and advances to customers-impairment	(45,359)	(23,234)	(68,593)
			428,037	**-**	**428,037**

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 recognise 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 scrutinise 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 utilises industry limits to maintain a diversified portfolio of risk assets.
(v) Tenor Limits: The Group also utilises 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. Ongoing 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 analysed 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; and
- 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 thus allowing 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 of 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.

The risk rating scale and the external rating equivalent is detailed below:

Group Risk Rating	S&P Long term	Grade
1	AAA	Investment Grade
2	AA	
3	A	
4	BBB	
5	BB	Standard Grade
6	B	Non Investment Grade
7	CCC	
8	CC	
9/10	C/D	

(g) Credit Risk Control & Mitigation Policy

(i) Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and further by the Management Credit Committee (CRECO). The principle of central management of risk and decision authority is maintained by the Group. This structure gives the Group the possibility to incorporate much needed local expertise, but at the same time manage risk on a global level. The Group has assigned to credit analysts, credit approval limits in line with the Group's criteria for such delegation as set out in its credit policy manual.

The credit approval limits of the principal officers of the Group are shown in the table below:

Authority	Approval Limit	
	Dec. 2019	**Dec. 2018**
Board of Directors	Above ₦5bn	Above ₦5bn
Board Credit Committee	₦2,500,000,001 - ₦5,000,000,000	₦2,500,000,01 - ₦5,000,000,000
Management Credit Committee	₦1,000,000,001 - ₦2,500,000,000	₦1,000,000,01 - ₦2,500,000,000
Chief Executive Officer & CCO/CRO	₦500,000,001 - ₦1,000,000,000	₦500,000,01 - ₦1,000,000,000
Business Executive Director & CCO/CRO	₦250,000,001 - ₦500,000,000	₦250,000,001 - ₦500,000,000
Credit Analyst	Up to ₦250,000,000	Up to ₦250,000,000

(ii) Collateral Policies

It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to a counterparty, at facility level, by a safety net of tangible and realisable securities including approved third-party guarantees/ insurance.

In the Group, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Group is the collateralisation of the exposures, by first priority claims or obtaining a third party guarantee.

However, primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant are to be taken into consideration while using a credit risk mitigant to control credit risk.

The range of collaterals acceptable to the Group include:

(i) Cash/Deposit (domestic and foreign currency) with the Group, including certificates of deposit or comparable instruments issued by the Group
(ii) Commodities.
(iii) Debt securities issued by sovereigns and public-sector enterprises.
(iv) Equities - Stocks/Share Certificates of quoted blue chip companies
(v) Irrevocable Standing Payment Order (ISPO)
(vi) Bank Guarantee
(vii) Mortgage on landed property
(viii) Asset-backed securities
(ix) Fixed charge on assets
(x) Lien on Asset being financed
(xi) Shipping Documents (for imports)
(xii) Bankers Acceptance
(xiii) Life Assurance Policies

(iii) Valuation of Collateral

The fair values of collaterals are based upon the latest valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighbourhood taking into cognisance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation, after making allowance for dilapidations. The fair values of non-property collaterals (such as equities, bonds, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instrument and other acceptable valuation methodologies.

The same fair value approach is used in determining the collaterals value in the course of sale or realisation. The Group does not take physical possession of properties or other assets held as collateral and uses external agents to realise the value as soon as practicable, generally at auction, to settle indebtedness. Any surplus funds are returned to the borrower.

(iv) Master Netting Arrangements

It is the Group's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally, transactions are allowed to run on a gross basis. However, in cases of unfavourable credit migration, the Bank may elect to invoke the netting agreement.

(v) Loans and Advances to Corporate Customers

The general credit worthiness of a corporate customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Bank generally requests that corporate borrowers provide it. The group may take collateral in the form of a fixed charge over real estate, floating charges over all corporate assets and other liens and guarantees. The group updates the valuation of collateral held against all loans to corporate customers within every 3 years. Valuation of collateral is updated when the loan is put on watch list and the loan is monitored more closely. For credit impaired loans, the group obtains appraisals of the collateral because it provides input into the determining the management credit risk actions.

(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 debt securities at fair value thorugh other comprehensive income. 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

Note 23	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	396,373	-	-	396,373	295,731	-	-	295,731	396,373	-	-	396,373	260,044	-	-	260,044
Grade 7-9: Watch list	-	140,156	24,009	164,165	-	117,095	84,832	201,927	-	140,156	24,009	164,165	-	113,448	84,832	198,280
Grade 10-12: Impaired	-	-	34,760	34,760	-	-	45,434	45,434	-	-	34,760	34,760	-	-	38,496	38,496
Gross amount	396,373	140,156	58,769	595,298	295,731	117,095	130,266	543,092	396,373	140,156	58,769	595,298	260,044	113,448	123,328	496,820
Loss allowance	(8,529)	(19,958)	(16,198)	(44,685)	(8,994)	(29,826)	(30,810)	(69,630)	(8,529)	(19,958)	(16,198)	(44,685)	(8,822)	(29,812)	(30,149)	(68,783)
Carrying amount	387,844	120,198	42,571	550,613	286,737	87,269	99,456	473,462	387,844	120,198	42,571	550,613	251,222	83,636	93,179	428,037

ii) Investment securities at amortised cost

Note 25(c)	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	38,651	-	-	38,651	18,133	-	-	18,133	35,199	-	-	35,199	13,666	-	-	13,666
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount	38,651	-	-	38,651	18,133	-	-	18,133	35,199	-	-	35,199	13,666	-	-	13,666
Loss allowance	(33)	-	-	(33)	(63)	-	-	(63)	(33)	-	-	(33)	(63)	-	-	(63)
Carrying amount	38,618	-	-	38,618	18,070	-	-	18,070	35,166	-	-	35,166	13,603	-	-	13,603

iii) Investment securities at fair value through OCI

Note 25(a)	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	177,213	-	-	177,213	140,803	-	-	140,803	177,213	-	-	177,213	121,022	-	-	121,022
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount	177,213	-	-	177,213	140,803	-	-	140,803	177,213	-	-	177,213	121,022	-	-	121,022

iv) Pledged assets

Note 21	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	20,150	-	-	20,150	48,839	-	-	48,839	20,150	-	-	20,150	48,839	-	-	48,839
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount	20,150	-	-	20,150	48,839	-	-	48,839	20,150	-	-	20,150	48,839	-	-	48,839
Loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carrying amount	20,150	-	-	20,150	48,839	-	-	48,839	20,150	-	-	20,150	48,839	-	-	48,839

v) Non- Pledged trading assets

Note 20	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	23,322	-	-	23,322	14,271	-	-	14,271	23,322	-	-	23,322	14,271	-	-	14,271
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount	23,322	-	-	23,322	14,271	-	-	14,271	23,322	-	-	23,322	14,271	-	-	14,271
Loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount	23,322	-	-	23,322	14,271	-	-	14,271	23,322	-	-	23,322	14,271	-	-	14,271

vi) Other financial assets **

Note 33	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	327,800	-	-	327,800	-	298,434	-	298,434	324,307	-	-	324,307	-	298,434	-	298,434
Grade 7-9: Watch list	25,541	-	-	25,541	-	18,824	-	18,824	24,621	-	-	24,621	-	18,726	-	18,726
Grade 10-12: Impaired	-	-	12,540	12,540	-	-	10,272	10,272	-	-	12,540	12,540	-	-	9,081	9,081
Gross amount	353,341	-	12,540	365,881	-	317,258	10,272	327,530	348,928	-	12,540	361,468	-	317,160	9,081	326,241
Loss allowance	(42)	-	(7,383)	(7,425)	-	(36)	(7,813)	(7,849)	(42)	-	(6,189)	(6,231)	-	(36)	(6,622)	(6,658)
Carrying amount	353,299	-	5,157	358,456	-	317,222	2,459	319,681	348,886	-	6,351	358,730	-	317,124	2,459	319,583

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

vii) Cash & cash equivalents

Note 19	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	320,385	-	-	320,385	222,577	-	-	222,577	320,789	-	-	320,789	159,098	-	-	159,098
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount	320,385	-	-	320,385	222,577	-	-	222,577	320,789	-	-	320,789	159,098	-	-	159,098
Loss allowance	(82)	-	-	(82)	(70)	-	-	(70)	(82)	-	-	(82)	(70)	-	-	(70)
Carrying amount	320,303	-	-	320,303	222,507	-	-	222,507	320,707	-	-	320,707	159,028	-	-	159,028

viii) Letters of credit & financial guarantees

Note 47	Group								Bank							
	2019				2018				2019				2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Grade 1-6: Low-fair risk	185,327	-	-	185,327	161,936	-	-	161,936	185,327	-	-	185,327	14,271	14,271	14,271	161,936
Grade 7-9: Watch list	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 10-12: Impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross amount	185,327	-	-	185,327	161,936	-	-	161,936	185,327	-	-	185,327	14,271	14,271	14,271	161,936
Loss allowance	(257)	-	-	(257)	(207)	-	-	(207)	(257)	-	-	(257)	-	-	-	(207)
Carrying amount	185,070	-	-	185,070	161,729	-	-	161,729	185,070	-	-	185,070	14,271	14,271	14,271	161,729

(ix) Derivative transactions

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

	GROUP			
	2019		2018	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets	6,214	7,081	-	1,029
Derivative liabilities	1,833	2,111	364	1,120

	BANK			
	2019		2018	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets	6,214	7,081	-	1,029
Derivative liabilities	1,833	2,111	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 financial assets at the reporting date is shown below:

Group	Note	Loans and advances to customers		Debt investment securities		Pledged assets		Non Pledged assets		Placements		Other receivables		Loan commitment & financial guarantees	
		Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	23,40, 21,20, 33,19, 47	550,613	473,462	215,831	158,873	20,150	48,839	23,322	14,271	115,233	105,168	358,456	185,070	-	161,729
Concentration by sector:															
Agriculture		14,720	20,376	-	-	-	-	-	-	-	-	-	-	-	-
Oil and gas		155,211	167,145	-	-	-	-	-	-	-	-	-	-	-	-
Consumer credit		45,223	29,992	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture		82,378	76,990	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and construction		33,580	32,313	-	-	-	-	-	-	-	-	-	-	-	-
General commerce		75,590	43,524	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance		29,541	32,160	3,922	1,445	277	94	-	-	115,233	105,168	358,456	185,070	-	161,729
Government		11,315	12,869	211,909	157,428	19,873	48,745	23,322	14,271	-	-	-	-	-	-
Power		45,050	25,989	-	-	-	-	-	-	-	-	-	-	-	-
Transportation		640	989	-	-	-	-	-	-	-	-	-	-	-	-
Communication		39,509	13,068	-	-	-	-	-	-	-	-	-	-	-	-
Education		1,740	4,697	-	-	-	-	-	-	-	-	-	-	-	-
Others		15,306	11,600	-	-	-	-	-	-	-	-	-	-	-	-
		550,613	473,462	215,831	158,873	20,150	48,839	23,322	14,271	115,233	105,168	358,456	185,070	-	161,729
Concentration by location:															
Nigeria		550,613	428,037	215,831	139,092	20,150	48,839	23,322	14,271	37,747	7,202	358,456	185,070	-	161,729
United Kingdom		-	45,425	-	19,781	-	-	-	-	77,486	97,966	-	-	-	-
		550,613	473,462	215,831	158,873	20,150	48,839	23,322	14,271	115,233	105,168	358,456	185,070	-	161,729

Bank	Note	Loans and advances to customers		Debt investment securities		Pledged assets		Non Pledged assets		Placements		Other receivables		Loan commitment & financial guarantees	
		Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	23,40, 21,20,	550,613	428,037	212,379	134,625	20,150	48,839	23,322	14,271	50,115	7,202	358,730	185,070	-	161,729
Concentration by sector:															
Agriculture		14,720	20,376	-	-	-	-	-	-	-	-	-	-	-	-
Oil and gas		155,211	159,805	-	-	-	-	-	-	-	-	-	-	-	-
Consumer credit		45,223	29,992	-	-	-	-	-	-	-	-	-	-	-	-
Manufacture		82,378	74,460	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage		-	774	-	-	-	-	-	-	-	-	-	-	-	-
Real estate and construction		33,580	31,361	-	-	-	-	-	-	-	-	-	-	-	-
General commerce		75,590	43,524	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Insurance		29,541	3,492	3,488	3,146	277	94	-	-	50,115	7,202	358,730	185,070	-	161,729
Government		11,315	12,869	208,891	131,479	19,873	48,745	23,322	14,271	-	-	-	-	-	-
Power		45,050	25,989	-	-	-	-	-	-	-	-	-	-	-	-
Other public utilities		810	975	-	-	-	-	-	-	-	-	-	-	-	-
Transportation		640	989	-	-	-	-	-	-	-	-	-	-	-	-
Communication		39,509	13,068	-	-	-	-	-	-	-	-	-	-	-	-
Education		1,740	4,697	-	-	-	-	-	-	-	-	-	-	-	-
Others		15,306	5,665	-	-	-	-	-	-	-	-	-	-	-	-
		550,613	428,037	212,379	255,647	20,150	48,839	23,322	14,271	50,115	7,202	358,730	185,070	-	161,729

Concentration by location:													
Nigeria	550,613	428,037	212,379	255,647	20,150	48,839	23,322	14,271	50,115	7,202	358,730	185,070	161,729
United Kingdom	-	-	-	-	-	-	-	-	-	-	-	-	-
	550,613	428,037	212,379	255,647	20,150	48,839	23,322	14,271	50,115	7,202	358,730	185,070	161,729

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

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 2019**			**31 December 2018**	
In millions of Naira	**Exposure**	**Collateral value**	**LTV**	**Exposure**	**Collateral value**	**LTV**
Secured by Real Estate	28,517	61,603	46%	38,151	92,377	41%
Secured by Fixed and Floating Assets	249,842	1,534,299	16%	260,607	452,605	58%
Secured by Leased Assets	1,206	1,599	75%	1,666	7,509	22%
Secured by Quoted Shares	8	-	>100%	43	81	53%
Secured by Cash Collateral	116,295	80,818	144%	33,025	42,883	77%
Other secured assets	84,748	31,890	266%	117,197	63,045	186%
Unsecured	114,682	-	>100%	68,981	-	>100%
Total	595,298	1,710,209	35%	519,668	658,501	79%

Bank		**31 December 2019**			**31 December 2018**	
In millions of Naira	**Exposure**	**Collateral value**	**LTV**	**Exposure**	**Collateral value**	**LTV**
Secured by Real Estate	28,517	61,603	46%	38,151	92,377	41.3%
Secured by Fixed and Floating Assets	249,842	1,534,299	16%	260,607	452,605	57.6%
Secured by Leased Assets	1,206	1,599	75%	1,666	7,509	22.2%
Secured by Quoted Shares	8	-	>100%	43	81	52.7%
Secured by Cash Collateral	116,295	80,818	144%	33,025	42,883	77.0%
Other secured assets	84,748	31,890	266%	70,925	63,045	112.5%
Unsecured	114,682	-	>100%	68,981	-	>100%
Total	595,298	1,710,209	35%	473,396	658,501	72%

(c) Reconciliation of Allowance by Class of Financial Instrument

The following tables show reconciliations from the opening to the closing balance of loss allowance by class of financial instrument.

Group	2019				2018			
In millions of Naira	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers at amortised cost								
Balance at 1 January	8,994	6,393	54,243	69,630	11,289	5,753	160,238	177,280
Transfer to Stage 1	217	(162)	(55)	-	1,339	(1,061)	(278)	-
Transfer to Stage 2	(5,076)	5,673	(597)	-	(526)	2,734	(2,209)	(-1)
Transfer to Stage 3	(3,971)	(189)	4,160	-	(146)	(53)	199	-
Net remeasurement of loss allowance	8,422	(518)	(15,983)	(8,079)	(5,382)	(1,034)	670	(5,746)
New financial assets originated or purchased	115	2	2	119	2,420	53	1,478	3,951
Previously derecognised financial assets	-	-	343	343	-	-	4,386	4,386
Write-offs	-	-	(15,028)	(15,028)	-	-	(109,174)	(109,174)
Recoveries of previously written off	-	-	(1,383)	(1,383)	-	-	(1,414)	(1,414)
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Foreign exchange and other movements	-	-	(71)	(71)	-	-	347	347
Reclassification to assets held for sale	(173)	(5)	(669)	(847)	-	-	-	-
Balance at 31 December	**8,529**	**11,193**	**24,962**	**44,685**	**8,994**	**6,392**	**54,243**	**69,630**

Bank	2019				2018			
In millions of Naira	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans and advances to customers at amortised cost								
Balance at 1 January	8,822	6,387	53,574	68,783	11,173	5,751	160,013	176,937
Transfer to 12-month ECL	217	(162)	(55)	-	1339	(1,061)	(278)	-
Transfer to lifetime ECL not credit-impaired	(5,076)	5,673	(597)	-	(526)	2,734	(2,209)	(-1)
Transfer to lifetime ECL credit-impaired	(3,971)	(189)	4,160	-	(146)	(53)	199	-
Net remeasurement of loss allowance	8,422	(518)	(15,983)	(8,079)	(5,382)	(1,037)	258	(6,161)
New financial assets originated or purchased	115	2	2	119	2,363	52	1,428	3,843
Previously derecognised financial assets	-	-	343	343	-	-	4,386	4,386
Write-offs	-	-	(15,028)	(15,028)	-	-	(109,174)	(109,174)
Recoveries of previously written off	-	-	(1,383)	(1,383)	-	-	(1,414)	(1,414)
Foreign exchange and other movements	-	-	(71)	(71)	-	-	366	366
Balance at 31 December	**8,529**	**11,193**	**24,962**	**44,685**	**8,822**	**6,387**	**53,574**	**68,783**

Group	2019				2018			
In millions of Naira	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Investment securities at amortised cost								
Balance at 1 January	63	-	-	63	129	-	-	129
Net remeasurement of loss allowance	(30)	-	-	(30)	(66)	-	-	(66)
Balance at 31 December	**33**	**-**	**-**	**33**	**63**	**-**	**-**	**63**

Bank	2019				2018			
In millions of Naira	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Investment securities at amortised cost								
Balance at 1 January	63	-	-	63	129	-	-	129
Net remeasurement of loss allowance	(30)	-	-	(30)	(66)	-	-	(66)
Balance at 31 December	**33**	**-**	**-**	**33**	**63**	**-**	**-**	**63**

Group	2019				2018			
In millions of Naira	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Investment securities at FVOCI								
Balance at 1 January	37	-	-	37	-	-	-	-
Net remeasurement of loss allowance	14	-	-	14	37	-	-	37
Balance at 31 December	**51**	**-**	**-**	**51**	**37**	**-**	**-**	**37**

Bank	2019				2018			
In millions of Naira	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	**Total**
Investment securities at FVOCI								
Balance at 1 January	37	-	-	37	-	-	-	-
Net remeasurement of loss allowance	14	-	-	14	37	-	-	37
Balance at 31 December	**51**	**-**	**-**	**51**	**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	**2019**	**2018**
In millions of Naira	**12 Month ECL**	**12 Month ECL**
Cash and cash equivalents		
Balance at 1 January	70	2
Net remeasurement of loss allowance	12	68
Balance at 31 December	**82**	**70**

Bank	**2019**	**2018**
In millions of Naira	**12 Month ECL**	**12 Month ECL**
Cash and cash equivalents		
Balance at 1 January	70	2
Net remeasurement of loss allowance	12	68
Balance at 31 December	**82**	**70**

Group	2019			2018		
In millions of Naira	**12 Month ECL**	**Lifetime ECL credit-impaired**	**Total**	**12 Month ECL**	**Lifetime ECL credit-impaired**	**Total**
Other receivables						
Balance at 1 January	36	7,813	7,849	16	7,429	7,445
Net remeasurement of loss allowance	6	(694)	(688)	20	362	382
Foreign exchange and other movements	-	264	264	-	22	22
Balance at 31 December	**42**	**7,383**	**7,425**	**36**	**7,813**	**7,849**

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Bank	2019			2018		
In millions of Naira	12 Month ECL	Lifetime ECL credit-impaired	Total	12 Month ECL	Lifetime ECL credit-impaired	Total
Other receivables						
Balance at 1 January	36	6,622	6,658	16	6,225	6,241
Net remeasurement of loss allowance	6	(694)	(688)	20	362	382
Foreign exchange and other movements	-	261	261	-	35	35
Balance at 31 December	**42**	**6,189**	**6,231**	**36**	**6,622**	**6,658**

Group	2019	2018
In millions of Naira	12 Month ECL	12 Month ECL
Off balance sheet items		
Balance at 1 January	207	411
Net remeasurement of loss allowance	50	(204)
Foreign exchange and other movements	-	-
Balance at 31 December	**257**	**207**

Bank	2019	2018
In millions of Naira	12 Month ECL	12 Month ECL
Off balance sheet items		
Balance at 1 January	207	411
Net remeasurement of loss allowance	50	(204)
Balance at 31 December	**257**	**207**

The following table provides a reconciliation between the opening and closing balances of loss allowances

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- the 'impairment losses on financial instruments' line item in the consolidated and separate statement of profit or loss and other comprehensive income.

Group

In millions of Naira	Loans and advances to customers at amortised cost	Debt investment securities at amortised cost	Cash and cash equivalents	Loan commitments and financial guarantee contracts	Net impairment charge/(write -back) for credit losses	Other financial assets	Total
Net remeasurement of loss allowance	(8,079)	(30)	12	50	8,047	(688)	(8,735)
New financial assets originated or purchased	120	14	-	-	134	-	134
Total	(7,959)	(16)	12	50	(7,913)	(688)	(8,601)
Recoveries of amounts previously written of	(1,383)	-	-	-	(1,383)	-	(1,383)
Total	**(9,342)**	**(16)**	**12**	**50**	**(9,296)**	**(688)**	**(9,984)**

Bank

In millions of Naira	Loans and advances to customers at amortised cost	Debt investment securities at amortised cost	Cash and cash equivalents	Loan commitments and financial guarantee contracts	Net impairment charge/(write -back) for credit losses	Other financial assets	Total
Net remeasurement of loss allowance	(8,079)	(30)	12	50	8,047	(688)	(8,735)
New financial assets originated or purchased	120	14	-	-	134	-	134
Recoveries of amounts previously written off	(1,383)	-	-	-	(1,383)	-	(1,383)
	(9,342)	(16)	12	50	(9,296)	(688)	(9,984)
Impact of modification of financial assets	9,480	-	-	-	9,480	-	9,480
Total	**138**	**(16)**	**12**	**50**	**184**	**(688)**	**(504)**

(n) Liquidity Risk

Union Bank's Asset and Liability Management Policy defines Liquidity Risk as the risk that arises due to the inability 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 the 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 funds. 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 framework. 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 recognises 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. 2019	**Dec. 2018**
At 31 December	51%	38%
Average for the year	33%	39%
Maximum for the year	51%	44%
Minimum for the year	33%	36%

As at 31 December 2019, the Group's ratio of net liquid assets to deposits from customers is 2081 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 month**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
31 December 2019		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-derivative assets:								
Cash and cash equivalents	19	320,303	320,791	320,791	-	-	-	-
Non-pledged trading assets	20	23,322	23,117	23,117	-	-	-	-
Pledged assets	21	20,150	19,199	-	5,678	8,215	5,306	-
Loans and advances to customers	23	550,613	551,636	228,792	44,831	72,936	185,668	19,409
Investment securities	25	257,085	264,291	208,340	10,428	7,441	9,042	29,040
Other receivables^	33	358,456	358,456	358,456	-	-	-	-
		1,529,929	1,537,490	1,139,496	60,937	88,592	200,016	48,449
Derivative assets:								
Held for Risk Management	22	7,081	7,081	7,081	-	-	-	-
		1,537,010	1,544,571	1,146,577	60,937	88,592	200,016	48,449
Non-derivative liabilities								
Deposits from customers	35	(886,263)	(886,328)	(812,909)	(38,960)	(8,286)	(15,619)	(10,554)
Other financial liabilities^^	37	(316,680)	(316,680)	(206,620)	(22,261)	(28,580)	(17,211)	(42,008)
Debt Securities issued	40	(13,947)	(14,181)	-	(676)	-	(7,318)	(6,187)
Other borrowed funds	42	(109,924)	(110,513)	(44,920)	(6,288)	(6,902)	(37,508)	(14,895)
		(1,326,814)	(1,327,702)	(1,064,449)	(68,185)	(43,768)	(77,656)	(73,644)
Derivative liabilities:								
Held for Risk Management	22	(2,111)	(2,111)	(2,111)	-	-	-	-
		(1,328,925)	(1,329,813)	(1,066,560)	(68,185)	(43,768)	(77,656)	(73,644)
Gap (asset - liabilities)		208,085	214,758	80,017	(7,248)	44,824	122,360	(25,195)

Group	***Note***	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 month**	**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^	33	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	34	(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^^	37	(147,622)	(147,622)	(66,268)	(14,083)	(24,667)	(15,849)	(26,755)
Debt Securities issued	40	(13,860)	(13,188)	-	-	-	(7,022)	(6,166)
Other borrowed funds	42	(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

^ The Group's other receivables exclude prepayment of N3,255 million (Dec. 18: N4,596 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 **31 December 2019**	***Note***	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 month**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-derivative assets:								
Cash and cash equivalents	19	320,707	321,195	321,195	-	-	-	-
Non-pledged trading assets	20	23,322	23,117	23,117	-	-	-	-
Pledged assets	21	20,150	19,198	-	5,621	8,215	5,362	-
Loans and advances to customers	23	550,613	551,636	228,792	44,831	72,936	185,668	19,409
Investment securities	25	253,633	258,962	203,011	10,428	7,441	9,042	29,040
Other receivables^	33	358,730	358,730	358,730	-	-	-	-
		1,527,155	1,532,838	1,134,845	60,880	88,592	200,072	48,449
Derivative assets:								
Held for Risk Management	22	7,081	7,081	7,081	-	-	-	-
		1,534,236	1,539,919	1,141,926	60,880	88,592	200,072	48,449
Non-derivative liabilities								
Deposits from customers	34	(886,328)	(886,328)	(812,909)	(38,960)	(8,286)	(15,619)	(10,554)
Other financial liabilities	37	(316,680)	(316,680)	(206,620)	(22,261)	(28,580)	(17,211)	(42,008)
Debt securities issued	40	(13,947)	(14,181)	-	(676)	-	(7,318)	(6,187)
Other borrowed funds	42	(109,924)	(110,513)	(44,920)	(6,288)	(6,902)	(37,508)	(14,895)
		(1,326,879)	(1,327,702)	(1,064,449)	(68,185)	(43,768)	(77,656)	(73,644)
Derivative liabilities:								
Held for Risk Management	22	(2,111)	2,111	2,111	-	-	-	-
		(1,328,990)	(1,325,591)	(1,062,338)	(68,185)	(43,768)	(77,656)	(73,644)
Gap (asset - liabilities)		205,246	214,328	79,588	(7,305)	44,824	122,416	(25,195)
Cumulative liquidity gap			214,328	79,588	72,283	117,107	239,523	214,328

Bank **31 December 2018**	***Note***	**Carrying amount**	**Gross nominal inflow/ (outflow)**	**Less than 3 month**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**More than 5 years**
		₦ 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^	33	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 banks	34	-	-	-	-	-	-	-
Deposits from customers	34	(844,413)	(844,958)	(777,497)	(40,191)	(6,356)	(11,866)	(9,048)
Other financial liabilities	37	(101,798)	(101,798)	(20,444)	(14,083)	(24,667)	(15,849)	(26,755)
Debt securities issued	40	(13,860)	(13,188)	-	-	-	(7,022)	(6,166)
Other borrowed funds	42	(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

^ The Bank's other receivables exclude prepayment of ₦3,243 million (Dec. 18: ₦4,420 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 cash flows. 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 derivatives that are net settled.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. 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 2019			31 December 2018		
			Market			Market	
In millions of Naira	**Note**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**	**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
Assets subject to market risk							
Cash and cash equivalent	19	320,303	-	320,303	233,566	-	233,566
Non-pledged trading assets	26	23,322	23,322	-	14,271	14,271	-
Pledged assets	21	20,150	-	20,150	48,839	-	48,839
Derivative assets held for risk management	22	7,081	-	7,081	1,029	-	1,029
Loans and advances to customers	23	550,613	-	550,613	473,462	-	473,462
Investment securities	25	257,085	167,928	89,157	199,317	136,149	63,168
Other receivables	33	358,456	-	358,456	319,681	-	319,681
Liabilities subject to market							
Derivatives held for risk	22	2,111	-	2,111	1,120	-	1,120
Deposit from banks	34	-	-	-	99,477	-	99,477
Deposits from customers	35	886,263	-	886,263	857,593	-	857,593
Other financial liabilities	37	433,114	-	433,114	169,654	-	169,654
Debt securities issued	40	13,947	-	13,947	13,860	-	13,860
Other borrowed funds	42	109,924	-	109,924	94,891	-	94,891

Bank		31 December 2019			31 December 2018		
			Market			Market	
In millions of Naira	**Note**	**Carrying amount**	**Trading portfolios**		**Carrying amount**	**Trading portfolios**	**Non-trading portfolios**
Assets subject to market risk							
Cash and cash equivalent	19	320,707	-	320,707	159,028	-	159,028
Non-pledged trading assets	26	23,322	23,322	-	14,271	14,271	-
Pledged assets	21	20,150	-	20,150	48,839	-	48,839
Derivative assets held for risk management	22	7,081	-	7,081	1,029	-	1,029
Loans and advances to customers	23	550,613	-	473,462	428,037	-	428,037
Investment securities	25	253,633	167,928	85,705	175,068	116,368	58,700
Other receivables	33	358,730	-	319,681	319,583	-	319,583
Liabilities subject to market							
Derivatives held for risk	22	2,111	-	2,111	1,117	-	1,117
Deposit from banks	34	-	-	-	-	-	-
Deposits from customers	35	886,328	-	886,328	844,413	-	844,413
Other financial liabilities	37	436,262	-	436,262	168,827	-	168,827
Debt securities issued	40	13,947	-	13,947	13,860	-	13,860
Long term subordinated bond	41	29,104	-	29,104	-	-	-
Other borrowed funds	42	109,924	-	109,924	94,975	-	94,975

Exposure to market risk - Trading portfolios

The following is a summary of the VaR position of the Group's trading portfolio as at 31 December and during the period based on a 99% confidence level and 10-day holding period.

2019 ***In millions of Naira***	**At 31 December**	**Average**	**Maximum**	**Minimum**
Foreign currency risk	6	22	120	3
Interest rate risk	172	118	484	26
Overall	178	140	604	29

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

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 summarises the Group's interest rate gap positions. Using the re-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 summarises the Group's interest rate gap positions:

In millions of Naira	**Note**	**Carrying amount**	**Re-pricing period** **Total amount sensitive to Rate**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31 December 2019								
Cash and cash equivalents	19	320,303	320,303	320,303	-	-	-	-
Non-pledged trading assets	26	23,322	23,322	23,322	-	-	-	-
Pledged assets	21	20,150	20,150	-	11,632	5,381	1,033	2,104
Derivative assets	22	7,081	7,081	7,081	-	-	-	-
Loans and advances to customers	23	550,613	596,038	352,845	82,012	52,361	48,482	60,338
Investment securities	25	257,085	277,882	68,125	13,604	72,229	61,420	62,504
		1,178,554	1,244,776	771,676	107,248	129,971	110,935	124,946
Deposits from banks	22	-	-	-	-	-	-	-
Deposits from customers	34	(886,263)	(886,263)	(665,581)	(45,773)	(19,502)	(155,407)	-
Derivative liabilities	35	(2,111)	(2,111)	(2,111)	-	-	-	-
Other financial liabilities^^	37	(316,680)	(316,680)	(316,680)	-	-	-	-
Debt securities issued	40	(13,947)	(14,181)	-	(676)	-	(7,318)	(6,187)
Other borrowed funds	42	(109,924)	(109,924)	(56,173)	(13,012)	(6,117)	(18,030)	(16,592)
		(1,328,925)	(1,329,159)	(1,040,545)	(59,461)	(25,619)	(180,755)	(22,779)
Total interest re-pricing gap		(150,371)	(84,383)	(268,869)	47,787	104,352	(69,820)	102,167

In millions of Naira	**Note**	**Carrying amount**	**Re-pricing period** **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	233,566	122,402	122,402	-	-	-	-
Non-pledged trading assets	26	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
		970,484	802,135	573,743	27,664	76,344	33,673	90,710
Deposits from banks	22	(99,477)	(99,477)	(99,477)	-	-	-	-
Deposits from customers	34	(857,593)	(683,625)	(473,130)	(40,187)	(5,880)	(164,428)	-
Derivative liabilities	35	(1,120)	(1,120)	(1,120)	-	-	-	-
Other financial liabilities^^	37	(147,622)	(32,317)	(32,317)	-	-	-	-
Debt securities issued	40	(13,860)	(13,860)	-	-	-	(7,382)	(6,478)
Other borrowed funds	42	(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		(244,079)	(123,155)	(83,535)	(24,435)	65,170	(149,831)	69,476

^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

Bank

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 2019								
Cash and cash equivalents	19	320,707	320,707	320,707	-	-	-	-
Non-pledged trading assets	26	23,322	23,322	23,322	-	-	-	-
Pledged assets	21	20,150	20,150	-	11,632	5,381	1,033	2,104
Derivative assets	22	7,081	7,081	7,081	-	-	-	-
Loans and advances to customers	23	550,613	550,613	307,420	82,012	52,361	48,482	60,338
Investment securities	25	253,633	253,633	43,876	13,604	72,229	61,420	62,504
		1,175,506	1,175,506	702,406	107,248	129,971	110,935	124,946
Derivative liabilities	22	(2,111)	(2,111)	(2,111)	-	-	-	-
Deposits from banks	34	-	-	-	-	-	-	-
Deposits from customers	35	(886,328)	(886,328)	(665,646)	(45,773)	(19,502)	(155,407)	-
Other financial liabilities^^	37	(316,680)	(316,680)	(316,680)	-	-	-	-
Debt securities issued	40	(13,947)	(14,181)	-	(676)	-	(7,318)	(6,187)
Other borrowed funds	42	(109,924)	(109,924)	(56,173)	(13,012)	(6,117)	(18,030)	(16,592)
		(1,328,990)	(1,329,224)	(1,040,610)	(59,461)	(25,619)	(180,755)	(22,779)
Total interest re-pricing gap		(153,484)	(153,718)	(338,204)	47,787	104,352	(69,820)	102,167

In millions of Naira **Bank**	*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	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 held for risk	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
		826,272	657,923	429,531	27,664	76,344	33,674	90,710
Derivative liabilities	22	(1,117)	(1,167)	(1,167)		-	-	-
Deposits from banks	33	-	-	-		-	-	-
Deposits from customers	34	(844,413)	(670,445)	(459,950)	(40,187)	(5,880)	(164,428)	-
	31	(141,641)	(32,080)	(32,080)		-	-	-
Other financial liabilities^^	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		(269,734)	(154,604)	(114,985)	(24,435)	65,170	(149,830)	69,477

^^Other financial liabilities exclude statutory deductions such as VAT payables etc.

To complement the re-pricing gap, the Bank uses the Value at Risk (VaR) model for measuring interest rate risk inherent in any trading position or portfolio. The 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. VaR measurement is most appropriate for marked-to-market portfolios.

In millions of naira

31 December, 2019

Security	Position	VaR 1-Day	VaR 10-Day	Diversified VaR 1-Day
Treasury Bills	17,223	132	418	102
FGN Bonds	(627)	56	148	41

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

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 2019	7,811	(7,811)	8,033	(8,033)
31 Dec 2018	8,449	(8,449)	7,158	(7,158)

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 overall 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, and reporting actual positions against set limits, and carrying out stress tests at defined intervals.

The table below summarises the Group's foreign currency balance sheet as at December 31, 2019:

Group	Total	US Dollar	Euro	Pound	Others
	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2019					
Cash and cash equivalents	224,000	219,125	3,582	1,126	167
Derivative assets held for risk	7,081	7,081	-	-	-
Loans and advances to customers	270,624	265,706	4,155	616	147
Investment securities	-	-	-	-	-
Other receivables^	26,888	26,888	-	-	-
Total financial assets	528,593	518,800	7,737	1,742	314
		-	-	-	-
Derivative liabilities held for risk management	(1,120)	(2,111)	-	-	-
Deposits from banks	-	-	-	-	-
Deposit from customers	(177,080)	(169,398)	(1,016)	(5,911)	(755)
Other financial liabilities	(210,990)	(202,372)	(5,546)	(1,294)	(1,778)
Other borrowed funds	(78,811)	(78,811)	-	-	-
Other financial liabilities^^	-	-	-	-	-
Total financial liabilities	(468,001)	(452,692)	(6,562)	(7,205)	(2,533)
	60,592	66,108	1,175	(5,463)	(2,219)

	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	(131,483)	(108,126)	(5,951)	(13,067)	(4,339)
Total financial liabilities	(496,804)	(472,356)	(6,141)	(17,374)	(933)
	(12,460)	(9,300)	1,269	(3,966)	(463)

^The Group's other receivables exclude prepayment N3,255 million (Dec. 18: N4,596 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 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	US Dollar	Euro	Pound	Others
	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2019					
Cash and cash equivalents	224,000	219,125	3,582	1,126	167
Derivative assets held for risk management	7,081	7,081	-	-	-
Loans and advances to customers	270,624	265,706	4,155	616	147
Investment securities	-	-	-	-	-
Other receivables^	26,888	26,888	-	-	-
Total financial assets	528,593	518,800	7,737	1,742	314

Derivative liabilities held for risk management	(2,111)	(2,111)	-	-	-
Deposits from banks	-	-	-	-	-
Deposit from customers	(177,080)	(169,398)	(1,016)	(5,911)	(755)
Other financial liabilities^^	(210,990)	(202,372)	(5,546)	(1,294)	(1,778)
Other borrowed funds	(78,811)	(78,811)	-	-	-
Total financial liabilities	(468,992)	(452,692)	(6,562)	(7,205)	(2,533)
Net on-balance sheet position	59,601	66,108	1,175	(5,463)	(2,219)

	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
	(1,120)	(1,120)	-	-	-
Derivative liabilities held for risk management	(10,592)	(10,592)	-	-	-
Deposits from banks	(183,621)	(177,098)	(616)	(5,906)	(1)
Deposit from customers	(124,946)	(118,223)	(3,738)	(2,351)	(634)
Other financial liabilities^^	(59,111)	(59,111)	-	-	-
Other borrowed funds	-	-	-	-	-
Other liabilities	(379,390)	(366,144)	(4,354)	(8,257)	(635)
Total financial liabilities					
Net on-balance sheet position	(38,188)	(33,655)	1,287	(5,352)	(468)

^ The Bank's other receivables exclude prepayment N3,243 million (Dec.18: N4,420 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 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 2019 year end spot rate for the dollar is N364.7 (2018: 358.79) and the average rate for dollar in 2019 is N350.35 (2018: N348.18).

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 2019		
USD (10% movement)	(894)	894
EUR (10% movement)	110	(110)
GBP (10% movement)	(453)	453
31 December 2018		
USD (10% movement)	(935)	935
EUR (10% movement)	127	(127)
GBP (10% movement)	(397)	397

Equity Price Risk

Equity price risk is subject to regular monitoring by Group Market Risk, but is not currently significant in relation to the Group's overall results and financial position. The impact of equity price movement on the Other Comprehensive Income (OCI) is presented in note 6 (e)

Summary of loss allowance by class of financial assets also showing ECL coverage ratio.

Group
31 December 2019

	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	320,385	-	-	320,385	82	-	-	82	0.03	-	-	0.03
Non-pledged trading assets	23,322	-	-	23,322	-	-	-	-	-	-	-	-
Pledged assets	20,150	-	-	20,150	-	-	-	-	-	-	-	-
Loans and advances to customers	396,373	140,156	58,769	595,298	8,529	19,958	16,198	44,685	2.15	14.24	27.56	7.51
Investment securities at amortised cost	38,651	-	-	38,651	33	-	-	33	0.09	-	-	0.09
Investment securities at fair value through OCI	177,213	-	-	177,213	-	-	-	-	-	-	-	-
Other receivables	350,086	-	12,540	362,626	42	-	7,383	7,425	0.01	0.00	58.87	2.05
subtotal	1,326,180	140,156	71,309	1,537,645	8,686	19,958	23,581	52,225	0.65	14.24	33.07	3.40
Off balance sheet items:												
Letters of credit and financial guarantees	185,327	-	-	185,327	257	-	-	257	0.14	-	-	0.14
Total	**1,511,507**	**140,156**	**71,309**	**1,722,972**	**8,943**	**19,958**	**23,581**	**52,482**	**0.59**	**14.24**	**33.07**	**3.05**

31 December 2018

	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	-	-	-	-	-	0%	-	-
Pledged assets	48,839	-	-	48,839	-	-	-	-	-	-	-	-
Loans and advances to customers	295,731	116,905	130,266	542,902	8,994	29,636	30,810	69,440	3.04%	25%	24%	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	-	-	76%	2.40
subtotal	751,413	434,163	140,538	1,326,114	9,127	29,672	38,623	77,422	1.21	6.83	27.48	5.84
Off balance sheet items:												
Letters of credit and financial guarantees	161,936	-	-	161,936	207	-	-	207	0.13	-	-	0.13
Total	**913,349**	**434,163**	**140,538**	**1,488,050**	**9,334**	**29,672**	**38,623**	**77,629**	**1.02**	**6.83**	**27.48**	**5.22**

Bank
31 December 2019

Financial Statement Items	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
In millions of naira									%	%	%	%
On balance sheet:												
Cash and cash equivalents	320,789	-	-	320,789	82	-	-	82	0.03%	-	-	0.03
Non-pledged trading assets	23,322	-	-	23,322	-	-	-	-	-	-	-	-
Pledged assets	20,150	-	-	20,150	-	-	-	-	-	-	-	-
Loans and advances to customers	396,373	140,156	58,769	595,298	8,529	19,958	16,198	44,685	2.15%	14.24%	27.56%	7.51
Investment securities at amortised cost	35,199	-	-	35,199	33	-	-	33	0.09%	-	-	0.09
Investment securities at fair value through OCI	177,213	-	-	177,213	-	-	-	-	-	-	-	-
Other receivables	348,928	-	12,540	361,468	42	-	6,189	6,231	-	-	49.35%	1.72
Subtotal	1,321,974	140,156	71,309	1,533,439	8,686	19,958	22,387	51,031	0.66	14.24	31.39	3.33
Off balance sheet items												
Letters of credit and financial guarantees	185,327	-	-	185,327	257	-	-	257	0.14	-	-	0.14
Total	**1,507,301**	**140,156**	**71,309**	**1,718,766**	**8,943**	**19,958**	**22,387**	**51,288**	**0.59**	**14.24**	**31.39**	**2.98**

31 December 2018

Financial Statement Items	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
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	113,258	123,328	496,630	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	520,442	255,737	1,494,065	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**	**520,442**	**255,737**	**1,656,001**	**9,162**	**6,424**	**36,771**	**52,357**	**1.04**	**1.29**	**14.38**	**3.21**

(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 risks 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:
- A more risk aware culture amongst staff;
- Improved business resilience, which would guarantee enhanced responses to business disruptions;
- 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 guarantees 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 Framework

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 these exercises 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 analysed 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, each of our critical business functions maintain and periodically test business continuity plans to promote continuous and reliable service with minimal disruption to 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 an adverse 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 has implemented a robust Operational Risk Management system which has facilitated automation of Operational Risk Management processes in the Bank and led to improved management of operational risks. The Bank is also certified to the ISO22301 (Business Continuity Management Systems); which is the global standard for Business Continuity Management.

(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 Basel I 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 Non-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 ₦100 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 2019.

(q) Capital Adequacy Ratio

The Bank's Basel II capital adequacy ratio was 19.73% as at 31 December 2019, which is above the CBN minimum requirement of 15%, as computed below.

Bank	***Note***	**Impact of IFRS 9 Transitional arrangement Dec. 2019**	**IFRS 9 Full Impact Dec. 2019**	**IFRS 9 Transitional arrangement Impact Dec. 2018**	**IFRS 9 Full Impact Dec. 2018**
		₦ million	₦ million	₦ million	₦ million
Tier 1 Capital					
Ordinary share capital		14,607	14,607	14,561	14,561
Share premium		133,235	133,235	187,091	187,091
Retained earnings/(deficit)		23,323	23,323	(47,736)	(47,736)
IFRS 9 Transitional Adjustment		25,228	-	37,842	-
Statutory reserve		32,453	32,453	28,797	28,797
Other reserves		4,283	4,283	4,040	4,040
		233,129	207,901	224,594	186,752
Less: Regulatory risk reserve		-	-	-	-
Tier 1 before regulatory deduction		233,129	207,901	224,594	186,752
Regulatory deductions					
Deferred tax assets	32	(95,875)	(95,875)	(95,875)	(95,875)
Intangible assets	30	(5,381)	(5,381)	(5,628)	(5,628)
Tier 1 after regulatory deduction		131,872	106,644	123,091	85,249
Other deduction					
Investment in subsidiaries (50%)		1,098	1,098	5,284	5,284
Eligible Tier 1 Capital		130,775	105,546	117,808	79,965
Tier 2 Capital					
Fair value reserves		19,960	19,960	13,335	13,335
Tier 2 capital before deduction (restricted to 33.33% of Tier 1 capital after regulatory deduction)		43,957	35,548	41,030	28,416
Deduction					
Investment in subsidiaries (50%)		1,098	1,098	5,284	5,284
Eligible Tier 2 Capital		42,860	34,451	8,052	8,052
Total qualifying Capital		173,635	139,997	125,859	88,017

Risk weighted assets

Risk-weighted Amount for Credit Risk	733,357	733,357	634,179	645,162
Risk-weighted Amount for Operational Risk	129,388	129,388	129,398	129,398
Risk-weighted Amount for Market Risk	17,401	17,401	4,193	4,193
Total weighted risk assets	880,146	880,146	767,770	778,753
Risk weighted Capital Adequacy Ratio (CAR)	19.73%	15.91%	16.4%	11.5%

Based on the CBN requirements, regulatory risk reserves are excluded from capital adequacy ratio computation. As at 31 December 2019, the regulatory risk reserves was N3,331 million; (31 Dec 2018: Nil).

Transitional arrangements treatment of IFRS 9 expected credit loss for regulatory purposes by Banks in Nigeria

During the year ended 31 December 2018, the Central Bank of Nigeria (CBN) issued a circular to provide guidance on the treatment of ECL provisions for regulatory purposes 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 recognised 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 accounting entries 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 ₦63.086bn and is being amortised in line with the provisions of the Central Bank of Nigeria as tabulated above. As at 31 December 2019, the unamortised balance is ₦25.2bn representing 40% of the day one impact.

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 recognised 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 recognised in the consolidated and separate financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management (see note 5).

(A) Assumptions and Estimation Uncertainties

(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 to 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 amortised 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 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 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 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 derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

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 forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance 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/ in default 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 and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. 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 is determined 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 period extends 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 ECL over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment 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 characteristics that 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 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. 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 such as 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 an analysis 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 on analysing 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

(x) Net defined benefit obligations

Information about the assumptions on the net defined benefit obligations can be found in note 39 (v).

(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 as at fair value through profit or loss, the Group has determined that it meets the criteria set out in the accounting policy in note 3(j).
(b) In classifying financial assets as at fair value through other comprehensive income, the Group has determined that it has met one of the criteria for this designation set out in the accounting policy in 3(j).
(c) In classifying financial assets as at amortised cost, the Group has determined that the assets are 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 as required by the accounting policy in note 3(j).
(d) In classifying financial liabilities as at fair value through profit or loss, the Group has determined that it meets the criteria set out in the accounting policy in note 3(j).
(e) In classifying financial liabilities at amortised, the Group has determined that it has met one of the criteria for this designation set out in the accounting policy in 3(j).

Details of the Group's classification of financial assets and liabilities are given in note 8.

(C) Depreciation and Carrying Value of Property and Equipment

The estimation of the useful lives 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.

	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019		₦ million	₦ million	₦ million	₦ million
Non pledged trading assets	20	-	23,322	-	23,322
Pledged assets	21	20,150	-	-	20,150
Derivative assets held for risk management	22	-	7,081	-	7,081
Investment securities	25	1,976	143,927	39,278	185,181
		22,126	174,330	39,278	235,734

	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2018		₦ million	₦ million	₦ million	₦ 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

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 shows 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 2019 *In millions of naira*	**Investment Securities**	**Derivative assets**	**Total**
Balance at 1 January 2019	38,248	1,029	39,277
Total gains recognised in profit or loss	38,138	6,052	44,190
Total gains recognised in OCI	(37,108)	-	37,108
Balance at 31 December 2019	39,278	7,081	52,411

31 December 2018 *In millions of naira*	**Investment Securities**	**Derivative assets**	**Total**
Balance at 1 January 2018	26,887	1,297	26,887
Total gains recognised in profit or loss	37,048	(268)	37,048
Total gains recognised in OCI	(25,687)	-	(25,687)
Balance at 31 December 2018	38,248	1,029	38,248

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	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019		₦ million	₦ million	₦ million	₦ million
Assets					
Cash and Cash equivalent	19	136,831	183,472	-	320,303
Pledged assets	21	20,150	-	-	20,150
Loans and advances to customers	23	-	-	550,613	550,613
Investment securities: at amortised cost	25	-	-	257,085	257,085
Other receivables	32	-	-	361,711	361,711
		156,981	183,472	1,169,409	1,509,862
Liabilities					
Deposits from banks	33	-	-	-	-
Deposits from customers	34	-	-	886,263	886,263
Other financial liabilities	36	-	-	433,114	433,114
Other borrowed funds	39	-	-	109,924	109,924
		-	-	1,429,301	1,429,301

	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2018		₦ million	₦ million	₦ million	₦ million
Assets					
Cash and Cash equivalent	19	136,888	183,819	-	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

Bank	***Note***	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December 2019		₦ million	₦ million	₦ million	₦ million
Assets					
Cash and Cash equivalent	19	-	159,028	-	159,028
Pledged assets	21	28,595	94	-	28,689
Loans and advances to customers	23	-	-	550,613	550,613
Investment securities: at amortised cost	25	-	-	253,633	253,633
Other receivables	32	-	-	361,973	361,973
		28,595	159,122	1,166,219	1,353,936
Liabilities					
Deposits from banks	33	-	-	-	-
Deposits from customers	34	-	-	886,328	886,328
Other financial liabilities	36	-	-	436,262	436,262
Other borrowed funds	39	-	-	109,924	109,924
		-	-	1,432,514	1,432,514

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: held to maturity	25	-	-	13,666	13,666
Other receivables	32	-	-	319,583	319,583
		38,405	159,122	761,286	958,813
Liabilities					
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

Unobservable Inputs Used in Measuring Fair Value

The following table sets out information about significant unobservable inputs used at 31 December 2019 and 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy

Types of financial instruments	Fair value as at December 31 2019 ₦ million	Valuation techniques	Significant unobservable inputs
Equities	34,209	Discounted cash flow	-Discount rate. -Estimate cash flow.

The table below presents the effect of the movement in the unquoted equity prices on the Other Comprehensive Income (OCI).

Movement - Price	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
+10%	114	120	114	120
-10%	(114)	(120)	(114)	(120)

(F) **Recognition of Deferred Tax Assets:** availability of future taxable profits against which carry-forward tax losses can be used when it is probable the Group will be able to generate sufficient taxable profits in future.

(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 ongoing 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 estimates even when matters are at a more advanced stage. The complexity of such matters often 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.

(i) Classification of financial assets: assessment of the business model within 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(j).
(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.
(iii) Determination of control over investee company.
(iv) Measurement of defined benefit obligations e.g acturial assumptions.

7 **Operating Segments**

The Group has the following four strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

(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 turnover below ₦250 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 turnover 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 within this segment include 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 ₦5 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, overdrafts and loans and advances.

Treasury

Treasury supports clients in all segments of the Bank such as affluent and high networth 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 2019	**Retail banking**	**Commercial banking**	**Corporate banking**	**Treasury**	**Discontinued Operations**	**Total**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue:						
Derived from external customers	20,728	21,911	62,744	54,525	6,637	166,545
Derived from other business segments	36,922	5,453	(28,431)	(13,945)	-	-
Total Revenue	57,650	27,364	34,313	40,580	6,637	166,545
Interest expenses	(18,707)	(8,700)	(17,998)	(19,145)	-	(64,551)
Net impairment on financial assets	(2,128)	(3,507)	6,177	(38)		504
Net revenue after impairment	36,815	15,156	22,492	21,398	6,637	102,498
Direct operating expenses	(24,397)	(5,291)	(6,445)	(3,666)	(11,128)	(50,927)
Share of centrally incurred expenses	(21,166)	(4,522)	(3,795)	(1,736)	-	(31,218)
Total operating expenses	(45,563)	(9,813)	(10,240)	(5,402)	(11,128)	(82,145)
(Loss)/profit before income tax	(8,748)	5,343	12,252	15,996	(4,491)	20,353
Income tax expense					-	(478)
Profit after tax					(4,491)	19,875
Assets and liabilities:						
Reportable segment assets	46,680	96,341	446,086	1,283,124		1,872,231
Reportable segment liabilities	(503,608)	(164,266)	(218,519)	(733,495)		(1,619,889)
Net Assets/(Liabilities)						252,342

31 December 2018	Retail banking	Commercial banking	Corporate banking	Treasury	Total
	₦ million	₦ million	₦ million	₦ million	₦ 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

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 2019	Nigeria	United Kingdom (Discontinued operation)	Total
	₦ million	₦ million	₦ million
Derived from external customers	159,908	6,637	166,545
Derived from other segments	-		-
Total revenues	159,908	6,637	166,545
Interest and similar expenses	(62,813)	(1,738)	(64,551)
Operating expenses	(73,383)	(8,762)	(82,145)
Net impairment loss on financial assets	1,133	(629)	504
(Loss)/profit before taxation	24,845	(4,492)	20,353
Income tax expense	(478)	-	(478)
Profit after taxation	24,367	(4,492)	19,875

	Nigeria	United Kingdom	Total
	₦ million	₦ million	₦ million
Assets and Liabilities:			
Total assets	1,706,524	165,707	1,872,231
Total liabilities	(1,477,256)	(142,633)	(1,619,889)
Net assets	229,268	23,074	252,342

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
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

8 Financial assets and liabilities

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 2019*	*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	-	-	-	-	320,303	320,303	320,303
Non pledged trading assets	20	23,322	-	-	-	-	23,322	23,322
Pledged assets	21	-	-	15,231	-	4,919	20,150	20,150
Derivative assets held for risk management	22	7,081	-	-	-	-	7,081	7,081
Loans and advances to customers	23	-	-	-	-	550,613	550,613	517,651
Investment securities	25	-	38,138	177,213	3,116	38,618	257,085	263,463
Other receivables	33	-	-	-	-	361,711	361,711	361,711
		30,403	38,138	192,444	3,116	1,276,164	1,540,265	1,513,681
Derivative liabilities held for risk management	22	2,111	-	-	-	-	2,111	2,111
Deposits from customers	35	-	-	-	-	886,263	886,263	886,263
Other financial liabilities	37	-	-	-	-	433,114	433,114	433,114
Debt securities issued	40	-	-	-	-	13,947	13,947	13,947
Long term subordinated bond	41	-	-	-	-	29,104	29,104	29,104
Other borrowed funds	42	-	-	-	-	109,924	109,924	109,924
		2,111	-	-	-	1,472,352	1,474,463	1,474,463

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

Bank *31 December 2019*	*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	-	-	-	-	320,707	320,707	320,707
Non pledged trading assets	20	23,322	-	-	-	-	23,322	23,322
Pledged assets	21	-	-	15,231	-	4,919	20,150	22,221
Derivative assets held for risk management	22	7,081	-	-	-	-	7,081	7,081
Loans and advances to customers	23	-	-	-	-	550,613	428,037	395,075
Investment securities	25	-	38,138	177,213	3,116	35,166	253,633	260,011
Other receivables	32	-	-	-	-	358,730	358,730	358,730
		30,403	38,138	192,444	3,116	1,270,135	1,411,660	1,387,147
Derivative liabilities held for risk management	22	2,111	-	-	-	-	2,111	2,111
Deposits from customers	35	-	-	-	-	886,328	886,328	886,328
Other financial liabilities	37	-	-	-	-	436,262	436,262	436,262
Debt securities issued	40	-	-	-	-	13,947	13,947	13,947
Long term subordinated bond	41	-	-	-	-	29,104	29,104	29,104
Other borrowed funds	42	-	-	-	-	109,924	109,924	109,924
		2,111	-	-	-	1,475,565	1,477,676	1,477,676

31 December 2018		At fair value through P/L	Held - to-maturity	Loans and receivables at amortised cost	Available - for sale	Amortised cost	Total carrying amount	Fair value
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

9 Net interest income

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	**₦ million**	**₦ million**	**₦ million**
(a) *The analysis of gross earnings for the year is as shown below*				
Interest income	**117,071**	105,281	**116,524**	104,792
Non-interest income	**42,837**	34,323	**43,337**	35,274
Gross income from discontinued operations	**6,637**	5,913	**-**	-
	166,545	145,517	**159,861**	140,066
(b) **Interest income**				
Cash and cash equivalents	**20,675**	4,425	**20,670**	4,358
Loans and advances to customers	**76,402**	75,174	**76,478**	75,356
Investment securities	**19,994**	25,682	**19,376**	25,078
Total interest income	**117,071**	**105,281**	**116,524**	**104,792**
Local Currency Balances	**80,583**	80,538	**79,959**	79,868
Foreign Currency Balances	**36,488**	24,743	**36,565**	24,924
Total interest income	**117,071**	**105,281**	**116,524**	**104,792**
(c) **Interest expense**				
Deposits from banks	**369**	-	**369**	-
Deposits from customers	**41,936**	37,153	**42,224**	37,335
Lease liability	**233**	-	**233**	-
Long term subordinated bond	**2,585**	-	**2,585**	-
Debt securities issued	**2,194**	673	**2,194**	673
Other borrowed funds (see (a) below)	**17,234**	15,859	**17,234**	15,859
Total interest expense	**64,551**	**53,685**	**64,839**	**53,867**
Local Currency Balances	**62,673**	44,248	**62,673**	44,248
Foreign Currency Balances	**1,878**	9,437	**2,166**	9,619
Total interest expense	**64,551**	53,685	**64,839**	53,867
Net interest income	**52,520**	**51,596**	**51,685**	**50,925**

Interest income on financial assets amounted to N117,071 (Group) and N116,524 million (Bank) for the year ended 31 December 2019 (31 December 2018: N105,281 million (Group); N104,792 million (Bank)).

Interest expense on financial liabilities not measured at fair value through profit or loss amounted to N64,551 million(Group) and N64,839 million (Bank) for the year ended 31 December 2019 (31 December 2018: N53,685 million (Group); N53,867 million (Bank)).

(d) Interest on other borrowed funds comprises expenses on:

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	**₦ million**	**₦ million**	**₦ million**
Bank of Industry (BOI) /Commercial Agricultural Credit Scheme (CACS)	**672**	248	**672**	248
Foreign currency denominated borrowings	**3,036**	3,001	**3,036**	3,001
Interest expense on commercial papers	**1,834**	232	**1,834**	232
Negotiated International Trade Facilities (ITFs)	**1,948**	1,309	**1,948**	1,309
Security linked note	**4,094**	-	**4,094**	-
Interbank takings	**5,114**	10,303	**5,114**	10,303
Open buy back transactions	**536**	610	**536**	610
AMCON clawback retention agreement	**-**	156	**-**	156
	17,234	15,859	**17,234**	15,859

10 Net Fees and commission income

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Credit related fees and commissions income (See note (a))	**3,992**	5,434	**3,992**	5,434
Account Maintenance Fees	**1,935**	1,670	**1,935**	1,670
E-business fee income (See note (b))	**7,689**	4,725	**7,689**	4,725
Commission on LCs, Invisible Trades and Guarantees	**1,268**	1,358	**1,268**	1,358
Other fees and commission	**78**	180	**78**	136
	14,962	13,367	**14,962**	13,323
Fee and commission expense	**(3,649)**	(2,468)	**(3,649)**	(2,468)
Net fees and commission income	**11,313**	10,899	**11,313**	10,855

(a) 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.

(b) *E-business fee income consists of the following*

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
ATM not-on-us	**3,582**	3,178	**3,582**	3,178
POS	**618**	245	**618**	245
E-card maintenance	**3,363**	1,212	**3,363**	1,212
Online transfer	**75**	41	**75**	41
Card FX gain	**51**	48	**51**	48
	7,689	4,725	**7,689**	4,725

Performance obligations and revenue recognition policies:
Fees and commission income from contracts with customers are measured based on the consideration specified in the contract with the customer. The Group recognises revenue when it transfers control to a customer over a specified period of time.

The Group provides banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions and credit card.

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 from account service and servicing fees is recognised over time 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. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Gain on disposal of fixed income securities	**6,343**	7,369	**6,343**	7,369
Mark to market gains/(losses) on fixed income securities	**172**	(49)	**172**	(49)
Foreign exchange gain on trading	**1,683**	1,090	**1,683**	1,090
	8,198	**8,410**	**8,198**	**8,410**

Net trading (loss)/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. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Equity at fair value through profit or loss	**1,091**	5,715	**1,091**	5,715
Derivatives held for risk management purposes:				
Derivatives held at fair value through profit or loss	**6,032**	(159)	**6,032**	(159)
	7,123	5,556	**7,123**	5,556

The Group did not designate any of its financial instruments at fair value through profit or loss.

13 Other operating income

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Dividends	**1,172**	972	**1,790**	2,309
Gain on disposal of equity investment (see (a) below)	**228**	1,254	**300**	1,254
Gains on disposal of property and equipment (see (b) below)	**965**	634	**965**	393
Foreign exchange revaluation gain	**815**	1,983	**815**	1,972
Rental income	**166**	197	**166**	197
Assets recovery	**3,275**	-	**3,275**	-
Sundry income (see (c) below)	**822**	478	**632**	388
	7,443	5,518	**7,943**	6,513

(a) The gain on disposal is analysed below:

Gain on disposal of investments	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Sales Proceeds	**625**	1,256	**625**	1,256
Cost of investment	**(397)**	(2)	**(325)**	(2)
Gain on disposal of unquoted equities	**228**	1,254	**300**	1,254

(b) The gain on disposal of property and equipment is arrived at as shown below:

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
Proceeds from disposal	**1,828**	938	**1,828**	702
Disposal - cost (see note (29))	**(1,129)**	(2,425)	**(1,129)**	(2,428)
Disposal - accumulated depreciation (see note (29))	**267**	2,121	**267**	2,119
Gain on disposal of property and equipment	**965**	634	**965**	393

(c) Sundry income

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Cash handling fees	**78**	61	**78**	61
Fraud recoveries	**2**	65	**2**	65
Bond auction income	**-**	25	**-**	25
Fees earned on property management	**-**	44	**-**	-
Other income	**742**	283	**552**	237
	822	478	**632**	388

There are no sale of assets at amortised cost before the maturity date.

14 Net Impairment charge on financial assets

(a) Net impairment credit/(charge) for credit losses

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Stage 1 impairment - loans and advances	**8,538**	(2,299)	**8,538**	(2,352)
Stage 2 impairment - loans and advances	**(517)**	649	**(517)**	637
Stage 3 impairment - loans and advances	**(17,363)**	(2,082)	**(17,363)**	(2,017)
Total impairment write-back/charge on loans and advances	**(9,342)**	(3,732)	**(9,342)**	(3,732)
Modification of financial assets	**9,480**	-	**9,480**	-
Impairment charge on cash and cash equivalent	**12**	68	**12**	68
Impairment charge/write-back on debt securities	**(16)**	(29)	**(16)**	(29)
Impairment write-back on contingent assets	**50**	(204)	**50**	(204)
Net impairment charge/(write-back) for credit losses	**184**	(3,897)	**184**	(3,897)

(b) Net impairment loss/write-back on other assets:

Impairment loss on other assets	**-**	382	**-**	382
Impairment no longer required on other assets	**(688)**	-	**(688)**	-
Total impairment charge/ write-back) on other assets	**(688)**	382	**(688)**	382
Total net impairment loss on financial assets	**(504)**	**(3,515)**	**(504)**	**(3,515)**

15 Personnel expenses

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
Wages and salaries	**32,421**	31,287	**32,278**	31,052
Contributions to defined contribution plans (see note 39 (a) (i) below)	**628**	623	**628**	623
(Decrease)/Increase in liability for defined benefit plans	**(17)**	561	**(17)**	560
Equity-settled share based payment (see note (i) below)	**366**	89	**366**	89
	33,398	32,560	**33,255**	32,324

(i) **Share-based payment arrangements**

In 2014, the Shareholders 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 authorised share capital, to fund an Employee Share Incentive Scheme.

During the year ended 31 December 2019, 61,060,713 units of shares of the Bank were 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. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
Number of shares (units)	**174,606,109**	113,545,396	**174,606,109**	113,545,396
Unit of shares vested (unit)	**174,606,109**	82,422,359	**174,606,109**	82,422,359
Vesting period (years)	**3 years**	3 years	**3 years**	3 years
Weighted average of share price at grant date	**N5.54k**	N5.29k	**N5.54k**	N5.29k
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 2019	**Group**		**Bank**	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at the start of the year	31,123,037	5.29	31,123,037	5.29
Awarded during the year	61,060,713	6.00	61,060,713	6.00
Vested during the year	92,183,750	5.54	92,183,750	5.54
Outstanding at year end	-	-	-	-

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	31,123,037	5.29	31,123,037	5.29
Awarded during the year	-	-	-	-
Outstanding at year end	31,123,037	5.29	31,123,037	5.29

(iii) Movement in vested shares during the year are as follows:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
Vested shares - opening balance	**82,422,359**	68,047,844	**82,422,359**	68,047,844
Vested during the year	**92,183,750**	14,374,515	**92,183,750**	14,374,515
Vested shares - closing balance	**174,606,109**	82,422,359	**174,606,109**	82,422,359

16 Other operating expenses

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
NDIC Premium	**4,407**	4,004	**4,407**	4,004
AMCON surcharge (see note (c) below)	**7,430**	7,275	**7,430**	7,275
Non-discretionary regulatory costs	**11,837**	11,279	**11,837**	11,279
Auditors' remuneration	**182**	198	**175**	192
Rents and Rates (see note (a) below)	**95**	1,022	**92**	1,017
Accomodation and travels	**518**	999	**518**	998
Fleet management and vehicle related expenses	**505**	598	**505**	598
Repair and maintenance	**1,578**	1,740	**1,569**	1,733
Professional fees	**1,435**	1,461	**1,399**	1,449
Advertising and promotion expenses	**1,520**	2,533	**1,520**	2,533
Security expense	**1,198**	1,185	**1,198**	1,185
Expenses on software	**4,174**	3,551	**4,174**	3,551
Donations	**47**	30	**47**	30
Cash movement expense	**1,394**	1,293	**1,394**	1,293
Diesel and power	**2,369**	2,426	**2,369**	2,426
General administrative expenses (see note (b) below)	**2,706**	3,463	**2,681**	3,436
Insurance	**333**	315	**329**	311
	29,891	32,093	**29,807**	32,031

(a) The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The impact of adoption is a reclassification of N748.75milion from rents and rates to depreciation expense in the year 2019. See note (4).

(b) **General administrative expenses**

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Office cleaning	**380**	352	**380**	352
Entertainment	**319**	336	**319**	336
Directors' fees and allowances	**273**	299	**273**	275
Stationery, printing, postage and telephone	**749**	780	**749**	774
Penalties	**124**	26	**124**	26
Restitution and other charges	**363**	354	**363**	354
Business meetings and conferences	**35**	93	**35**	93
Annual General Meeting expenses	**88**	86	**88**	83
Correspondent bank transaction charges	**181**	431	**181**	429
Other expenses	**194**	706	**169**	714
	2,706	3,463	**2,681**	3,436

(c) AMCON surcharge represents the Bank's contribution to the Banking Sector Stabilization Fund for the year ended 31 December 2019. 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 2019	Group 2018	Bank 2019	Bank 2018
	₦ million	₦ million	₦ million	₦ million
Current tax expense				
Company income tax	**107**	138	**-**	-
Current capital gains tax	**125**	37	**125**	37
NPTF levy expense	**1**	-	**1**	-
NITDA levy	**245**	135	**245**	185
	478	**310**	**371**	**222**
Deferred tax expense				
Origination and reversal of temporary differences	**-**	-	-	-
Total income tax expense	478	310	371	222

In line with the Company Income Tax Act, 1990, as amended, the Bank is not liable to pay company income tax as the Bank recorded a tax 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		Group		**Bank**		Bank	
	Dec. 2019		Dec. 2018		**Dec. 2019**		Dec. 2018	
		₦ million				₦ million		₦ million
Profit before income tax		24,844		18,453		24,746		18,660
Adjustment for NITDA levy		(245)		(185)		(245)		(185)
Profit after adjustment for NITDA levy		18,268		18,268		24,501		18,475
Income tax using the domestic corporation tax rate	30%	5,480	30%	5,480	30%	7,424	30%	5,542
Non deductible expenses	39%	7,036	10%	1,829	29%	7,036	0%	1,829
Tax exempt income	-215%	(39,330)	-115%	(21,128)	-161%	(39,330)	-105%	(21,128)
Capital gains tax	1%	125	0%	37	1%	125	0%	37
NITDA levy	1%	245	1%	185	1%	245	1%	185
Tax losses (utilised)/unutilised	147%	26,922	76%	13,957	102%	24,871	75%	13,757
Total income tax expense in profit or loss	3%	478	2%	360	2%	371	1%	222

The effective income tax rate for the year ended 31 December 2019 is 3% (2018: 2%) for the Group and 2% (2018: 1%) for the Bank

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.

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
Issued ordinary shares at beginning of the year	**29,121**	29,121	**29,121**	29,121
Weighted effect of shares issued during the year	**29,121**	29,121	**29,121**	29,121

(b) *Profit attributable to ordinary shareholders*

In millions of Nigerian Naira	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
Profit from continuing operations attributable to equity holders of bank	24,099	17,317	24,375	18,438
Basic earnings/(loss) per share (in kobo)	83	59	84	63
Profit from discontinued operations attributable to equity holders of bank	(4,491)	331	-	-
Basic earnings/(loss) per share (in kobo)	(15)	1	-	-

(c) Diluted earnings per share

The Group issued additional shares during the year. The Grant date of the issue is 31 December 2019, therefore, Basic EPS and Diluted EPS are the same for the Group and the Bank.

19 Cash and cash equivalents

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	₦ million	₦ million
Cash and balances with banks	**73,346**	97,741	**73,403**	88,321
Unrestricted balances with Central Bank	**63,485**	20,662	**63,485**	20,662
Money market placements	**183,554**	115,233	**183,901**	50,115
Cash and cash equivalent as presented in cash flow statements	**320,385**	233,636	**320,789**	159,098
ECL Impairment on cash and cash equivalents	**(82)**	(70)	**(82)**	(70)
	320,303	233,566	**320,707**	159,028

20 Non-pledged trading assets

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	₦ million	₦ million
Government bonds	**6,303**	-	**6,303**	-
Treasury bills	**17,019**	14,271	**17,019**	14,271
	23,322	14,271	**23,322**	14,271

21 Pledged assets

Financial assets that may be repledged or resold by counterparties

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
Treasury bills	**8,157**	4,060	**8,157**	4,060
Bonds	**11,716**	44,685	**11,716**	44,685
Placement	**277**	94	**277**	94
	20,150	48,839	**20,150**	48,839

(a) Assets pledged as collateral relate to assets pledged to the Federal Inland Revenue Service (FIRS), Unified Payment Systems, Interswitch Nigeria Limited, African Local Currency Fund Bond Ltd, Nigerian Inter-Bank Settlement System Plc 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 counterparties with whom assets have been pledged for inter-bank takings and borrowings include Access Bank UK, Citi Bank Nominees Ltd, Development Bank of Nigeria and FBN Merchant Bank.

(c) Assets pledged as collateral are recognised based on market prices in an active market.

22 Derivative financial instruments

Group

	Dec. 2019		**Dec. 2018**	
	Assets	**Liabilities**	Assets	Liabilities
	₦ million	**₦ million**	₦ million	₦ million
Instrument Type:				
FX swaps	**7,081**	**-**	1,029	-
Non-deliverable futures	**-**	**2,111**	-	1,120
	7,081	**2,111**	1,029	1,120

Bank

	Dec. 2019		**Dec. 2018**	
	Assets	**Liabilities**	Assets	Liabilities
	₦ million	**₦ million**	₦ million	₦ million
Instrument Type:				
FX swaps	**7,081**	**-**	1,029	-
Non-deliverable futures	**-**	**2,111**	-	1,117
	7,081	**2,111**	1,029	1,117

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.

See below the notional value and fair value of derivative financial assets and liabilities:

	2019		2018	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets	6,214	7,081	-	1,029
Derivative liabilities	1,833	2,111	364	1,120

23 Loans and advances to customers at amortised cost

(a) *Net loans and advances to customers*	**Group Dec. 2019**	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Gross amount:				
Local Currency	**304,898**	281,863	**304,898**	281,863
Foreign Currency	**290,400**	261,229	**290,400**	214,957
Gross Loans	**595,298**	543,092	**595,298**	496,820
Impairment:				
Stage 1 impairment	**(8,529)**	(8,994)	**(8,529)**	(8,822)
Stage 2 impairment	**(19,958)**	(29,826)	**(19,958)**	(29,812)
Stage 3 impairment	**(16,198)**	(30,810)	**(16,198)**	(30,149)
Total impairment	**(44,685)**	(69,630)	**(44,685)**	(68,783)
Carrying amount	**550,613**	473,462	**550,613**	428,037

(b) Loans and advances by stages

Group

Dec.2019

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans	396,373	140,156	58,769	595,298
Impairment	(8,529)	(19,958)	(16,198)	(44,685)
	387,844	120,198	42,571	550,613

Dec.2018

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans	295,731	117,095	130,266	543,092
Impairment	(8,994)	(29,826)	(30,810)	(69,630)
	286,737	87,269	99,456	473,462

Bank

Dec.2019

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans	396,373	140,156	58,769	595,298
Impairment	(8,529)	(19,958)	(16,198)	(44,685)
	387,844	120,198	42,571	550,613

Dec.2018

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross loans	260,044	113,448	123,328	496,820
Impairment	(8,822)	(29,812)	(30,149)	(68,783)
	251,222	83,636	93,179	428,037

At 31 December 2019, N204,709 million (2018: N140,157 million) of the Group's loan and advances to customers are expected to be recovered more than 12 months after the reporting date.

Reconciliation of impairment allowance on loans and advances to customers

	Group 2019	Group 2018	Bank 2019	Bank 2018
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	**69,630**	177,280	**68,783**	176,937
Stage 1	**8,538**	(2,299)	**8,538**	(2,352)
Stage 2	**(517)**	649	**(517)**	637
Stage 3	**(17,363)**	(1,559)	**(17,363)**	(2,017)
Total impairment write-back for the year	**(9,342)**	(3,209)	**(9,342)**	(3,732)
Write-off	**(15,028)**	(109,174)	**(15,028)**	(109,174)
Provision re-instated during the year	**343**	4,386	**343**	4,386
Reclassification to discontinued operation	**(847)**	-	**-**	-
Effect of foreign currency movements	**(71)**	347	**(71)**	366
Balance, end of year	**44,685**	69,630	**44,685**	68,783

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 2019 is as follows:

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	₦ million	₦ million
Cost				
Balance, beginning of the year	115	115	91	91
Share of current year result	-	-	-	-
	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. 2019	Group Dec.2018	Bank Dec. 2019	Bank Dec.2018
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. 2019	Group Dec.2018	Bank Dec. 2019	Bank Dec.2018
Investment securities at fair value through other comprehensive income (FVOCI) (see note (a) below)	**180,329**	144,199	**180,329**	124,417
Investment at fair value through profit or loss (FVTPL) (see note (b) below)	**38,138**	37,048	**38,138**	37,048
Investment securities at amortised cost (see note (c) below)	**38,651**	18,133	**35,199**	13,666
Loss allowance	**(33)**	(63)	**(33)**	(63)
	257,085	199,317	**253,633**	175,068

		Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
(a)	*Investment securities at fair value through other comprehensive income comprise:*				
	- *Investments in debt securities:*				
	Treasury Bills	**134,631**	111,096	**134,631**	91,315
	FGN Bonds	**33,286**	25,116	**33,286**	25,116
	State Government Bonds	**3,488**	3,146	**3,488**	3,146
	Commercial Paper	**44**	-	**44**	-
	Corporate Bonds	**3,922**	1,445	**3,922**	1,445
	FGN Promissory Note	**1,842**	-	**1,842**	-
	Total investment in debt securities	**177,213**	140,803	**177,213**	121,022
	- *Equity instruments at fair value through other comprehensive income comprises:*				
	Equity: Quoted see Note (i) below	**1,976**	2,195	**1,976**	2,195
	Unquoted see Note (ii) below	**1,140**	1,201	**1,140**	1,200
	Total investment in equity	**3,116**	3,396	**3,116**	3,395
	Total investment securities at FVTOCI	**180,329**	144,199	**180,329**	124,417

		Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
(i)	Investment in REIT	**1,976**	2,195	**1,976**	2,195
(ii)	**Investment in unquoted equities**				
	Nigeria Auto Clearing System (NAC)	**427**	356	**427**	356
	Credit Reference Company	**82**	59	**82**	59
	NG Clearing Ltd.	**100**	100	**100**	100
	Sanef Ltd.	**50**	-	**50**	-
	Unique Venture Funds Ltd.	**481**	686	**481**	685
		1,140	**1,201**	**1,140**	**1,200**
	Total investment in equity securities at FVOCI	**3,116**	**3,396**	**3,116**	**3,395**

(iii)	**Movement in equity securities**	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	Bank Dec. 2019 ₦ million	Bank Dec. 2018 ₦ million
	Balance, beginning of the year	**3,395**	30,020	**3,395**	30,020
	Fair value adjustment	**(279)**	(26,625)	**(279)**	(26,625)
	Balance, end of the year	**3,116**	3,395	**3,116**	3,395
(b)	*Investment at fair value through profit or loss comprise:*				
	Investment in equity				
	Afrexim Bank	**3,929**	3,292	**3,929**	3,292
	Africa Finance Corporation (AFC)	**34,209**	33,756	**34,209**	33,756
		38,138	**37,048**	**38,138**	**37,048**
(c)	*Investment securities at amortised cost comprise:*				
	Treasury bills	**3,452**	4,467	**-**	-
	Federal Government of Nigeria -Bonds	**29,264**	3,151	**29,264**	3,151
	State Government of Nigeria -Bonds	**5,935**	10,515	**5,935**	10,515
		38,651	**18,133**	**35,199**	**13,666**
	Stage 1 impairment	(33)	(63)	**(33)**	(63)
	Total impairment	**(33)**	**(63)**	**(33)**	**(63)**
	Net Total -Fixed income securities	**215,831**	**158,873**	**212,379**	**134,625**
	Investment securities	**257,085**	**199,317**	**253,633**	**175,068**

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	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**187**	1,153	**187**	187
Disposal	**-**	(966)	**-**	-
Balance, end of year	**187**	187	**187**	187

27 Investment Properties

These investment properties were last revalued during the year ended 31 December 2017 by Messrs. Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 31 December 2017 for UBN Property Company Plc. As at 31 December 2019, the Directors are of the opinion that there were no material fluctuations in the value of the Bank's investment properties since the last valuation.

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**5,030**	4,951	**-**	-
Additional cost capitalised during the year	**671**	79	**-**	-
	5,701	5,030	**-**	-
Impairment allowance	**-**	-	**-**	-
Balance, end of the year	**5,701**	5,030	**-**	-

28 Investment in subsidiaries

Cost

	Bank	Bank
	Dec. 2019	Dec. 2018
	₦ million	₦ million
UBN Property Company Plc	**2,195**	2,195
Union Bank UK Plc	**-**	8,372
	2,195	10,567

(a) The details of the investment in subsidiary/SPV during the year are as follows:

			Direct ownership interest	
Company Name	Country Incorporation	**Nature of business**	**Dec. 2019**	Dec. 2018
			Status/%	Status/%
UBN Property Company Plc (i)	Nigeria	Property Development	**39**	39

(i) **UBN Property Company Plc (Registered office at Alpha House, 163 Obafemi Awolowo Way, Ikeja, Lagos)**
The Company has 5,626,416,051 ordinary shares of N1.00 each of which 39.01% (December 2018-39.01%) is held by the Bank. In line 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 governs the financial and operating policies of UBN Property Company Plc.

(ii) **Union Bank UK Plc (Registered office at 1 Kings's Arm Yard, London, EC2R 7AF)**

The Bank directly holds 100% holdings 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 William Street Trustees Ltd, the nominee company of Union Bank of

Nigeria Plc was incorporated in December, 2004 as an authorised United Kingdom subsidiary to carry out the business conducted by the London Branch of Union Bank of Nigeria Plc. The cost of investment has been classified as Discontinued operations in accordance with IFRS 5.

(b) Involvement with unconsolidated structured entities
The Group does not have any unconsolidated structured entity as at 31 December 2019.

(c) Condensed results of consolidated entities
(i) The condensed financial data of the continuing operations as at 31 December 2019, are as follows:

Condensed statement of comprehensive income

Statement of Comprehensive income	*Group balances*	*Consolidation entries*	*Total*	*Union Bank of Nigeria Plc*	*Union Properties*
	₦ million	₦ million	₦ million	₦ million	₦ million
Operating income before impairment loss	95,357	(477)	95,834	95,021	813
Net operating income after net impairment loss	95,861	(476)	96,339	95,526	813
Operating Expenses	(71,017)	-	(71,017)	(70,780)	(237)
Net impairment loss on financial assets	504	-	504	504	-
Profit before tax	**24,844**	**(476)**	**25,322**	**24,746**	**576**
Income tax expense	(478)	(107)	(371)	(371)	-
Profit after tax	**24,366**	**(583)**	**24,952**	**24,375**	**576**
Loss before tax from discontinued operations	**(4,491)**	**(4,491)**	-	**-**	**-**
Income tax expense from discontinued operations	-	**-**	-	**-**	**-**
Profit after tax	**19,875**	**(5,074)**	**24,952**	**24,375**	**576**

Condensed Statement of financial position

	Group balances	*Consolidation entries*	*Total*	*Union Bank of Nigeria Plc*	*Union Properties*
Cash and cash equivalents	320,303	(433)	320,736	320,707	29
Non-pledged trading assets	23,322	-	23,322	23,322	-
Pledged assets	20,150	-	20,150	20,150	-
Derivative financial instrument	7,081	-	7,081	7,081	-
Loans and advances to customers	550,613	-	550,613	550,613	-
Investment securities	257,085	-	257,085	253,633	3,452
Assets held for sale	162,537	154,165	8,372	8,372	-
Trading properties	187	-	187	187	-
Investment properties	5,701	-	5,701	-	5,701
Investment in subsidiaries	-	(2,195)	2,195	2,195	-
Property and equipment	57,968	(1)	57,969	57,934	35
Intangible assets	5,382	-	5,382	5,381	1
Right of Use Assets	2,921	-	2,921	2,921	-
Deferred tax assets	95,875	-	95,875	95,875	-
Other assets	361,711	(427)	362,138	361,973	165
Defined benefit assets	1,395	-	1,395	1,395	-
Total assets	**1,872,231**	**151,110**	**1,721,120**	**1,711,739**	**9,381**

Financed by:					
Derivative financial instruments	2,111	-	2,111	2,111	-
Deposits from customers	886,263	(65)	886,328	886,328	-
Deferred tax liabilities	226	-	226	-	226
Current tax liabilities	486	46	439	380	59
Other liabilities	433,114	(3,998)	437,112	436,262	850
Liabilties held for sale	142,221	142,221	-	-	-
Lease Liabilities	1,651	-	1,651	1,651	-
Retirement benefit obligations	842	-	842	840	2
Debt securities issued	13,947	-	13,947	13,947	-
Long term subordinated bond	29,104	-	29,104	29,104	-
Other borrowed funds	109,924	-	109,924	109,924	-
Equity and reserves	252,342	12,906	239,436	231,192	8,244
Total liabilities and equity	**1,872,231**	**151,111**	**1,721,120**	**1,711,739**	**9,381**

(ii) 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*	*Union Bank of Nigeria Plc*	*Union Properties*	*Union Bank UK*
	₦ 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)
	18,093	**(1,400)**	**19,492**	**18,438**	**730**	**327**

Condensed Statement of financial position

	Group balances	*Consolidation entries*	*Total*	*Union Bank of Nigeria Plc*	*Union Properties*	*Union Bank UK*
	₦ 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 instruments	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	-	-
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**	**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	-	262	-	211	51
Current tax liabilities	581	-	580	232	152	196
Other liabilities	169,654	(787)	170,441	168,827	869	745
Retirement benefit obligations	788	-	788	786	3	-
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	27,129
Total liabilities and equity	**1,463,858**	**(23,748)**	**1,487,605**	**1,324,297**	**9,741**	**153,169**

29 Property and equipment

(a) **Group:**

The movement in these accounts during the period was as follows:

	Land	Buildings	Leasehold improvement	Fixtures & fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost								
Balance as at 1st January, 2019	13,275	21,865	17,473	4,549	26,693	2,096	2,716	88,668
Exchange difference	-	-	1	-	31	-	-	32
Additions	25	207	1,140	323	1,847	33	-	3,575
Disposals	(441)	(439)	(57)	(46)	(136)	(10)	-	(1,129)
Reclassification to other assets	-	-	(575)	25	640	29	-	120
Balance as at 31 December 2019	12,859	21,633	17,982	4,852	29,075	2,149	2,716	91,266
Balance as 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
Depreciation and impairment losses								
Balance as at 1st January 2019	-	6,412	2,215	1,913	16,754	1,420	-	28,714
Exchange difference	-	-	-	-	40	-	-	40
Charge for the period	-	408	358	460	3,766	270	-	5,262
Disposals	-	(93)	(13)	(30)	(121)	(10)	-	(267)
Reclassifications	-	-	-	-	(413)	(35)	-	(448)
Write-off/Adj	-	-	-	-	(1)	(2)	-	(3)
Balance as at 31 December 2019	-	6,728	2,560	2,343	20,025	1,643	-	33,298
Balance as at 1st January, 2018	-	6,043	1,899	1,563	13,539	2,537	-	25,582
Charge for the year	-	410	341	388	3,855	227	-	5,221
Disposals	-	(40)	(31)	(38)	(667)	(1,345)	-	(2,121)
Exchange difference	-	-	6	-	1	-	-	7
Reclassifications	-	-	-	-	26	-	-	26
Balance as at 31 December 2018	-	6,412	2,215	1,913	16,754	1,420	-	28,714
(iii) **Net Book Value**								
Balance as at 31 December 2019	**12,859**	**14,905**	**15,423**	**2,509**	**9,050**	**506**	**2,716**	**57,968**
Balance as at 31 December 2018	13,275	15,453	15,258	2,637	9,939	677	2,716	59,954

(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 2018: nil)

(b) **Bank:**
The movement in these accounts during the period was as follows:

(i) **Cost**	**Land** ₦ million	**Buildings** ₦ million	**Leasehold improvement** ₦ million	**Fixtures & fittings** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January 2019	13,249	21,865	17,361	4,550	26,422	2,042	2,714	88,203
Additions	25	207	1,141	323	1,793	86	-	3,575
Disposals	(441)	(439)	(57)	(46)	(136)	(10)	-	(1,129)
Reclassifications	-	-	(127)	74	640	29	-	617
Balance as at 31 December 2019	**12,833**	**21,633**	**18,318**	**4,901**	**28,719**	**2,147**	**2,714**	**91,266**
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 to other assets	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

(ii) **Accumulated depreciation**	**Land** ₦ million	**Buildings** ₦ million	**Leasehold improvement** ₦ million	**Fixtures & fittings** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January 2019	-	6,440	2,138	1,913	16,508	1,374		28,373
Charge for the period	-	408	371	460	3,756	267	-	5,262
Disposals	-	(93)	(13)	(30)	(121)	(10)	-	(267)
Reclassifications	-	-	-	-	(37)	-	-	(37)
Balance as at 31 December 2019	**-**	**6,755**	**2,496**	**2,343**	**20,106**	**1,631**	**-**	**33,331**
Restated balance at 1st January 2018	-	6,071	1,843	1,563	13,365	2,495	-	25,337
Charge for the year	-	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**
(iii) **Net Book Value**								
Balance as at 31 December 2019	**12,833**	**14,878**	**15,822**	**2,558**	**8,614**	**516**	**2,714**	**57,935**
Balance as at 31 December 2018	13,249	15,425	15,223	2,636	9,915	668	2,714	59,830

(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 2018: nil)

(c) The analysis of depreciation expense in the profit or loss is as follows

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Property and equipment (see note 29 (a) and 29 (b))	**5,262**	5,221	**5,262**	5,156
Right of use asset (see note 31)	**529**	-	**529**	-
	5,791	5,221	**5,791**	5,156

30 Intangible assets

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Cost				
Balance, beginning of the year	**12,743**	9,229	**11,365**	8,143
Additions	**1,515**		**1,515**	
Reclassification	**165**	3,500	**165**	3,222
Exchange translation difference	**-**	14	**-**	-
Reclassified to discontinues operations	**(1,378)**	-	**-**	-
Balance, end of period	**13,046**	12,743	**13,045**	11,365
Amortisation and impairment losses				
Balance, beginning of year	**6,698**	4,885	**5,737**	4,194
	-	-	**-**	-
Balance, beginning of the year	**6,698**	4,885	**5,737**	4,194
Amortisation for the year	**1,927**	1,762	**1,927**	1,543
Reclassification	**-**	(26)	**-**	-
Exchange translation difference	**-**	77	**-**	-
Reclassified to discontinues operations	**(961)**	-	**-**	-
Balance, end of period	**7,664**	6,698	**7,664**	5,737
Carrying amounts as at year end	**5,382**	6,045	**5,381**	5,628
Balance as at 1 January	6,045	3,374	5,628	3,949

(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 2018: nil)

31 Right-of Use-Assets

Right-of-use assets related to leased properties that do not meet the definition of investment property:

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
Gross Amount	**3,452**	-	**3,452**	-
Depreciation Expense	**(529)**		**(529)**	-
Carrying Amount as at period end	**2,922**	-	**2,922**	-

Following the adoption of IFRS 16, the Group as a lessee has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group applied IFRS 16 using the modified retrospective approach, under which the cummulative effect of initial application is recognised in the retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

32 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

Group

31 December 2019

	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 liabilities	Liabilities	Net
	₦ million	₦ million
Property, equipment, and software	226	226
Net tax assets (liabilities)	226	226
Net deferred tax		95,649

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

Deferred tax liabilities	Liabilities	Net
	₦ million	₦ million
Property, equipment, and software	262	262
Net tax assets (liabilities)	262	262
Net deferred tax		95,612

Bank

31 December 2019

	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 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

Deferred tax assets and liabilities

Movement on the net deferred tax assets/(liabilities) account during the year:

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**95,613**	95,809	**95,875**	95,875
Credit for the year	**36**	(196)	**-**	-
Net deferred tax assets/(liabilities)	**95,649**	95,613	**95,875**	95,875
Made up of				
Deferred tax assets	102,688	102,652	102,914	102,914
Deferred tax liabilities	(7,039)	(7,039)	(7,039)	(7,039)

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N95.65billion (December 2018: N95.875billion) 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 utilised. As at year end, the Bank and Group have unrecognised deferred tax assets of N89.5billion (2018: N86.7billion).

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.

33 Other assets

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Cash Reserve Requirement (see (i))	**296,043**	281,868	**296,043**	281,868
Other assets:				
Clearing	**1,376**	1,793	**1,376**	1,793
Accounts receivable	**777**	1,089	**160**	287
Prepayments	**3,255**	4,596	**3,243**	4,420
Receivable on FX (see (ii))	**26,888**	14,773	**26,888**	14,773
Repossessed assets	**3,493**	-	**3,493**	-
Sundry assets (see (iii))	**37,304**	28,006	**37,001**	27,520
	73,093	50,257	**72,161**	48,793
Impairment on other assets(see (iv))	**(7,425)**	(7,849)	**(6,231)**	(6,658)
Net other assets	**65,668**	42,408	**65,930**	42,135
	361,711	324,276	**361,973**	324,003

(i) The Bank had restricted balances of N296.043billion (December 2018: N281.868billion) with the Central Bank of Nigeria (CBN) as at 31 December 2019, representing the cash reserve requirement (CRR). The CRR is a mandatory cash deposit which should be held 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 31 December 2019, the CRRs in force was 22.5% (Dec 2018: 22.5%).

(ii) **Receivable on FX**

The balance represents the value of foreign currency receivable on forward transactions with CBN.

(iii) **Other Sundry assets**

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Frauds and losses	**1,540**	1,501	**1,540**	1,501
Advance payments for PPE	**630**	1,665	**630**	1,665
Receivable from Union Homes	**961**	1,927	**961**	1,927
Property under dispute	**1,352**	1,352	**1,352**	1,352
Garnishee Order	**1,334**	1,306	**1,334**	1,306
Status Car loan	**9**	480	**9**	480
ATM receivable	**3,443**	3,187	**3,443**	3,187
Dividend Receivable	**396**	432	**396**	432
Receivable on electronic transfers and collections	**3,836**	2,941	**3,836**	2,941
Master/Visa card electronic settlement	**801**	1,501	**801**	1,501
Receivable for unsettled financial assets	**-**	2,416	**-**	2,416
Fee receivable	**-**	948	**-**	948
Investment in AgriBusiness/SMEEIS	**2,358**	1,436	**2,358**	1,436
Discounted Fx Forwards	**5,120**	1,163	**5,120**	1,163
Prepaid inventory items	**324**	279	**324**	279
Prepaid bulk SMS	**-**	133	**-**	133
Cash in Transit	**3,465**	1,005	**3,465**	1,005
Recievable for FX purchase	**3,697**	3,303	**3,697**	3,303
Other account balances	**8,038**	1,032	**7,735**	546
Balance, end of year	**37,304**	28,006	**37,001**	27,520

(iv) **Movement in impairment on other assets:**

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec.2018	**Dec. 2019**	Dec.2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	**7,849**	7,445	**6,658**	6,241
(Write-back)/ Charge for the year	**(688)**	382	**(688)**	382
Effect of exchange rate	**264**	22	**261**	35
Balance, end of year	**7,425**	7,849	**6,231**	6,658

Impairment allowances are charged on other sundry assets which are doubtful of recovery.

34 Deposits from banks

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Money market deposits	**-**	-	**-**	-
Other deposits from banks	**-**	99,477	**-**	-
	-	99,477	**-**	-

35 Deposits from customers

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Term deposits	**229,096**	245,600	**229,161**	234,384
Current deposits	**392,529**	384,869	**392,529**	382,905
Savings	**264,638**	227,124	**264,638**	227,124
	886,263	857,593	**886,328**	844,413
Low-cost deposits	**657,167**	611,993	**657,167**	610,029
Low-cost deposits as % of total customer deposits	**74.2%**	71.4%	**74.1%**	72.2%
Deposits by currency				
Local currency deposits	**707,068**	658,523	**707,068**	658,523
Foreign currency deposits	**179,195**	199,070	**179,260**	185,890
Total customers deposits	**886,263**	857,593	**886,328**	844,413

36 Current tax liabilities

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**581**	524	**232**	271
Classification as Discontinued operations	**(198)**	-	**-**	-
Foreign exchange translation difference	**-**	14	**-**	-
Charge for the year	**478**	361	**371**	222
Payments during the year	**(375)**	(318)	**(223)**	(261)
Balance, end of year	**486**	581	**380**	232

37 Other liabilities

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Financial liabilities:				
Deposits for foreign currency	**222,919**	63,974	**222,919**	63,974
Accounts payable	**5,540**	5,981	**5,540**	5,744
AMCON contribution payable	**1,816**	2,270	**1,816**	2,270
Due to foreign correspondent banks (see note (a) below)	**35,658**	31,594	**35,658**	31,594
Draft and Bills payable	**2,434**	5,325	**2,434**	5,325
Insurance premium payable	**-**	90	**-**	90
Deposit for properties	**-**	930	**-**	-
Open buy back takings/Repurchase transactions	**9,164**	-	**9,164**	-
Trading liabilities	**89,637**	-	**89,637**	-
Financial instruments- short position	**-**	606	**-**	606
Other provisions (see note (b) below)	**257**	207	**257**	207
Creditors and accruals (see note (c) below)	**5,464**	5,454	**5,436**	5,431
Electronic collections and other e-payment liabilities	**52,120**	44,981	**52,120**	44,981
	425,009	161,412	**424,981**	160,222

Non financial liabilities:				
Unearned income	**443**	486	**443**	486
Provision for claims and contingencies (see note (c) below)	**2,595**	3,070	**2,595**	3,070
PAYE and other statutory deductions	**772**	932	**772**	873
Other credit balances (see note (d) below)	**4,295**	3,754	**7,471**	4,176
	8,105	8,242	**11,281**	8,605
Total other liabilities	**433,114**	**169,654**	**436,262**	**168,827**

(a) Other provisions relates to IFRS 9 provisions on Letters of credit and financial guarantees. See details:

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Allowance on letters of credit	92	107	92	107
Allowance on guarantees	165	100	165	100
	257	207	257	207

The movement on other provisions during the year was as follows:

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	207	-	207	-
Effect of IFRS 9 transition	-	411	-	411
Charge/ (Reversals) during the year	50	(204)	50	(204)
Balance, end of year	**257**	207	**257**	207

(c) Creditors and Accruals comprises the following:

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Accrued IT consumables	**294**	393	**294**	393
Accruals for professional and consultancy fees	**162**	404	**162**	404
Accrual for Industrial Training Fund Levy	**250**	281	**250**	281
Accrual for Advertisement	**258**	224	**258**	224
Accrual for staff related allowances	**3,660**	3,578	**3,660**	3,578
Provision for restitution (see note (45))	**121**	76	**121**	76
Accrual for Repairs and maintenance expenses	**177**	152	**177**	152
Accrual for rental expenses	**146**	296	**146**	296
Other accruals	**396**	50	**368**	27
	5,464	5,454	**5,436**	5,431

(d) The movement on provision for claims and contingencies during the year was as follows

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**3,070**	2,978	**3,070**	2,978
Charge/reversal during the year	**(475)**	92	**(475)**	92
Reclassification	**-**	-	**-**	-
Balance, end of the year	**2,595**	3,070	**2,595**	3,070

(e) **Other credit balances**

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Provision for Audit Fees	**110**	150	**110**	150
Vendor retention fee payable	**100**	497	**100**	497
Franchise Collections	**1,312**	766	**1,312**	766
Agency fees payable	**60**	122	**60**	122
Deferred rental income	**71**	108	**-**	-
Sundry Persons	**917**	619	**917**	619
Disposal of asset	**62**	124	**62**	124
Others	1,663	1,368	4,910	1,898
	4,295	**3,754**	**7,471**	**4,176**

38 Lease Liabilites

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Lease Liability	**1,651**	-	**1,651**	-

(i) Lease liabilities are payable as follows

	Future minimum lease payments	Interest expense	Present value of minimum lease payments
Less than one year	**491**	44	446
Between one and five years	**1,196**	335	861
More than five years	**999**	656	343
	2,686	1,035	1,651

The future minimum lease payments extend over a number of years, analysed as follows:

Not later than one year	
< 1 year	491
Between one and five years	
>1 but <= 5years	1,196
More than five years	
> 5years	999
Future finance charges	1,035
Present Value of future minimum lease payments (31 December 2019)	**1,651**

The present value of finance lease liabilities is as follows:

Not later than one year	
< 1 year	446
Between one and five years	
>1 but <= 5years	861
More than five years	
> 5years	343
As at 31 December 2019	**1,651**

39 Employee benefit obligations

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Post employment benefit obligation (see (a) below)	**81**	89	**81**	89
Other long-term employee benefits (see (b) below)	**761**	699	**759**	697
	842	788	**840**	786

(a) Post employment benefit obligation

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Defined contribution scheme (see (i) below)	**81**	89	**81**	89
Net defined benefit assets (see (i) below)	**1,395**	1,610	**1,395**	1,610

(i) Defined Contribution Scheme

	Group Dec. 2019 ₦ million	Group Dec. 2018 ₦ million	**Bank Dec. 2019 ₦ million**	Bank Dec. 2018 ₦ million
Balance, beginning of year	**89**	124	**89**	124
Charge during the year	**628**	759	**628**	623
Contribution remitted during the year	**(636)**	(794)	**(636)**	(658)
Balance, end of year	**81**	89	**81**	89

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 in line 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, and 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 4,600DB 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 liability		Fair value of plan assets		Net defined Benefit (asset) liability	
	Dec. 2019	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of the year	1,302	1,527	(2,963)	(1,850)	**(1,610)**	(300)
Included in profit or loss						
Current service costs and interest	184	246	(322)	(246)	**(138)**	-
Settlemenent gain/(loss))	71	-	-	-	**71**	-
	255	246	(322)	(246)	**(67)**	-
Additions to plan assets	-	-	(16)	(1,120)	**(18)**	(1,120)
	255	246	(338)	(1,366)	**(83)**	(1,120)
Remeasurement of defined benefit obligation	120	(76)	178	(113)	**298**	(138)
	120	(76)	178	(113)	**298**	(189)
Others						
Benefits paid by the plan	(308)	(365)	308	365	**-**	-
	(308)	(394)	308	365	**-**	-
Balance, end of year (see note 39(a) above)	1,369	1,302	(2,815)	(2,963)	**(1,395)**	(1,610)

Bank

	Gross defined benefit liability		Fair value of plan assets		Net defined benefit (asset) liability	
	Dec. 2019	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**	**Dec. 2019**	**Dec. 2018**
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
Balance, beginning of the year	1,302	1,498	(2,912)	(1,850)	(1,610)	(352)
Included in profit or loss						
Current service costs and interest	184	246	(320)	(246)	(136)	-
Settlement gain/(loss))	71	-	-	-	71	-
	255	246	(320)	(246)	(65)	-
Additions to plan assets	-	-	(18)	(1,069)	(18)	(1,069)
	255	246	(338)	(1,315)	(83)	(1,069)
Remeasurement of defined benefit obligation	120	(76)	178	(113)	298	(189)
	120	(76)	178	(113)	298	(189)
Others						
Benefits paid by the plan	(308)	(365)	308	365	-	-
	(308)	(365)	308	365	-	-
Balance, end of year	1,369	1,302	(2,764)	(2,912)	(1,395)	(1,610)

(iv) Plan assets

Plan assets for funded obligations consist of the following

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
	₦ million	₦ million	₦ million	₦ million
Receivable from pension fund administrator	2,815	2,963	2,764	2,912
	2,815	2,963	2,764	2,912

(v) Actuarial assumptions

The following were the principal actuarial assumptions at reporting date (expressed as weighted averages).

	Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
- Discount rate	13.5%	14.0%	13.5%	14.0%
- Average rate of inflation	12.0%	12.0%	12.0%	12.0%

(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

		Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
		₦ million	₦ million	₦ million	₦ million
	Movement				
Discount rate	+1%	1,307	1,248	1,307	1,248
	-1%	1,437	1,362	1,437	1,362
Pension Increase Rate	+1%	1,454	1,378	1,454	1,378
	-1%	1,292	1,233	1,292	1,233
Mortality	Future Mortality Improvement (2% p.a)	1,479	1,386	1,479	1,386
	Future Mortality Improvement (0% p.a)	1,249	1,209	1,249	1,209

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 5.95 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 N75,000	10% of Annual Basic Salary Cash Award of N120,000	10% of Annual Basic Salary Cash Award of N150,000.00
15 years	15% of Annual Basic Salary Cash Award of N100,000	15% of Annual Basic Salary Cash Award of N175,000	15% of Annual Basic Salary Cash Award of N180,000.00
20 years	20% of Annual Basic Salary Cash Award of N125,000	20% of Annual Basic Salary Cash Award of N220,000	20% of Annual Basic Salary Cash Award of N250,000.00
25 years	25% of Annual Basic Salary Cash Award of N150,000	25% of Annual Basic Salary Cash Award of N250,000	25% of Annual Basic Salary Cash Award of N375,000.00
30 years	30% of Annual Basic Salary Cash Award of N175,000	30% of Annual Basic Salary Cash Award of N300,000	30% of Annual Basic Salary Cash Award of N625,000.00
35 years	35% of Annual Basic Salary Cash Award of N250,000	35% of Annual Basic Salary Cash Award of N375,000	35% of Annual Basic Salary Annual Basic Salary

The amounts recognised in the statement of financial position are as follows:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Present value of unfunded obligation	**761**	699	**759**	697
Total present value of the obligation	**761**	699	**759**	697
Present value of net obligation	**761**	699	**759**	697
Recognised liability for defined benefit obligations	**761**	699	**759**	697

The movement of other long-term employee benefit is as stated below:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of the year	699	681	697	677
Included in profit or loss				
Current service costs and interest	214	561	214	560
Curtailment	(166)	-	(166)	-
	48	561	48	560
Included in OCI	70	-	70	-
Others				
Benefits paid by long service award plan	(56)	(543)	(56)	(540)
	(56)	(543)	(56)	(540)
Balance, end of year	759	699	759	697

(ii) Current service cost, interest cost and remeasurement recognised in profit or loss.
The current service cost, interest cost and remeasurement gain on defined benefit obligations and long service award is recognised as personnel expenses. See break down below:

	Group Dec. 2018	Group Dec. 2018	**Bank Dec. 2018**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Defined benefit obligation (see note 39(a)(iii) above)	**(67)**	-	**(65)**	-
Long service award (see note 39(b)(i) above)	**50**	561	**48**	560
Total cost	**(17)**	561	**(17)**	560

40 Debt securities issued

	Group	Group	Bank	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Short term bonds	**7,446**	7,369	**7,446**	7,369
Long term bonds	**6,501**	6,491	**6,501**	6,491
	13,947	**13,860**	**13,947**	**13,860**

This represents the outstanding balance on the Bank's Debt Issuance Program. The short term bonds are senior unsecured fixed rate bonds with a maturity tenor of three (3) years while the long term bonds are senior unsecured fixed rate bonds with a maturity tenor of seven (7) years.

The terms of the instruments are as follows:

	Short term	Long term
Contractual rate	15.50%	15.75%
Maturity date	September 3, 2021	September 3, 2025

41 Long term subordinated bond

	Group	Group	Bank	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
Series 3 bonds	**29,104**	-	**29,104**	-
	29,104	-	**29,104**	-

Amount represents a N30 billion subordinated unsecured fixed rate bonds. It forms part of the N100 billion domestic bond programme of the Bank. Interest is payable at a rate of 16.2% per annum. The instrument matures on the 27th June 2029.

42 Other borrowed funds

	Group	Group	Bank	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Due to CAC (see (a))	**7,977**	11,954	**7,977**	11,954
BOI on-lending facilities (see note (b))	**3,028**	3,923	**3,028**	3,923
CBN RSS-on lending (see (c))	**19,502**	20,069	**19,502**	20,069
Trade finance lending (see (d))	**53,705**	23,572	**53,705**	23,572
Other borrowings (see (e))	**25,106**	35,373	**25,106**	35,457
SME on-lending scheme	**606**	-	**606**	-
	109,924	**94,891**	**109,924**	**94,975**

(a) This represents the outstanding balance on an unsecured facility of N18,167,000,000 disbursed by the Central Bank of Nigeria (CBN), as part of its 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 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 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 N6.0 billion (Dec. 2018: N6 billion) and has a 15-period 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 N20.0billion (December 2018: N20.1billion) 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 startups and expansion financing needs. The real 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) Trade finance lending includes balances from the following financial institutions:

	Bank	Bank	Bank	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	$ million	$ million	**₦ million**	₦ million
Mashreq Bank	**52**	20	**18,844**	7,235
Union Bank UK	**-**	-	**-**	84
Access Bank UK	**60**	40	**22,038**	14,437
Zenith Bank UK	**10**	-	**3,694**	-
UBA New York	**25**	5	**9,129**	1,816
	147	**65**	**53,705**	**23,572**

(i) Mashreq Bank
The amount of N18,844million (US$52million) 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 22nd June 2020.

(ii) Access Bank Nigeria Limited
The amount of N22,038million (US$60million) 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 4th May 2020 and 9th June 2020.

(iii) Zenith Bank UK
The amount of N3,694 million (US$10million) 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 19th March 2020.

(iv) UBA New York
The amount of N9,129million (US$25million) 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 17th July 2020.

(e) Other borrowings consists of the balances of foreign currency denominated liabilities obtained from the financial institution below:

	Group	Group	Bank	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	$ million	$ million	**₦ million**	₦ million
Afreximbank	**69**	**99**	**25,106**	**35,457**
	69	**99**	**25,106**	**35,457**

The amount of N25,106million (US$69million) represents the outstanding balances from two facilities: a taking of US$75million and an amortising medium term facility of US$ 75million granted by African Export - Import Bank on 29th December 2017 and 29th July 2016 respectively. Interest is payable quarterly at 7.94% and LIBOR + 6.10% per annum respectively. Final repayments on these facilities are due 27th March 2020 and March 2021 respectively.

43 Discontinued operations

(a) Profit for the period from discontinued operations

Profit for the period from discontinued operations represents the operating results of subsidiaries held for sale in line with the Bank's divestment plan. Included in discontinued operations is the results and balances of Union Bank UK Plc.

	Group December 2019	Group December 2018
	₦ million	₦ million
Gross income	6,637	5,913
Gross expense	(11,128)	(5,532)
	-	
Interest Income	5,846	5,086
Interest Expense	(1,661)	(1,332)
Net interest income	4,185	3,754
Recoveries on credit losses	-	-
Net interest income after impairment charge for credit losses	4,185	3,754
Net fee and commission income	-	696
Net trading income	203	-
Other operating income	588	131
Underwriting profit	-	-
Total operating income	791	828
Total non-interest income	791	828
	-	
Operating Income	4,976	4,581
Net impairment loss on financial assets	(5,730)	(523)
Net operating income after net impairment loss on other financial assets	(755)	4,058
	-	
Personnel expenses	(1,972)	(2,003)
Depreciation and amortisation	(245)	(274)
Other operating expenses	(1,518)	(1,400)
	(3,736)	(3,677)
Loss before tax from discontinued operations	(4,491)	381
Income tax expense	-	(50)
Loss from discontinued operations (net of tax)	(4,491)	331

Assets classified as held for sale

	Group	Group	**Bank**	Bank
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
	₦ million	₦ million	**₦ million**	₦ million
Cash and cash equivalents	**101,425**	-	-	**-**
Investments in subsidiaries	**-**	-	**8,372**	**325**
Loans and advances to customers	**37,311**	-	-	**-**
Investment securities	**21,704**	-	-	**-**
Investment properties	**-**	188	-	**-**
Property and equipment	**86**	-	-	**-**
Intangible assets	**212**	-	-	**-**
Other assets	**1,799**	209	-	**-**
	162,537	**397**	**8,372**	**325**

Liabilities for assets classified as held for sale

	Group	Group	Bank	Bank
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
	₦ million	₦ million	**₦ million**	₦ million
Deposits from banks	**116,340**	-	-	-
Deposits from customers	**23,744**	-	-	-
Other liabilities	**2,137**	-	-	-
	142,221	-	-	-

44 Capital and reserves

Share capital

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
(a) Authorised :				
35,000,000,000 (Dec 2018: 35,000,000,000) Ordinary shares of 50 kobo each	**17,500**	17,500	**17,500**	17,500

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
(b) Issued and fully paid -				
29,212,936,538 (Dec. 2018: 29,120,752,788) Ordinary shares of 50kobo each	**14,607**	14,561	**14,607**	14,561

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**14,561**	14,561	**14,561**	14,561
Addtion during the year (See (c)below)	**46**	-	**46**	-
Balance, end of year	**14,607**	14,561	**14,607**	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. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, begining of year	**187,091**	187,091	**187,091**	187,091
Transfer from share premium	**(54,458)**	-	**(54,458)**	-
Employee Share Incentive Scheme	**602**	-	**602**	-
Balance, end of year	**133,235**	187,091	**133,235**	187,091
Share capital and share premium	**147,842**	**201,652**	**147,842**	**201,652**

(i) In the course of the year, the Federal High Court, Lagos by an Order dated 18th December 2019 ("the Court Order") granted the Bank's Petition to write off N54.458billion negative from General Reserve balance as at 31 December 2019, against the Share Premium Account. The Bank also sought the approval of Central Bank of Nigeria for the write-off and was granted. Extracts of the Bank's Special Resolution for the reduction of the Bank's Share Premium Account dated 11th June 2019 and the Court Order have been filed at the Corporate Affairs Commission, Abuja.

(ii) In 2014, the Shareholders 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 authorised share capital, to fund an Employee Share Incentive Scheme (see note 15 (i)).

As at 31 December 2019, 174,606,109 units of ordinary shares of the Bank had been awarded to key management personnel of the Bank under the Bank's share-based incentive scheme. The shares were valued at the market price of the shares at the grant date (see note 15 (i)).

(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 is made if the statutory reserve is less than paid- up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank made a transfer of N3,656million to statutory reseves during the period ended 31 December 2019 (31 December 2018: N2,766million).

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**28,797**	26,031	**28,797**	26,031
Transfer from retained earnings	**3,656**	2,766	**3,656**	2,766
	32,453	28,797	**32,453**	28,797

(e) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through other comprehensive income.

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**14,482**	40,567	**13,335**	39,205
Effect of IFRS 9 transition	**-**	(20,400)	**-**	(20,400)
Fair value changes during the year	**6,592**	(5,685)	**6,625**	(5,470)
Balance, end of year	**21,074**	14,482	**19,960**	13,335

(f) 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 Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, beginning of year	**-**	71,027	**-**	71,027
Effect of IFRS 9 transition	**-**	(71,027)	**-**	(71,027)
Excess of NGAAP provision over IFRS provision during the year	**3,331**	-	**3,331**	-
Balance, end of year	**3,331**	-	**3,331**	-

(g) 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 Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Balance, begining of year	**282**	193	**282**	193
Additional shares awarded during the year (See note 15)	**366**	89	**366**	89
Vested shares during the year (See note 15)	**(648)**	-	**(648)**	-
Balance, end of year	**-**	**282**	**-**	**282**

During the year ended December 31, 2019, 61,060,713 units of shares were awarded to key management personnel of the Bank under the Bank's share-based incentive scheme (31 December 2018: 14,374,515) See note 15(ii).

(h) Other reserves

The other reserves are as follows:

	Group	Group	**Bank**	Bank
	Dec. 2019	Dec. 2018	**Dec. 2019**	Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Translation reserve	**17,273**	16,660	**1,895**	1,895
Excess clawback reserves	**(14,918)**	(14,918)	**(14,918)**	(14,918)
Other SMEEIES reserves	**9,132**	8,210	**9,132**	8,210
Capital reserve	**5,489**	5,489	**5,489**	5,489
Impairment on reserve on debt securities at FVTOCI	**38**	38	**52**	38
Equity component of employee benefit remeasurement	**2,632**	3,044	**2,633**	3,044
	19,646	18,523	**4,283**	3,758

(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.

The Financial Accommodation provided by AMCON exceeded the Bank's Completion NAV of zero, calculated as at 31 December 2011, by N14.918 billion. This excess amount was refunded to AMCON during the year ended 31st December, 2012.

(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 of the guideline (amended by CBN letter dated 11 July 2006), the contribution was 10% of profit after tax for the first 5 periods, and there after 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 to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation.

While there are no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profits After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme. This is done after the audit and Central Bank of Nigeria (CBN) approval.

(vi) Capital reserve

Capital reserve warehouses the nominal value of shares cancelled during the capital reconstruction exercise that occurred during the financial period ended April 2015.

(v) Equity component of employee benefit remeasurement

This reserve warehouses the equity component of remeasurement of defined benefit liability/(assets)

(iv) Retained earnings

The movement on the Retained Earnings account during the year is as follows:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Deficit at the beginning of the year	**(44,380)**	(16,313)	**(47,736)**	(21,047)
Effect of IFRS 9 transition	**-**	(41,565)	**-**	(41,517)
Effect of IFRS 16 transition	**(176)**		**(176)**	
Retained profit for the year	**19,875**	18,093	**24,375**	18,438
Transfer from/(to) other reserves	**50,190**	(3,610)	**50,191**	(3,610)
Dividend paid to non-controlling interest	**(475)**	(540)	**-**	-
Transfer to non controlling interest	**(267)**	(445)	**-**	-
	24,768	(44,380)	**26,654**	(47,736)
Movement in regulatory risk reserve (see below)	**(3,331)**	-	**(3,331)**	-
Balance at the end of the year	**21,437**	(44,380)	**23,323**	(47,736)

In line with CBN Prudential Guidelines, the excess of Nigerian Generally Accepted Accounting Practice loan loss provision over the IFRS provision is transferred to a regulatory risk reserve and not available for distribution to shareholders. The amount is treated as a deduction from retained earnings. See 44c (iii) for the movement in regulatory risk reserve which was deducted from retained earnings during the year.

45 Non-controlling Interest

Movement in the non controlling interest	**Group Dec. 2019**	Group Dec. 2018
	₦ million	₦ million
Balance, beginning of year	**6,276**	5,831
Profit/(loss) for the year	**267**	445
Balance, end of year	**6,543**	6,276

46 Contingencies

(a) Litigations and claims

The Bank is involved in a number of legal actions in the ordinary course of business with contingent liabilities amounting to N6.95 trillion as at 31 December 2019 (2018: N6.92 trillion). Included in the litigation are two significant legal cases with total claims of N6.62 trillion in which judgements have been given against the Bank and other co-defendants by the Federal High Court (FHC) in prior years and where the Bank's appeal against the judgments are currently pending before the appellate courts.

One of the litigations pending at the Court of Appeal is one in which the Bank appealed against the FHC judgment that was given against it and seven other defendants in December 2014. The FHC ordered the defendants to pay an estimated sum of N5.25 trillion. The Claimant's application to adduce further and additional evidence was refused by the Court of Appeal in 2018 and an appeal to the Supreme Court against this unfavourable ruling by the Court of Appeal was struck out subsequent to year end, on 11 February 2020.

In the second case instituted by a company called Petro Union Oil & Gas Company Limited against the Central Bank of Nigeria (CBN), Union Bank, the Minister of Finance and the Attorney-General of the Federation, the FHC in 2014 gave judgment against the defendants and ordered them jointly and severally to, among others, return the Claimant's foreign capital amounting to £2.56 billion which was allegedly deposited through a Barclays Bank cheque for this amount with the Bank and of which a substantial part was allegedly transferred to the CBN, with the Bank retaining the rest. The judgment also awarded interest at 15% per annum from 1994 up till the liquidation of the judgment debt. As at the reporting date, the Naira equivalent of the total judgment debt was N5.79 trillion out of which N1.37 trillion was awarded directly against the Bank. In 2018, the Court of Appeal dismissed the Bank's appeal against the judgment of the FHC and a further appeal was filed to the Supreme Court. While the Bank's appeal was pending before the Supreme Court, its application for leave to amend its notice of appeal, to appeal on grounds of mixed law and fact and to extend time to apply for leave was dismissed. The Bank subsequently filed an application to set aside this ruling of the Supreme Court and this application is also pending before the Court. Based on the legal opinions obtained by the Bank, the Directors believe that both the pending applications as well as the substantive appeal before the Supreme Court have a high chance of success.

Subsequent to the year end, the Federal Government of Nigeria instituted criminal proceedings against Petro Union Oil & Gas Company Limited, its directors and other persons for, among others, fraudulently procuring the cheque of £2.56 billion, the subject matter of the judgment debt against the Bank. The directors of the Company have been remanded in the custody of the Economic and Financial Crimes Commission (EFCC) pending the trial and hearing of their bail applications which was then adjourned to 19 February 2020.

The Directors are currently contesting other litigations against the Bank and are of the view that a high level of success is expected. Accordingly, the Directors believe there will be no material adverse effect to the financial statements.

47 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 for the Group was N185.07 billion (December 2018: N161.73 billion).

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Performance bonds and guarantees	**109,710**	89,515	**109,710**	89,515
Letters of credit	**75,617**	72,421	**75,617**	72,421
IFRS 9 impairment on off balance sheet exposures	**(257)**	(207)	**(257)**	(207)
Total off-balance sheet assets after impairment	**185,070**	161,729	**185,070**	161,729

48 Customers' complaints

The Bank in its ordinary course of business received 350,972 complaints (2018: 176,305) during the year ended December 31, 2019. The details of the complaints are illustrated in the table below:

Description	**Number**		**Amount claimed**		**Amount refunded**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Pending complaints brought forward	6,763	4,840	103,716,622	109,262,068	-	N/A
Received complaints	350,972	176,305	53,507,555,257	199,215,073	1,524,657,825	N/A
Resolved complaints	351,992	174,382	53,502,896,316	204,760,519	1,542,532,575	412,487,153
Unresolved Complaints escalated to CBN for intervention / carried forward	5,743	6,763	108,375,563	103,716,622	125,250	N/A

The total amount in respect of complaints resolved was N53,502,896,316(2018: N204,760,519) while the total disputed amount in cases which remain unresolved stood at N108,375,563(2018:N103, 716,622.21) No complaints were referred to the Central Bank of Nigeria (CBN) for intervention during the year (2018: nil).

Events after Reporting Date
Subsequent to year end, the Group is in process of concluding the sale of Union Bank UK in line with its divestment plan. There were no other subsequent events which could have had material effect on the financial statements of the Bank as at 31 December 2019 and the profit for the year ended on that date, which have not been adequately provided for or disclosed.

49 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) 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.

(ii) 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 of family 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 2019

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	-	65	-	-	-	-
Union Bank UK Plc	Subsidiary	-	0.3	-	288	3,228	-
Directors and related companies	Key Mgt. Personnel	37,767	-	-	-	-	-
Executive Director's loans	Key Mgt. Personnel	206	-	-	-	-	-

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 related companies	Key Mgt. Personnel	36,631	640	4,653	-	-	-
Executive Director's loans	Key Mgt. Personnel	254	-	11	-	-	-

The status of performance of each facility as at 31 December 2019 is as shown below:

(b) Secured loans and advances

Borrower	*Relationship*	*Facility Type*	**Dec. 2019** *Amount*	*Status*
			₦ million	
Accugas Limited/Adeyemi Osindero/ Chairman- Cyril Odu ***	Former Director	Fcy Term Loan	17,565	Performing
Notore Chemicals Industries Ltd/Onajite Okoloko	Former Director	Fcy Term Loan	680	Watchlist
Notore Chemicals Industries Ltd/Onajite Okoloko	Former Director	Term Loan	6,932	Watchlist
PNG Gas Ltd/Cyril Odu	Chairman	Term Loan	3,360	Performing
PNG Gas Ltd/Cyril Odu	Chairman	Financial Guarantee	1,800	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Financial Guarantee	7,000	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Term Loan	131	Performing
Swift Networks Ltd/Richard Kramer	Non-Executive Director	Financial Guarantee	299	Performing
			37,767	

*** Between 2014 and 2017, the Board Chairman was a director in Seven Energy, the erswhile 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. 2019	Dec. 2018
	₦ million	₦ million
Salaries, short term benefits and pensions	598	651
Share-based payment	366	89
Directors' sitting allowance	11	18
Fees as directors	210	199
	1,185	957

Directors' Remuneration

(i) Directors' remuneration excluding pension contribution and certain benefits was provided as follows:

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ million
Fees as directors	**210**	199	**210**	199
Directors' sitting allowance	**11**	18	**11**	18
	221	217	**221**	217
Executive compensation	**598**	651	**598**	651
Share-based payment	**366**	89	**366**	89
	1,185	957	**1,185**	957

(ii) The directors'remuneration shown above includes

	Group Dec. 2019	Group Dec. 2018	**Bank Dec. 2019**	Bank Dec. 2018
	₦ million	₦ million	**₦ million**	₦ 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. 2019	Bank Dec. 2018
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	**3**	4
N100,000,001 - N200,000,000	**1**	1
N200,000,001 - N400,000,000	**-**	-
	13	14

Employees

The number of persons in the employment of the Bank at 31 December was as follows:

	Bank Dec. 2019	Bank Dec. 2018
Management	**34**	40
Non-management	**2,328**	2,553
	2,362	2,593

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. 2019	Bank Dec. 2018
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	**724**	813
N3,500,001 - N4,000,000	**-**	-
N4,000,001 - N4,500,000	**-**	-
N4,500,001 - N5,000,000	**648**	703
Above N5,000,000	**982**	1,069
	2,362	2,593

50 Compliance with banking regulations

The Bank contravened some banking regulations in the course of the year; these contraventions attracted a penalty of N124.25m for the year 2019 (2018: N12.0m). Details of the banking regulations which the Bank contravened during the year are as follows:

Nature of contravention	**Penalties** ₦ million
Penalty for failure to obtain approval for branch relocation	2.00
Penalty for Risk Based examination (RBS)	14.00
Penalty for AML/CFT examination	8.25
Penalty for allowing cash deposits and electronic transfers in contravention of section 21 of Foreign exchange Monitoring and Miscellaneous Provision Act	46.00
Penalty for not rendering Suspicious Transaction Report (STR) on several split deposits	46.00
Penalty for consumer protection compliance examination	2.00
Penalty for foreign exchange examination	2.00
Penalty for rendition of incomplete FTRs due to technology-related issue & breaching of regulatory threshold for Tier 1 account	4.00
	124.25

51 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	**31 December 2019**			**31 December 2018**		
	Carrying amount	**Current**	**Non-current**	**Carrying amount**	**Current**	**Non-current**
	₦ million	**₦ million**	**₦ million**	**₦ million**	**₦ million**	**₦ million**
ASSETS						
Cash and cash equivalents	320,303	320,303	-	233,566	233,566	-
Non-pledged trading assets	23,322	23,322	-	14,271	14,271	-
Pledged assets	20,150	20,150	-	48,839	32,176	16,663
Derivative assets held for risk management	7,081	7,081	-	1,029	1,029	-
Loans and advances to customers	550,613	346,559	204,054	473,462	333,305	140,157
Investment securities	257,085	220,880	36,205	199,317	169,493	29,824
Trading properties	187	-	187	186	-	186
Investment properties	5,701	-	5,701	5,030	-	5,030
Property and equipment	57,968	-	57,968	59,954	-	59,954
Intangible assets	5,382	-	5,382	6,045	-	6,045
Right of Use Assets	2,921	-	-	-	-	-
Deferred tax assets	95,875	-	95,875	95,875	-	95,875
Other assets	361,711	358,730	2,981	324,277	319,681	4,596
Defined benefit assets	1,395	-	1,395	1,610	-	1,610
	1,709,694	1,297,025	409,748	1,463,461	1,103,521	359,940
Assets classified as held for sale	162,537	162,537	-	397	397	-
TOTAL ASSETS	1,872,231	1,459,562	409,748	1,463,858	1,103,918	359,940

Group	31 December 2019			31 December 2018		
	Carrying amount	Current	Non-current	Carrying amount	Current	Non-current
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
LIABILITIES						
Derivative liabilities held for risk management	2,111	2,111	-	1,120	1,120	-
Deposits from banks	-	-	-	99,477	99,477	-
Deposits from customers	886,263	860,155	26,108	857,593	837,224	20,369
Current tax liabilities	486	486	-	581	581	-
Deferred tax liabilities	226	-	226	262	-	262
Other liabilities	433,114	257,461	175,653	169,654	105,018	64,636
Lease Liabilities	1,651	-	1,651			
Retirement benefit obligations	842	-	842	788	-	788
Debt securities issued	13,947	-	13,947	13,860	-	13,860
Long term subordinated bond	29,104	-	29,104	-	-	-
Other borrowed funds	109,924	58,110	51,814	94,891	37,858	57,033
TOTAL LIABILITIES	1,477,668	1,178,323	299,345	1,238,226	1,081,278	156,948

Bank	31 December 2019			31 December 2018		
	Carrying amount	Current	Non-current	Carrying amount	Current	Non-current
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS						
Cash and cash equivalents	320,707	320,707	-	159,028	159,028	-
Non-pledged trading assets	23,322	23,322	-	14,271	14,271	-
Pledged assets	20,150	20,150	-	48,839	32,119	16,720
Derivative assets held for risk management	7,081	7,081	-	1,029	1,029	-
Loans and advances to customers	550,613	346,559	204,054	428,037	287,880	140,157
Investment securities	253,633	220,880	32,753	175,068	145,244	29,824
Trading properties	187	-	187	187	-	187
Investment in subsidiaries	2,195	-	2,195	10,567	-	10,567
Property and equipment	57,934	-	57,934	59,830	-	59,830
Intangible assets	5,381	-	5,381	5,628	-	5,628
Right of Use Assets	2,921	-	2,921	-	-	-
Deferred tax assets	95,875	-	95,875	95,875	-	95,875
Other assets	361,973	358,730	3,243	324,003	319,583	4,420
Defined benefit assets	1,395	-	1,395	1,610	-	1,610
	1,703,367	1,297,429	405,938	1,323,972	959,154	364,818
Assets classified as held for sale	8,372	-	8,372	325	-	325
TOTAL ASSETS	1,711,739	1,297,429	414,310	1,324,297	959,154	365,143
LIABILITIES						
Derivative liabilities held for risk management	2,111	2,111	-	1,117	1,117	-
Deposits from banks	-	-	-	-	-	-
Deposits from customers	886,328	860,155	26,173	844,413	824,044	20,369
Current tax liabilities	380	380	-	232	232	-
Other liabilities	436,262	257,461	178,801	168,827	59,194	109,633
Lease liabilities	1,651	-	1,651	-	-	-
Retirement benefit obligations	840	-	840	786	-	786
Debt Securities issued	13,947	-	13,947	13,860	-	13,860
Long term subordinated bond	29,104	-	29,104	-	-	-
Other borrowed funds	109,924	58,110	51,814	94,975	37,942	57,033
	1,480,547	1,178,217	302,330	1,124,210	922,529	201,681

52 Reconciliation notes to consolidated and separate statement of cashflows

		Group Dec. 2019	Group Dec. 2018	Bank Dec. 2019	Bank Dec. 2018
		₦ million	₦ million	**₦ million**	₦ million
(i)	***Change in non-pledged trading assets***				
	Opening balance for the year	**14,271**	20,076	**14,271**	20,076
	Closing balance for the year	**(23,322)**	(14,271)	**(23,322)**	(14,271)
	Total changes in non-pledged trading assets	**(9,051)**	5,805	**(9,051)**	5,805
(ii)	***Change in pledged assets***				
	Opening balance for the year	**48,839**	54,079	**48,839**	54,079
	Closing balance for the year	**(20,150)**	(48,839)	**(20,150)**	(48,839)
	Total changes in pledged assets	**28,689**	5,240	**28,689**	5,240
(iii)	***Change in loans and advances to customers***				
	Opening balance for the year	**473,462**	517,103	**428,037**	488,555
	Effect of IFRS 9 transition	**-**	(132,992)	**-**	(132,944)
	Impairment (charge)/write-back on loans and advances	**9,342**	3,209	**9,342**	3,732
	Recoveries	**-**	3,940	**-**	3,940
	Closing balance for the year	**(550,613)**	(473,462)	**(550,613)**	(428,037)
	Total changes in loans and advances to customers	**(67,809)**	(82,202)	**(113,234)**	(64,754)
(iv)	***Change in right of use asset***				
	Opening balance for the year	**-**	-	**-**	-
	Closing balance for the year	**(2,921)**	-	**(2,921)**	-
	Total changes in right of use assets	**(2,921)**	-	**(2,921)**	-
(v)	***Change in other assets***				
	Opening balance for the year	**324,277**	291,692	**324,003**	290,706
	Impairment charges recognised in profit or loss (note 14(b))	**-**	(382)	**-**	(382)
	Allowance no longer required on other assets (note 14(b))	**688**	-	**688**	-
	Reclassification of property and equipments	**739**	143	**(654)**	117
	Reclassification of intangible assets	**(170)**	(26)	**(170)**	-
	Closing balance for the year	**(361,711)**	(324,277)	**(361,973)**	(324,003)
	Total changes in other assets	**(36,177)**	(32,850)	**(38,106)**	(33,562)
(vi)	***Change in derivative financial instruments - assets***				
	Opening balance for the year	**1,029**	1,297	**1,029**	1,297
	Closing balance for the year	**(1,029)**	(1,029)	**(1,029)**	(1,029)
	Changes on derivative instruments - assets	**-**	268	**-**	268
	Change in derivative financial instruments - liabilities				
	Opening balance for the year	**(972)**	(972)	**(972)**	(972)
	Closing balance for the year	**1,120**	1,120	**1,117**	1,117
	Changes on derivative instruments - liabilities	**148**	148	**145**	145
(vii)	***Change in deposits from banks***				
	Opening balance for the year	**(99,477)**	(100,131)	**-**	(10,686)
	Closing balance for the year	**-**	99,477	**-**	-
	Total changes in deposits from banks	**(99,477)**	(654)	**-**	(10,686)
(viii)	***Change in deposits from customers***				
	Opening balance for the year	**(857,593)**	(802,384)	**(844,413)**	(796,708)
	Closing balance for the year	**886,263**	857,593	**886,328**	844,413
	Total changes in deposits from customers	**28,670**	55,209	**41,915**	47,705

(ix)	***Change in lease liability***				
	Opening balance for the year	**-**	-	**-**	-
	Closing balance for the year	**1,651**	-	**1,651**	-
	Total changes in lease liabilities	**1,651**	-	**1,651**	-
(x)	***Change in other liabilities***				
	Opening balance for the year	**(169,654)**	(111,461)	**(168,827)**	(108,359)
	Adjustment for non-cash items	**331**	(2,222)	**366**	(1,697)
	Closing balance for the year	**433,114**	169,654	**436,262**	168,827
	Total changes in other liabilities	**263,791**	55,971	**267,801**	58,771
(xi)	***Proceeds/(acquisition) of investment securities***				
	Opening balance for the year	**(199,317)**	(185,658)	**(175,068)**	(175,329)
	Change in fair value of equity securities	**591**	(889)	**591**	(889)
	Change in fair value of debt securities	**(8,297)**	6,186	**(7,527)**	5,971
	Impairment write-back on debt securities (see note 14(a))	**(16)**	(29)	**(16)**	(29)
	Cost of investment securities disposed (See note 13(a))	**-**	2	**-**	2
	Proceeds/(acquisition) of investment securities	**(50,046)**	(18,929)	**(71,613)**	(4,794)
	Closing balance for the year	**(257,085)**	(199,317)	**(253,633)**	(175,068)
(xii)	***Movements in borrowings***				
	Opening balance for the year	**94,891**	93,211	**94,975**	95,736
	Total cash inflows from borrowings	**30,133**	25,207	**30,133**	25,207
	Total repayments of borrowed funds	**(15,100)**	(23,527)	**(15,184)**	(25,968)
	Closing balance for the year (See Note 42)	**109,924**	94,891	**109,924**	94,975

Other National Disclosures

Value Added Statement
For the year ended 31 Dec 2019

Group:

	₦ million		₦ million	
	Dec. 2019		Dec. 2018	
	₦ million	%	₦ million	%
Gross earnings	166,545		145,517	
Interest expenses	(64,551)		(55,016)	
	101,994		90,501	
Net impairment loss on financial assets	504		2,992	
	102,498		93,493	
Bought in materials and services	(29,891)		(33,493)	
Value added	72,607	100	60,000	100
Distribution:				
Employee				
- Employees as personnel expenses	33,398	46	33,255	55
Government				
- Taxation	478	1	360	1
Retained in the Group				
- For replacement of property and equipment and intangible assets	14,365	20	8,292	14
- Profit for the year (including non controlling interests)	24,366	34	18,093	30
	72,607	100	60,000	100

Bank:

	Dec. 2019		Dec. 2018	
	₦ million	%	₦ million	%
Gross earnings	159,861		140,066	
Interest expenses	(64,839)		(53,867)	
	95,022		86,199	
Net impairment loss on financial assets	504		3,515	
	95,526		89,714	
Bought in materials and services	(29,807)		(32,031)	
Value added	65,719	100	57,683	100
Distribution:				
Employee				
- Employees as personnel expenses	33,255	51	32,324	56
Government				
- Taxation	371	0.56	222	0.4
Retained in the Group				
- For replacement of property and equipment and intangible assets	7,718	12	6,699	12
- Profit for the year	24,375	37	18,438	32
	65,719	100	57,683	100

Financial summary
For the year ended 31 Dec 2019
Group

STATEMENT OF FINANCIAL POSITION	Dec. 2019 ₦ million	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million
ASSETS					
Cash and cash equivalents	320,303	233,566	222,577	136,194	82,252
Non-pledged trading assets	23,322	14,271	20,076	8,323	-
Pledged assets	20,150	48,839	54,079	53,430	84,728
Derivative assets held for risk management	7,081	1,029	1,297	2,747	1,820
Loans and advances to customers	550,613	473,462	517,103	507,190	366,721
Investments in equity-accounted investee	-	-	-	-	24
Investment securities	257,085	199,317	185,658	181,720	215,137
Trading properties	187	186	1,153	2,309	3,177
Investment properties	5,701	5,030	4,951	4,347	4,546
Property and equipment	57,968	59,954	55,986	52,800	52,611
Intangible assets	5,382	6,045	4,344	3,374	3,749
Right of Use Assets	2,921	-	-	-	-
Deferred tax assets	95,875	95,875	95,875	95,910	95,883
Other assets	361,711	324,277	291,692	202,298	138,686
Defined benefit assets	1,395	1,610	352	1,643	-
Assets classified as held for sale	162,537	397	397	397	397
	1,872,231	**1,463,858**	**1,455,540**	**1,252,682**	**1,049,731**
LIABILITIES					
Share capital	14,607	14,561	14,561	8,468	8,468
Share premium	133,235	187,091	187,091	391,641	391,641
Reserves	97,957	17,704	138,258	(133,550)	(158,686)
Non-controlling interest	6,543	6,276	5,831	5,111	5,337
Derivative financial instrument	2,111	1,120	972	13	-
Deposits from banks	-	99,477	100,131	90,266	44,091
Deposits from customers	886,263	857,593	802,384	658,444	570,639
Current tax liabilities	486	581	524	465	382
Deferred tax liabilities	226	262	259	101	107,533
Other liabilities	433,114	169,654	111,461	141,404	-
Lease liabilities	1,651	-	-	-	-
Retirement benefit obligations	842	788	857	805	4,267
Debt securities issued	13,947	13,860	-	-	-
Long term subordinated bond	29,104	-	-	-	-
Other borrowed funds	109,924	94,891	93,211	89,514	76,059
Liabilities included in discontinued operations	142,221	-	-	-	-
	1,872,231	**1,463,858**	**1,455,540**	**1,252,682**	**1,049,731**

STATEMENT OF COMPREHENSIVE INCOME	Dec. 2019 ₦ million	Dec. 2018 ₦ million	Dec. 2017 ₦ million	Dec. 2016 ₦ million	Dec. 2015 ₦ million
Net operating income	95,357	90,501	105,964	93,627	81,850
Group share of associates' profits				-	-
Exceptional item					
Impairment losses on financial assets	504	2,992	(25,317)	(15,889)	(9,244)
	95,861	93,493	80,647	77,738	72,606
Operating expenses	(71,017)	(75,040)	(66,728)	(62,000)	(57,850)
Profit before tax	**24,844**	**18,453**	**13,919**	**15,738**	**14,756**
Taxation	(478)	(360)	(911)	(347)	(552)
Profit after tax	**24,366**	**18,093**	**13,008**	**15,391**	**14,204**
Profit for the year from discontinued operations	(4,491)	-	-	-	-
Profit for the year	19,875	18,093	13,008	15,391	14,204
Non-controlling interest	267	445	720	(226)	(1)
Profit attributable to equity holders	**19,608**	**17,648**	**12,288**	**15,617**	**14,205**
Earnings/(Loss) per share (basic)	83k	59k	72k	92k	84k

Bank

STATEMENT OF FINANCIAL POSITION	Dec. 2019	Dec. 2018	Dec. 2017	Dec. 2016	Dec. 2015
	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS					
Cash and cash equivalents	320,707	159,028	137,497	35,536	54,451
Non-pledged trading assets	23,322	14,271	20,076	8,323	-
Pledged assets	20,150	48,839	54,079	53,430	84,728
Derivative assets held for risk management	7,081	1,029	1,297	2,747	1,820
Loans and advances to customers	550,613	428,037	488,555	489,890	348,984
Investment securities	253,633	175,068	175,329	166,759	209,223
Assets classified as held for sale	8,372	325	325	325	325
Trading properties	187	187	513	1,124	1,124
Investment in subsidiaries	2,195	10,567	10,567	10,567	10,567
Property and equipment	57,934	59,830	55,801	52,567	52,531
Intangible assets	5,381	5,628	3,949	2,859	3,318
Right of Use Assets	2,921	-	-	-	-
Deferred tax assets	95,875	95,875	95,875	95,875	95,875
Other assets	361,973	324,003	290,706	201,838	138,030
Defined benefit assets	1,395	1,610	352	1,643	-
	1,711,739	**1,324,297**	**1,334,921**	**1,123,483**	**1,000,976**
LIABILITIES					
Share capital	14,607	14,561	14,561	8,468	8,468
Share premium	133,235	187,091	187,091	391,641	391,641
Reserves	83,350	(1,565)	117,467	(149,440)	(166,602)
Derivative financial instrument	2,111	1,117	972	13	-
Deposits from banks	-	-	10,686	4,351	11,800
Deposits from customers	886,328	844,413	796,708	633,827	569,116
Current tax liabilities	380	232	271	177	229
Deferred tax liabilities	-	-	-	-	
Other liabilities	436,262	168,827	110,628	141,861	106,035
Lease liabilities	1,651				
Retirement benefit obligations	840	786	801	773	4,230
Debt securities issued	13,947	13,860	-	-	-
Long term subordinated bond	29,104				
Other borrowed funds	109,924	94,975	95,736	91,812	76,059
	1,711,739	**1,324,297**	**1,334,921**	**1,123,483**	**1,000,976**

STATEMENT OF COMPREHENSIVE INCOME	Dec. 2019	Dec. 2018	Dec. 2017	Dec. 2016	Dec. 2015
	₦ million	₦ million	₦ million	₦ million	₦ million
Net operating income	95,022	86,199	100,012	91,883	83,269
Exceptional item					
Impairment losses on financial assets	504	3,515	(25,478)	(17,066)	(9,177)
	95,526	89,714	74,534	74,817	74,092
Operating expenses	(70,780)	(71,054)	(62,958)	(58,764)	(55,637)
Profit before tax	**24,746**	**18,660**	**11,576**	**16,053**	**18,455**
Taxation	(371)	(222)	(337)	(168)	(420)
Profit after tax	**24,375**	**18,438**	**11,239**	**15,885**	**18,035**
Earnings/(Loss) per share (basic)	84k	63k	66k	94k	106k
Earnings/(Loss) per share (adjusted)	84k	63k	66k	94k	106k

SALES AND SERVICE LOCATIONS

ABIA

1. Aba Main Branch
17 Port Harcourt Road
Aba, Aba North

2. Aba Market Branch
58 Azikiwe Road Aba,
Ugwunagbo

3. Ariaria Branch
228 Faulks Road,
Ngwa

4. Arochukwu Branch
Amannagwu Arochukwu

5. Factory Road Branch
1 Factory Road,
Aba North, Aba

6. Ngwa Road Branch
49A Ngwa Road,
Ngwa

7. Ohafia Branch
Mission Hill Elu Ohafia,
Ohafia

8. Umuahia Branch
10 Library Avenue,
Umuahia

9. Umudike Branch
Main Gate, NRCRI Premises,
Umudike

10. Umuocham Branch
121 Aba/Owerri Rd,
Ossisioma, Aba

ABUJA

11. Abuja Main Branch
1 Hadejia Close Area 3 Garki,
Abuja Municipal

12. Adetokunbo Ademola Branch
39, Adetokunbo Ademola
Crescent, Wuse 2

13. Area 8 Garki Branch
6 Ogbomosho Street,
Area 8 Garki, Abuja Municipal

14. Dei-Dei Branch
Building Material International
Market, Abuja Municipal

15. Federal Secretariat Abuja Branch
Federal Secretariat Complex,
Hall A, 35 Blk A, Abuja

16. Gwagwalada Branch
Plot 41 Bank Road, Off Hospital Road,
Phase 3 Gwagwalada

17. Gwarimpa Branch
Providence Plaza, 3rd Avenue,
Gwarimpa

18. Kubwa Branch
Nymex Plaza, Gado Nasko Road
(Beside NNPC Mega Station)
2nd Gate, Kubwa

19. Maitama Branch
Plot 2793 Aguyi Ironsi Maitama,
Abuja Municipal

20. NASS Abuja
Branch National Assembly Complex,
Abuja Municipal

21. Silverbird Branch
Silverbird Cinemas,
CBD, Abuja

22. UAC Abuja Branch
UAC Building CBD,
Abuja Municipal

23. Wuse II Abuja Branch
Aminu Kano Crescent Wuse II,
Abuja Municipal

ADAMAWA

24. Guyuk Branch
Chakawo Street,
Guyuk

25. Gyawana Branch
Savanah Sugar Road,
Gyawana

26. Michika Branch
Bama Road Beside Nitel Office,
Michika

27. Mubi Branch
Ahmadu Bello Way,
Mubi

28. Yola Main Branch
Adjacent CBN, Galadima Aminu Way,
Yola South

AKWA IBOM

29. 2nd Uyo Branch
Udo Udoma Avenue,
Opposite House Of Assembly,
Uyo

30. Abak Branch
28 Hospital Road,
Abak

31. Eket Branch
1 Grace Bill Road,
Eket

32. Ikot-Abasi Branch
1 Ibekwe Road,
Ikot-Abasi

33. Ikot-Edibon Branch
Anen Nsit Junction,
Nsit Ubium Local Government Area

34. Ikot-Ekpene Branch
1B Uyo Road,
Ikot Ekpene

35. Qua Iboe Terminal Branch
QIT Terminal Ibeno

36. Uyo Main Branch
15 Abak Road,
Uyo

ANAMBRA

37. New Mkt Rd Branch
2 New Market Road
Onitsha

38. Abagana Branch
Umudunu, Orofia Village,
Abagana

39. Ajalli Branch
Umunze Road Ajalli,
Opposite Orumba North
Secretariat, Ajalli

40. Amawbia Branch
105 Zik Avenue,
Amawbia

41. Atani Road Branch
3 Atani Road,
Onitsha

42. Awka Branch
Ziks Avenue, Old Enugu Onitsha Rd,
Awka

43. Bright Street Branch
1 Bright Street,
Onitsha

44. Ekwulobia Branch
Awka Road, Umoeke Umuchi,
Ekwulobia

45. Federal Polytechnic Oko Branch
Oko, Orumba North

46. Igbo-Ukwu Branch
Ekwulobi/Nnewi Road

47. Nnewi Market Branch
138 Motorcycle Spare Parts,
Nkwo Market, Nnewi

48. **Bridge Head Branch**
41 Uga Street,
Onitsha

49. **Nkpor-Junction Branch**
33 New Market Road,
Nkpor

50. **Nnewi Branch**
3 Edo Ezemewi Road,
Nnewi

51. **Oko Branch**
Ekwulobia-Umunze Road,
Oko

BAUCHI

52. **Bauchi Main Branch**
18 Commercial Road,
Bauchi

53. **Misau Branch**
Kano Kari Road,
Misau

BAYELSA

54. **Yenagoa Main Branch**
204 Mbiama-Yenagoa Road,
Amarata, Yenegoa

BENUE

55. **Bank Road Makurdi Branch**
Bank Road Makurdi

56. **Gboko Branch**
Market Road Gboko

57. **Makurdi Main Branch**
Opposite Min Of Works,
Makurdi

58. **Oju Branch**
Local Government Secretariat
Road, Oju

BORNO

59. **Kwaya Kusar Branch**
Gombe Road, Maiduguri, Borno,
Kwaya Kusar

60. **Maiduguri Main Branch**
Sir Kashim Ibrahim Road,
Maiduguri

61. **University of Maidiguri Branch**
Maiduguri Metropolitan Council

CROSS RIVER

62. **Akamkpa Branch**
Calabar - Ikom Highway,
Akamkpa LGA

63. **Calabar Main Branch**
12 Calabar Road,
Calabar

64. **Ogoja Branch**
25 Igoli Road,
Ogoja L.G.A.

65. **Tinapa Branch**
396 Murtala Mohammed Highway
(8 Miles), Ikot Omin,
Calabar

66. **Marian Branch**
20 Ndidem Iso Road,
Calabar

DELTA

67. **Agbor Branch**
124 Old Lagos Asaba Road,
Agbor

68. **Airport Road Warri Branch**
60 Airport Road,
Effurun

69. **Asaba Main Branch**
119 Nnebisi Road,
Asaba

71. **Enerhen Junction Branch**
By Enerhen Junction,
35 Warri Sapele Road,
Warri

72. **Naval Base Warri Branch**
Opposite Naval Base,
Warri Sapele Road,
Warri

73. **Oghara Branch 111**
Ajagbodun/Oghara Road
Oghara

74. **Ogwashi-Uku Branch**
Ogwashi-Uku,
Delta

75. **Oleh Branch**
111 Emore Road,
Oleh

76. **Ovwian Aladja Branch**
No 28 Udu Road,
Ovwian/Aladja

77. **Ozoro Cash Point Branch**
Isoko South, Ozoro

78. **Sapele Branch**
80 Sapele Warri Road,
Sapele

79. **Ughelli Branch**
Along Patani Road,
Ughelli

80. **Warri Refinery Branch**
Warri Refinery Deport Uvwie LGA,
Warri

EBONYI

81. **Abakaliki Branch**
1 Ogoja Road,
Abakaliki

EDO

82. **Airport Road Benin Branch**
74 Airport Road,
Benin City

83. **Akpakpava Branch**
96 Akpakpava Street,
Benin-City

84. **Auchi Branch**
Along Warrake Road,
Auchi

85. **Ekpoma Branch**
7 Royal Market Road,
Ekpoma

86 **Igueben Branch**
1 Ralph Obor Road,
Igueben

87. **Mission Road Branch**
5/7 Mission Road,
Benin City

88. **Ugbowo Branch**
224 Ugbowo Lagos Road,
Benin City

89. **Uromi Branch**
13 Unity Road,
Uromi

EKITI

90. **Ado-Ekiti Main Branch**
8 Ijigbo Street,Ekiti,
Ado-Ekiti

ENUGU

91. **9th Mile Branch**
9th Mile Corner,
Enugu

92. **Agbani Branch**
Akpugo Road, Agbani,
Nkanu West LGA

93. **Emene Branch**
Strabag Bustop, Airport Road,
Emene

94. **Garden Avenue Branch**
3 Garden Avenue

95. **Ituku Cash Point UNTH Branch**
Nkanu West, Enugu

96. **Nsukka Branch**
14 University Road, Opp Frank Oil,
Nsukka

97. **Ogbede Branch**
Igbo Etiti Local Govt Secretariat,
Ogbede

98. **Ogbete Market Branch**
Ogbete Market, Enugu

99. **Ogui Road Branch**
Ogui Road, Enugu

100. Okpara Avenue Branch
Okpara Avenue,
Enugu

101. Udi Branch
Amokwe Station,
Udi-Oji Road,
Udi

102. Zik Avenue Branch
Old No 58/New No 68 Zik Avenue
Uwani, Enugu

GOMBE

103. Bajoga Branch
Gombe-Potiskum Road,
Bajoga

104. Gombe Main Branch
Biu Road, Gombe

105. Kashere Branch
Federal University Kashere,
Kashere Town, Akko LGA

106. Talasse Branch
Tula Road, Talasse

IMO

107. 2nd Owerri Branch
23 Port Harcourt Road,
Owerri

108. Aboh Mbaise Branch
Ogbor Oboama Ezinihitte,
Mbaise

109. Douglas Road Branch
77 Douglas Road,
Owerri

110. Okigwe Branch
58 Owerri Road,
Okigwe

111. Okigwe Road Branch
41 Old Okigwe Road
(Rockview Roundabout),
Owerri

112. Orlu Branch
4 Bank Road,
Orlu

JIGAWA

113. Dutse Branch
Yadi, Dutse

114. Hadejia Branch
Branch 2 Ringim Road,
Hadejia

KADUNA

115. Ahmadu Bello Kaduna Branch
7/8 Benue Street,
Ahmadu Bello Way,
Kaduna

116. Jaji Branch
Branch ICS Quarters
Jaji Military Cantonment,
Jaji, Kaduna

117. Kaduna South Branch
16/17 Kachia Road
Kaduna South,
Kaduna

118. KRPC Kaduna Branch
Chikun Local Government,
Kaduna

119. Kwoi Branch
Kowi Local Govt,
Kaduna

120. Mohammed Buhari Way Branch
4, Mohammadu Buhari Way,
Kaduna

121. Samaru Branch
Sokoto Road,
Opp Ahmadu Bello University,
Samaru, Kaduna

122. Yakubu Gowon Branch
Yakubu Gowon Way,
Kaduna

123. Zaria Branch
1 Circular Road, Zaria,
Kaduna

KANO

124. Ado Bayero Branch
48E Ado Bayero Road,
Kano Municipal,
Kano

125. Bank Road Kano Branch
4 Bank Road,
Kano

126. Chalawa Industrial Layout Branch
Challawa Industrial Layout,
Kano

127. Doguwar Giginya Branch
Doguwa Town,
Doguwa LGA, Kano

128. Hotoro Kano Branch
40 Maiduguri Road,
Hotoro, Kano

129. Kanti Kwari Branch
26 Unity Road,
Kanti-Kwari Market,
Kano

130. Kofar Ruwa Branch
Kofa Ruwa Way, Kofa Ruwa Market,
Kano South LGA

131. Kurmi Branch
House 228 &229, Kofar Wambai
Quarters, Kurmi,
Kano

132. M.M. Way Kano Branch
71 Murtala Mohammed Way,
Kano

133. Sharada Branch
Sharada Phase 1,
Kano

134. Zoo Road Branch
7B Zoo Road,
Kano

KASTINA

135. Funtua Branch
Katsina Road, Opposite Upper
Sharia Court of Appeal,
Funtua, Katsina

136. Jibia Branch
Kaura Namoda-Jibia Road,
Jibia, Katsina

137. Katsina Main Branch
18 Trading Area,
Nagogo Road,
Katsina

138. Yahaya Madaki Branch
Transformer Junction,
Yahaya Madaki Way,
Katsina

KEBBI

139. Bagudo Branch
Opposite Motor Garage,
Bagudo

140. Birnin Kebbi Branch
Haliru Abdul Way,
Opp Yahaya Memorial Hospital,
Birnin Kebbi

141. Jega Branch
4 Mohammed Dado Street,
Jega

142. Yelwa Branch
1 Bank Road,
Kebbi

KOGI

143. Ajaokuta Branch
Road 6, Geregu Campus,
Ajaokuta

144. Anyigba Branch
Igala Unity Square,
Anyigba

145. IBB Way Branch
37B By Fen Junction,
IBB Way, Lokoja

146. Idah Branch
Idah Way, Idah

147. Kabba Branch
Ilorin Road,
Kabba/Banu Local Government,
Kogi

148. Okene Branch
22 Lafia Street,
Okene

KWARA

149. Ilorin Market Branch
173 Abdul Azeez Attah Road,
Surulere, Ilorin

150. Ilorin University Branch
221 Umar Saro Road,
Sawmill Area, Ilorin

151. Lafiagi Branch
Beside IBEDC Office,
Emirs Road, Lafiagi

152. M.M. Way Ilorin Branch
67 Murtala Mohammed Way,
Ilorin

153. Offa Branch
Olofa Way, Offa

154. Pategi Branch
Market Road, Patigi

155 Kaima Cash Point Branch
Kaima Local Government,
Kwara

LAGOS

156. 131 Broad Street Branch
131 Broad Street,
Lagos Island,
Lagos

157. 3rd Avenue Festac Branch
3rd Avenue, 32 Road Festac Town,
Amuwo Odofin

158. Acme Road Branch
Acme Road Rales, Glass House
Ogba, Ikeja

159. Adeniji Adele Branch
183B Adeniji Adele Street,
Lagos Island

160. Adeola-Odeku Branch
Plot 97 Ahmadu Bello Way,
Victoria Island

161. Adeyemo Alakija Branch
29 Adeyemo Alakija Street,
Victoria Island

162. Agege Main Branch
118 Ipaja Road Shofunde
Agege

163. Agric Ikorodu Branch
82 Isawo Road
Opposite Mechanic Village,
Agric, Ikorodu

164. Alaba Int Mkt Branch
Plot B977, Japan Line/China Market,
Agudosi Street, Alaba Int'l Market,
Ojo

165. Alausa Branch
166 Obafemi Awolowo Way,
Ikeja

166. Allen Avenue Branch
39 Allen Avenue,
Ikeja

167. Trade Fair Branch
Aspamda Main Gate,
Trade Fair, Lagos

168. Atiku Abubakar Branch
BBA, Atiku Abubakar Hall,
Trade Fair Complex,
Lagos Badagry Expressway

169. Awolowo Road Branch
77 Awolowo Road, Ikoyi

170. Awoyaya Smarter Banking Centre Branch
Eti-Osa Local Govt. Council,
Lekki-Epe Exp Way,
Ibeju Lekki

171. Badagry Branch
2 African Church Street,
Badagry

172. Balogun Market Branch
34 Balogun Square,
Lagos Island

173. Bariga Branch
7 Jagunmolu Street,
Bariga

174. Burma Road Branch
16 Burma Road,
Apapa

175. Chevron Cash Point Branch
Eti-Osa Local Govt. Council,
Lekki Epe Exp Way,
Ibeju Lekki

176. Chevron Branch
2 Chevron Drive,
Lekki Pennisula,
Lekki

177. Docemo Idumota Branch
50 Docemo Street,
Idumota

178. Dopemu Lagos Branch
26 Shasha Road,
Akowonjo, Alimosho

179. Ebute Metta Branch
NCR Compound,
Lagos Mainland Local Govt

180. Eric Moore Road Branch
22 Eric Moore Road,
Iganmu, Surulere

181. Falomo Branch
1 Alfred Rewane Road,
Falomo Round About,
Ikoyi

182. Stallion Plaza Branch
Stallion Plaza, 36 Marina,
Lagos Island

183. Iddo Branch
Lagos Mainland Local Govt

184. Idi-Araba Branch
LUTH Compound,
Mushin

185. Idimu Branch
40 Ikotun Idimu Road,
Idimu, Ikotun

186. Ijeshatedo Branch
62 Adeshina Street,
Ijeshatedo, Surulere

187. Ijora Branch
6 Causeway Road,
Ijora, Apapa

188. Iju Branch
169 Iju Road,
Agege

189. Ikorodu Branch
62 Lagos Road,
Ikorodu

190. Ikota Shopping Complex Branch
Shops H119-122, H155-158,
Ikota Shopping Complex,
Km 22 Lekki Epe Expressway,
Ajah

191. Ikotun Egbe Branch
64 Ikotun- Isolo Road,
Egbe, Ikotun

192. Ilupeju Branch
25 Industrial Avenue,
Ilupeju, Shomolu

193. Iyana Isolo Branch
Plot 8, Block K,
Isolo Industrial Estate,
Iyana Isolo

194. Ketu Branch
549 Ikorodu Road,
Ketu, Kosofe

195. Ladipo Branch
90 Ladipo Road,
Matori, Mushin LGA

196. Lawanson Branch
123 Itire Road,
Lawanson, Surulere

197. Lekki Admiralty Branch
6 Gabby Adeosun Street,
Admiralty Way,
Lekki Phase1

198. Lewis Street Branch
61 Lewis Street,
Lagos Island

199. Maryland Branch
Wing 2, No. 4 Mobolaji Bank
Anthony Way,
Maryland

200. Maza Maza Branch
1A Ojo Road,
Maza-Maza

201. Moloney Branch
6 Moloney Street,
Ikoyi

202. Muri Okunola Branch
Plot 243B, Muri Okunola Street,
Victoria Island

203. Mushin Branch
10 Abolade Street,
Off Abiodun Street,
Ojuwoye, Mushin

204. New Alaba Market Branch
Shop 453 New Alaba Market,
Ojo

205. Oba Akran Branch
Plot 16, Oba Akran Avenue,
Ikeja

206. Obalende Branch
13/15 Nojeem Maiyegun Street,
Obalende, Ikoyi

207. Ogudu Branch
47 Ogudu Road,
Ojota, Kosofe

208. Ojuelegba Branch
3 Western Avenue,
Surulere

209. Ojuwoye Mushin Branch
Mushin Local Govt

210. Oke-Arin Branch
32 John Street,
Oke Arin, Lagos Island

211. Okokomaiko Branch
Banking Arena,
Lagos State University

212. Onipanu Branch
Adebowale House,
150 Ikorodu Road Onipanu,
Shomolu

213. Oregun Branch
41 Kudirat Abiola Way, Oregun
Beside Modern Plaza,
Ikeja

214. Orile Coker Branch
Awaye House Odunade B/Stop,
Surulere

215. Oshodi Branch
18B Oshodi Apapa Expressway,
Oshodi

216. Owode-Onirin Branch
Kosofe Local Government

217. Oyingbo Branch
Ag Leventis Building, Iddo House,
Otto Bus Stop, Oyingbo

218. Pen Cinema Railway Branch
4 Iju Road Agege Pen Cinema,
Agege

219. Sabo Yaba Branch
349 Herbet Macaulay,
Yaba

220. Tinubu Branch
19 Tinubu Square
Lagos Island

221. Warehouse Road Branch
27 Yinka Folawiyo Avenue,
Apapa

222. Wharf Road Apapa Branch
32 Wharf Road,
Apapa

223. Yaba - Ozone Branch
Ozone Complex,
1 - 11 Commercial Avenue,
Sabo Yaba

NASARAWA

224. Awe Branch
Court Road, Awe

225. Karu Branch
New Karu,
Abuja Municipal

226. Lafia Branch
Jos Road, Lafia

227. Masaka Branch
No. 20 Abuja-Keffi Express Way,
Masaka

228. Nasarawa Eggon Branch
Nasarawa Eggon,
Nasarawa

NIGER

229. Bida Branch
9 Lemu Road,
Bida

230. FUT Minna BOF Branch
Bosso Local Govt.,
Minna

231. Minna Branch
Bank Street, Minna

232. Suleja Branch
GRA, Suleja

OGUN

233. Abeokuta Branch
Onikolobo Road,
Panseke, Abeokuta

234. Agbara Branch
Ilaro Road,
Agbara, Ifo

235. Ijebu Ode Main Branch
15, Ibadan Road,
Ijebu Ode

236. Ilaro Branch
Akinola Crescent,
Ilaro

237. Ogere Branch
27 Abeokuta Road,
Ogere

238. Otta Branch
75 Owode/Idi-Iroko Express Road,
Otta

239. Sagamu Branch
139B Akarigbo Street,
by Mellor Street, Ijoku,
Sagamu

ONDO

240. Akure Main Branch
Alagbaka-Akure,
Akure South

241. Akure Market Branch
37 Ilemo Street,
Off Oba Adesida Road,
Akure South

242. Idanre Branch
No 1, Palace Road,
Adjacent Mtd Police Station,
Odode, Idanre

243. Ilutitun Branch
38 Union Bank Road,
Ilutitun

244. Ode Irele Branch
Olofun Street, Ode Irele,
Okitipupa

245. Ondo Branch
Ododibo Street,
Ondo East

OSUN

246. Erin Ijesha Branch
No. 47 Tosho Akinleye Street,
Erin Ijesha

247. Ifewara Branch
Enuwa Square,
Ifewara

248. Ile-Ife Branch
Aderemi Road, Lagere,
Ile-Ife

249. Ilesha Branch
Ereja Square, Ilesha,
Ilesa West

250. **Osogbo Branch**
Gbogan Road,
Osogbo

OYO

251. **Lebanon Branch**
3 Lebanon Street,
Ibadan North

252. **Agodi Branch**
Secretariat, Ibadan

253. **Bank Road Ibadan Branch**
Bank Road, Ibadan North

254. **Bola Ige Branch**
New Gbagi,
Ile-Ife Road,
Ibadan

255. **Challenge Road Ibadan Branch**
Challenge, Ibadan

256. **Iseyin Branch**
Iseyin, Oyo

257. **Iwo Road Branch**
Iwo Road Ibadan, Oyo

258. **Lanlate Branch**
Opposite Catholic Church,
Oke Imole, Lanlate

259. **Ogbomoso Branch**
Ilorin Ibadan Express Way,
Apaka Area, Ogbomoso

260. **Oyo Branch**
Oyo, Oyo North

261. **UCH Ibadan Branch**
U. C. H. Ibadan

PLATEAU

262. **Bank Street Jos Branch**
7, Bank Street,
Jos North

263. **Doemak Branch**
Doemak, Plateau

264. **Federal College of Education Branch**
Pankshin LGA

265. **Jos Market Branch**
Rwang Pam Street,
Jos

266. **Kabong Branch**
Jos North

267. **Langtang Branch**
Pankshin/Shendam Road,
Langtang

268. **M.M Way Jos Branch**
Murtala Mohammed Way,
Jos

269. **Mangu Branch**
Peoples House, Mangu LGA

270. **Shendam Branch**
No. 1 Wase Road,
Opposite THT Clinic,
Shendam

RIVERS

271. **171D Aba Road Branch**
171D Aba Road,
Port Harcourt

272. **Ikwerre Road Branch**
45 Ikwerre Road,
Port Harcourt

273. **Bori Branch**
1 Bank Road,
Bori

274. **Eleme Pet. Chemical Branch**
Petro Chemical Complex,
Eleme

275. **Kingsway Branch**
12 Azikiwe Road,
Port Harcourt

276. **Onne NAFCON Branch**
Harbour Road Onne,
Port Harcourt

277. **Orije Branch**
28 Aba Road,
Port Harcourt

278. **Oyigbo Branch**
32 SPDC Road,
Oyigbo, Port Harcourt

279. **Station Road Branch**
No. 3 Station Road, Opposite CBN,
Port Harcourt

280. **Trans Amadi Branch**
Plot 468, Trans Amadi Industrial
Layout, Port Harcourt

SOKOTO

281. **Isa Branch**
Sokoto Road,
Isa LGA

282. **Sokoto Main Branch**
Ahmadu Bello Way,
Sokoto North

283. **Sokoto Market Branch**
Sokoto Market Road

TARABA

284. **Donga Branch**
2 Domzanga Way,
Donga, Donga LGA

285. **Bali Branch**
Opposite Bali Local Govt.
Secretariat, Bali

286. **Jalingo Branch**
Hammaruwa Way,
Jalingo

YOBE

287. **Damaturu Branch**
Potiskum Road,
Damaturu

288. **Gashua Branch**
Nguru Road, Gashua

ZAMFARA

289. **Gusau Branch**
14, Bank Road,
Gusau

unionbank

PROXY FORM
UNION BANK OF NIGERIA PLC
51st ANNUAL GENERAL MEETING

I/We

Being a member/members of **UNION BANK OF NIGERIA PLC** hereby appoint ....or failing him/her **MRS. BEATRICE HAMZA BASSEY** or failing her, **MR. EMEKA EMUWA** to be my/our proxy, to act and vote for me/us and on my/our behalf at the 51ST Annual General Meeting of the Company to be held in The Auditorium Stallion Plaza (9th Floor), 36 Marina, Lagos on Tuesday 5th May 2020 and at any adjournment thereof.

As witness my/our hands this .... day of

.... 2020

Signed:

....

NOTE:
A member of the Company entitled to attend and vote at the 51st 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, CardinalStone Registrars Limited, 358 Herbert Macaulay Way, Yaba, Lagos or should be signed and forwarded via e-mail to registrars@cardinalstone.com** 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 2019 together with the reports of the Directors, Auditor, Board Appraiser and Statutory Audit Committee thereon.		
2.	To declare a dividend for the financial year ended 31st December 2019.		
3.	To elect/re-elect Directors.		
	A. To elect the following Director being the first Annual General Meeting since his appointment: 1. Mrs. Omolola Cardoso 2. Mr. Kenroy Dowers 3. Mr. Joseph Mbulu B. To re-elect the following Directors who retire and are eligible for re-election: 1. Mrs. Obafunke Alade-Adeyefa 2. Mr. Ian Clyne 3. Mrs. Furera Isma Jumare 4. Mr. Adekunle Sonola		
4.	To appoint Messrs. Ernst and Young as the External Auditor		
5.	To authorise the Directors to fix the remuneration of the Auditor.		
6.	To elect members of the Statutory Audit Committee.		

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
51st ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR ITS/HIS/HER DULY APPOINTED PROXY TO THE 51st ANNUAL GENERAL MEETING BEING HELD IN THE AUDITORIUM STALLION PLAZA (9TH FLOOR) 36 MARINA LAGOS ON TUESDAY, 5th MAY 2020 AT 11:00AM

NAME OF SHAREHOLDER/PROXY.. SIGNATURE..

ADDRESS..

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR

Affix Current Passport

Write your name at the back of your passport photograph

CARDINALSTONE REGISTRARS

E-DIVIDEND MANDATE ACTIVATION FORM

Instruction

Only Clearing Banks are acceptable

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
CardinalStone Registrars Limited
358, Herbert Macaulay Way, Yaba,
P.O. Box 9117, Marina, Lagos
Nigeria.

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's Name | First Name | Other Names

Address :

City | State | Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 | Mobile Telephone 2

Email Address

Signature(s) | Company Seal (If applicable)

Joint\Company's Signatories

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMACEUTICALS PLC	
	AG MORTGAGE BANK PLC	
	AG LEVENTIS PLC	
	ARBICO NIGERIA PLC	
	BANKERS WAREHOUSE PLC	
	BETA GLASS PLC	
	CAPITAL HOTELS PLC	
	ELLAH LAKES PLC	
	EVANS MEDICALS PLC	
	FCMB BOND 1	
	FCMB BOND 2	
	FCMB BOND 3	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA INSURANCE PLC	
	JOS INT. BREWERIES PLC	
	LAFARGE AFRICA PLC	
	LAFARGE BOND 1	
	LAFARGE BOND 2	
	LAPO MICROFINANCE BANK	
	LAW UNION & ROCK INS. PLC	
	LEGACY EQUITY FUND	
	LEGACY DEBT FUND	
	LEGACY USD BOND FUND	
	LIVESTOCK FEEDS PLC	
	MORISON INDUSTRIES PLC	
	NAHCO BOND	
	NAHCO AVIANCE PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NPF MICROFINANCE BANK PLC	
	OKOMU OIL PALM PLC	
	PREMIER PAINTS PLC	
	ROYAL EXCHANGE PLC	
	SKYE BANK PLC	
	TOTAL NIGERIA PLC	
	TRANS-NATIONWIDE EXP. PLC	
	UBN PROPERTY COMPANY PLC	
	UNION BANK OF NIGERIA PLC	
	WOMEN INVESTMENT FUND	

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Your Simpler, Smarter Bank.