UNITED BANK FOR AFRICA (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2023

Company Registration Number 03104974

CONTENT

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS
The directors of the Bank who were in office for the year ended and up to the date of signing the financial statements were:

KENNEDY UZOKA
JOHN COULTER
IAN GREENSTREET
UCHE IKE
ALEXANDER TROTTER
OLIVER ALAWUBA
SOLA YOMI-AJAYI
ADELEKE ADEYEMI *(Resigned as CEO on 6 January 2023)*
DEJI ADEYELURE - Acting CEO *(Appointed as Acting CEO on 9 January 2023-21 September 2023)*
THERESA HENSHAW *(Appointed as CEO on 22 September 2023)*
CHRISTOPHER LOW *(Appointed on 11 October 2023)*
DR NASHWA SALEH *(Appointed on 25 October 2023)*

COMPANY SECRETARY
HELEN IWUCHUKWU

REGISTERED OFFICE
36 QUEEN STREET
LONDON
GREATER LONDON
EC4R 1BN

BANKERS
STANDARD CHARTERED BANK
CITIBANK
SOCIÉTÉ GÉNÉRALE
UBA PLC

SOLICITORS
FOX WILLIAMS LLP

SOLICITORS
FOX WILLIAMS LLP

INDEPENDENT AUDITORS
ERNST & YOUNG
25 CHURCHILL PLACE
CANARY WHARF
LONDON E14 5EY

COMPANY REGISTRATION NUMBER
03104974

COMPANY WEBSITE
WWW.UBAUK.COM

DIRECTORS

Kennedy Uzoka
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr Uzoka was appointed to the Board of UBA UK in October 2019. As the former Group Managing Director/CEO at United Bank for Africa, he was responsible for leading the development and execution of UBA Group's long term strategy. He is also a member of the MasterCard Advisory Board Middle East & Africa.

Kennedy has over two decades of experience covering core banking, corporate marketing communications, strategy, and business advisory services. Kennedy is an alumnus of Harvard Business School (AMP) in Boston USA, the International Institute of Management Development in Lausanne, Switzerland and the London Business School, United Kingdom. He has a degree in Mechanical Engineering from the University of Benin and an MBA from the University of Lagos.

BOARD OF DIRECTORS

Theresa Henshaw
CHIEF EXECUTIVE OFFICER

Ms Henshaw was appointed CEO of UBA UK in September 2023, having joined the Bank in November 2020 as Head of Business Development. Prior to joining UBA UK, she worked at Crown Agents Bank UK, where she led the Global Markets Sales desk and Africa team. [Mrs/Ms] Henshaw also spent 14 years at Habib Bank UK as Head of Treasury with executive oversight and responsibility for all Treasury activities in the UK, Switzerland, and Netherlands. She is a specialist in Business Development, ALM, FX, Liquidity and Cash Management and Fixed Income. She is an alumnus of CASS Business School, where she received an MSc in Finance & Investment and runs a Mentor club for young, female professionals/entrepreneurs in the UK.

COMMITTEES

Executive Committee (EXCO) – Chair
Asset and Liability Committee (ALCO) – Chair
Compliance Conduct and Audit Committee (CCAC)
Risk Committee (RC)
New Products and Activities Committee (NPAC)
Board Risk & Compliance Committee
Board Strategy and Finance Committee

John Coulter
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Coulter was appointed to the Board of UBA UK in August 2017. He is an experienced banker having spent most of his career with JP Morgan, where he was Chairman of CEEMEA, Regional Head and CEO for Sub Saharan Africa, as well as holding directorships and senior positions in a number of their African entities. Mr Coulter was Chairman of the Foreign Bankers Association of South Africa and a Director of the South African Banking Council. Mr Coulter has also held senior positions with Brait SA as Group CEO and Morgan Stanley as CEO Sub Sahara Africa.

Mr Coulter is currently a director of a number of investment companies and funds including Thula Capital Ltd and Key Capital Private Assets Fund ICAV. He is an alumnus of Trinity College Dublin, BA(Law) and University College Dublin, MBS (Masters in Business Studies).

Board of Directors
Board Audit Committee
Board Nomination and Governance Committee (Chair)

Uche Ike

NON-EXECUTIVE DIRECTOR

Mr Ike was appointed to the Board of UBA UK in October 2019. He has over two decades of banking experience spanning operations, internal audit, enterprise risk management, fraud management, and regulatory compliance. At UBA Plc, he previously served as the Executive Director, Risk Management, Governance and Compliance where he was responsible for coordinating the risk management activities of the Group. He was previously the General Manager of UBA New York Branch.

He holds a degree in Accountancy and a Master of Business Administration. He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN).

Board of Directors
Board Audit Committee
Board Nomination and Governance Committee
Board Risk and Compliance Committee

Ian Greenstreet

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Greenstreet was appointed to the Board of UBA UK in August 2020. He is an experienced director and has served on the boards of multiple public and private companies, including on several financial institutions. His roles have included representing the FMO (the Dutch Development Bank) on the board of Bank of Africa and Alios Capital, serving as a Director for Diamond Bank in Nigeria, and serving as a representative of the IFC on the board of Assupol Life insurance in South Africa. Mr Greenstreet brings diverse management and board experience in banking, finance, risk, managerial and financial technology together with a global network.

He is the current chair of Net1 UEPS, a fintech company in South Africa, and is the Chair and Founder of Infinity Capital Partners Ltd in the UK. He previously served as regional Head of Risk for ABN AMRO Bank and a board member and Head of Henderson Fund Management in Luxembourg.

Mr Greenstreet is a fellow of the Institute of Chartered Accountants in England and Wales (FCA).

Board of Directors
Board Audit Committee (Chair)
Board Risk and Compliance Committee

Alexander Trotter

NON-EXECUTIVE DIRECTOR

Mr Trotter was appointed to the Board of UBA UK in August 2020. He has significant experience in managing, investing in and advising African public and private companies. He was a portfolio manager for over ten years investing in frontier African equities. He is a trustee of the Tony Elumelu Foundation, Africa's leading supporter of entrepreneurship. He has a background in investment management, strategy, and corporate finance, and has held positions with UBS and GAM. He began his career at Linklaters, as a corporate lawyer.

Mr Trotter holds degrees from Oxford University and Imperial College.

Board of Directors
Board Audit Committee
Board Strategy and Finance Committee

Oliver Alawuba

NON-EXECUTIVE DIRECTOR

Mr Alawuba was appointed to the Board of UBA UK in November 2022. He is a highly experienced senior banking professional and is the Group Managing Director/CEO of UBA Plc. At UBA he previously held roles including Country CEO for UBA Ghana Limited, Regional CEO, UBA Anglophone Africa Subsidiaries, Executive Director, East Bank, Nigeria, and Deputy Managing Director/CEO of UBA Africa.

He holds a degree in Food Science and Technology from Abia State University, Uturu, M.Sc. in Food Technology from the University of Ibadan, and MBA in Banking and Finance from Olabisi Onabanjo University, Ago Iwoye, Ogun State. He is alumnus of the Senior Executive Programme of London Business School and the Advanced Management Programme of INSEAD Business School in France.

Board of Directors
Board Strategy and Finance Committee (Chair)
Board Risk and Compliance Committee
Board Nomination and Governance Committee

Sola Yomi-Ajayi
NON-EXECUTIVE DIRECTOR

Ms Yomi-Ajayi was appointed to the Board of UBA UK in November 2022. She is a highly experienced banker with almost 30 years of banking experience. She has been responsible for managing corporate and institutional relationships across international banking, regulatory engagement, structured funding, risk management, financial inclusion, transaction banking, correspondent banking, treasury, and operations.

As the Executive Director for international banking, and the CEO of UBA America, Sola Yomi-Ajayi is responsible for strategy formulation as well as oversight for UBA Group's International business operations in America, Grand Cayman Islands, UK, France and Dubai-DIFC. She is also responsible for strategic oversight of the Group's Diplomatic, Multilateral and Development Organisation portfolios with a focus on facilitating the achievement of sustainable development goals on the African continent.

[Ms/Mrs] Yomi-Ajayi has a degree from Obafemi Awolowo University, Ile-Ife, Nigeria, and an MBA from the Aberdeen Business School. She is a Fellow of the Chartered Management Institute, UK and a Member, Board of Trustees for the US-based Institute of International Banking. Additionally, Sola served as a member of the US EXIM's Sub-Saharan Africa advisory committee from 2020 through 2022.

Board of Directors
Board Nomination and Governance Committee
Board Risk and Compliance Committee
Board Strategy and Finance Committee

Christopher Low
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Christopher Low was appointed as an Independent Non-executive Director in October 2023. Christopher is on the Board of ASA international Group Plc, a leading international microfinance business operating in 13 emerging markets and chairs its Audit and Risk Committee. He is also on the board of Ed Partners Africa Holdings Limited, a non-banking financial institution, that provides financing to affordable schools in Kenya. Until recently he was I&M Group Plc's Regional Director for its East Africa businesses (Kenya, Rwanda, Tanzania, Uganda, and Mauritius), based in Nairobi. Further, he advises a number of FinTech start-ups in Kenya, Tanzania and Nigeria, sits on the Board of the Scottish African Business Association and is an investment Committee member of the Zephyr Acorn Fund that invests in early-stage companies using technology for impact.

With over 30 years in international financial services and digital transformation, Christopher has worked for Letshego Holdings Plc (Botswana – GCEO), Standard Chartered Plc (UK, Asia and Africa – roles included CEO, India and Chairman of Nepal, CEO Tanzania; GM/CEO East Africa/Kenya and CEO South Africa), National Bank of Kuwait (Middle East – Deputy CEO, International Banking) and Goldman Sachs (London). Also, he has advised the UK Government's Financial and Professional Services Sector Team (part of the Department of International Trade) on strategies for engaging with the UK banking sector to promote trade and investment. Christopher trained as a Chartered Accountant with Arthur Andersen & Co after reading Zoology at St Peters College, Oxford University.

Board of Directors
Board Strategy and Finance Committee
Board Audit Committee

Dr. Nashwa Saleh
INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board appointed Dr Nashwa Saleh as an Independent Non-executive Director in October 2023. She has more than 25 years' experience across global EM with a special focus on EMEA, holding various senior policy, equity, debt and capital markets roles with a number of international organisations and regulatory bodies. Her track record spanned mandates with USAID, EBRD, AfDB, Central Bank of Egypt, S&P Global and KPMG Corporate Finance. She is the founder of BAST Analytics UK Ltd which aspires to become the first premium provider of MSME data analytics in EMEA.

She is a CFA charter holder and Chartered Management Accountant by the US Institute of Management Accountants. She is a non-executive director and board member at Sandah Microfinance (founded by KfW & AAIB) and a director at EBE Factors (subsidiary of the Egyptian Export Development Bank of Egypt).

Dr Saleh is an Associate Professor of Finance & Fintech at Kingston Business School in London and has held several senior affiliations previously with Cranfield University, ESCP Europe, De Montfort University, Cambridge University & The American University in Cairo. She is a Fellow of the UK Higher Education Academy, FHEA, Chevening Scholar, receiving her PhD in Finance from Bayes Business School in London.

Board of Directors
Board Risk and Compliance Committee
Board Nomination & Governance Committee

MANAGEMENT TEAM

Theresa Henshaw
CHIEF EXECUTIVE OFFICER

Ms Henshaw was appointed CEO of UBA UK in September 2023, having joined the Bank in November 2020 as Head of Business Development. Prior to joining UBA UK, she worked at Crown Agents Bank UK, where she led the Global Markets Sales desk and Africa team. [Mrs/Ms] Henshaw also spent 14 years at Habib Bank UK as Head of Treasury with executive oversight and responsibility for all Treasury activities in the UK, Switzerland, and Netherlands. She is a specialist in Business Development, ALM, FX, Liquidity and Cash Management and Fixed Income. She is an alumnus of CASS Business School, where she received an MSc in Finance & Investment and runs a Mentor club for young, female professionals/entrepreneurs in the UK.

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Risk Committee (RC)
New Products and Activities Committee (NPAC)
Board Risk & Compliance Committee
Board Strategy and Finance Committee

Deji Adeyelure
CHIEF FINANCIAL OFFICER

Mr Adeyelure joined the Bank in March 2021, and is a finance and banking professional with over two decades of experience across multiple jurisdictions. He was previously Chief Financial Officer of UBA Ghana and UBA Pensions (Nigeria) where he was pivotal in driving improved financial performance and operational transformation in both entities. His experience includes stints in regulated entities as chief financial officer of a fintech retail banking provider, finance director of a multifamily office, and with the FCA, where he provided business and financial analysis. Mr Adeyelure has also worked in investment banking as a finance controller overseeing M&A advisory, private wealth and securities trading businesses. He started his career in audit and is a fellow of the Association of Certified Chartered Accountants, and the Institute of Chartered Accountants of Nigeria. He holds degrees in Accounting and Applied Accounting from the University of Lagos and Oxford Brookes University in the UK.

Committees
EXCO
ALCO
Risk Committee
New Products and Activities Committee

Oxana Kozliouk
CHIEF RISK OFFICER

Mrs Kozliouk joined UBA UK in September 2022 as the Bank's Chief Risk Officer. She has over 25 years of experience in risk management. Mrs Kozliouk began her risk management career with UBS and she subsequently held positions with Bank of America Merril Lynch and VTB Capital, Russia's predominant investment bank. In her last role, she was a member of the management board of a wholesale bank in Germany. Mrs Kozliouk has background in investment and corporate banking, including trade and real estate financing.

Committees
EXCO
ALCO
Compliance Conduct and Audit Committee
Risk Committee (Chair)
New Products and Activities Committee (Chair)

Alexandre Alves

HEAD OF COMPLIANCE & MLRO

Mr Alves has a background in financial services compliance with specific technical experience and knowledge of managing financial crime risk. He has implemented compliance frameworks, monitoring plans, new financial crime policies and procedures, as well as embedding a risk-based financial crime culture through awareness and training.

Mr Alves has held several compliance roles at various financial institutions, including BNP Paribas, Bank of America and ICBC London. He is a qualified Certified Fraud Examiner and a Certified Anti-Money Laundering Specialist.

Committees
EXCO
Operations Committee
Compliance Conduct and Audit Committee (Chair)
New Products and Activities Committee

Alan Clark

CHIEF OPERATING OFFICER

Mr Clark has 20 years' experience in financial services with a background in governance, control and internal audit. Most recently he headed internal audit for two small foreign banks. Prior to moving to the banking sector, he managed IT security and law enforcement activities for a central government department. Alan holds a PG Dip in Internal Audit and Management.

Committees
EXCO
ALCO
Operations Committee (Chair)
Risk Committee
Compliance Conduct and Audit Committee
New Products and Activities Committee

Chika Patrick

HEAD OF HUMAN RESOURCES

Mr Patrick is an experienced HR professional with more than a decade's experience across a variety of industries.

Before joining UBA UK, he served as the Global HR Lead at Sendwave where he was responsible for the development and execution of the HR strategy aimed at fostering a collaborative and high-performance culture. Previously he held senior positions at GSMA, Man Group Plc, Barclays Bank, and American Express.

He holds a Biomedical Science degree from Sunderland University, an MBA from the University of Strathclyde and is a member of the Chartered Institute of Personnel Development.

Committees
EXCO
Operations Committee

Helen Iwuchukwu

HEAD OF LEGAL AND COMPANY SECRETARY

Mrs Iwuchukwu is a Solicitor and Advocate of the Supreme Court of Nigeria called to the Nigerian Bar and holds a Master of Laws degree from Middlesex University Business School, London. She has over 25 years' experience and joined UBA UK in September 202,3 when she was appointed as Head of Legal & Company Secretary.

Prior to joining UBA UK, she held various roles including, Non-executive Director, and Executive Director/COO at Transcorp Hotels Plc, Group Company Secretary, and Legal Adviser at Transcorp Group Plc. She practiced law in Nigeria both within law firms and as an in-house corporate lawyer. She has private and publicly listed company experience in Nigeria and in the UK and is a member of the Nigerian Bar Association, the Institute of Directors Nigeria, and the Chartered Governance Institute UK.

Committees
EXCO
Operations Committee
New Products and Activities Committee
Compliance Conduct and Audit Committee

Richard Ola

CHIEF TECHNOLOGY OFFICER

Mr Ola is a senior and very experienced IT professional with over 24 years of experience across diverse companies including Etisalat, Barclays Bank, NHS Scotland, and Telefonica O2.

Prior to joining UBA UK, he served as the CIO at Crown Agents Bank, contributing significantly to scaling the technology side of the business from startup to sustainable growth.

Richard holds a B. Tech degree in Computer Science & Engineering from Lautech, an MBA in Economics from NAU, and a master's degree from Cranfield University. He is a member of ISACA, ISC2, and a Fellow of the British Computer Society. He also holds several professional certifications, including CITP, MBCMI, SSBB, CMQ/OE, CISSP, CISM, CDPSE, CRISK, CCSP, ISO 27001 Lead Auditor, ISO 27001 Lead Implementer, CGEIT, and CISA.

Committees
EXCO
Operations Committee

CHAIRMAN'S STATEMENT

"UBA UK is determined to grow sustainably, deliver exceptional service to our customers and meet stakeholders' expectations."

UBA UK's objective is to be the leading financial intermediary between Africa and global markets. Working alongside UBA Group's other global business hubs in New York, Paris and Dubai, we provide corporate banking services, not just to UBA Group's 20 African country network, but to customers across Africa and globally.

Over the year we welcomed a new CEO, Theresa Henshaw, who brings considerable experience in serving the needs of corporate clients across Africa and appointed two further independent non-executive directors to our Board. Dr Nashwa Saleh has served both as a central banker in Egypt and provided treasury and risk advisory services both to African central banks and to development banks, including the European Bank for Reconstruction and Development. Chris Low brings considerable African corporate experience from his career, including senior roles at Standard Chartered and a chief executive of pan African micro lender, Letshego.

During the financial year 2023, UBA UK continued to make significant progress, despite a challenging macro-economic climate and a number of challenges facing the financial services sector. Our focus has remained on building a sustainable and profitable franchise by growing our client offering, enhancing operational resilience and establishing a customer centric culture that will support our long-term operations.

During 2023, the Bank of England increased interest rates to reach a 15-year high of 5.25%, with the aim of combating inflation despite an uncertain economic outlook. The central bank has emphasized the probable necessity for an extended period of restrictive monetary policy to curb inflation, while also highlighting the potential requirement for further tightening should persistent inflationary pressures persist.

UK GDP is estimated to have shown no growth in December 2023 compared with the same month last year. Looking more broadly, GDP is estimated to have fallen by 0.3% in the three months to December 2023 compared with the three months to December 2022[1] while the annual inflation rate fell sharply to 4.6%[2] in October on the back of cheaper gas and electricity as the lower tariffs provided some relief to household incomes and general savings in the latter part of the year.

These events continued with the backdrop of deceleration in growth in some of the world's largest economies, and coupled with little impetus elsewhere, suggest muted growth expectations in the short to medium term.

2023 was thus significant from a regulatory perspective as bank failures and their corresponding impact on financial stability, led to increased regulatory scrutiny and expectedly enhanced requirements for banks globally and in the UK.

Sub-Saharan Africa was not immune from the global shocks. We saw heightened economic and credit concerns in some sub -Saharan African countries as climate related events and the effects of the Russo-Ukrainian conflict on commodity prices, affected public debt and credit quality of sovereign instruments. The rise in interest rates triggered a combination of refinancing risk and region-wide exchange rate pressures, which created economic and political uncertainty in some countries.

We continued to focus on our strategic goals in 2023, delivering growth across our business performance indicators. The Bank invested significantly in embedding risk management processes, governance capacity, technology and operational environment with an increased focus on operational resilience and cybersecurity. I am pleased to report the Bank achieved a Profit Before Tax (PBT) figure of $17.9 million (2022: $12.1m) at the end of the financial year.

This performance was achieved amid a relatively adverse credit risk environment and continued global uncertainty, demonstrating the validity of our business model, success of the strategic execution, commitment and resilience of the Executive Management, and staff of UBA UK.

I would like to thank our key stakeholders for their enduring support, and the Board of Directors for their diligence and for guiding the Bank all through the year. I would also like to express my appreciation to the Executive Management and staff of UBA UK, who have devoted their time serving our esteemed customers, and ensuring that we deliver successful outcome in what has been a very difficult and challenging year across the globe.

Lastly and indeed most importantly, I would like to take this opportunity to thank our customers for entrusting us with their business throughout 2023 and beyond.

Kennedy Uzoka

CHAIRMAN AND NON-EXECUTIVE DIRECTOR
Date: April 29, 2024

1. *https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/december2023*
2. *Office for National Statistics (ONS)*

OUR VALUE PROPOSITION

UBA UK aims to be the conduit for international business to and from Africa. Located in the heart of the world's premier financial centre, UBA UK is ideally placed to support the UBA Group's ambition of being Africa's Global Bank, by providing the Group and its customers access to the sophisticated financial markets and services in London. Beyond the Group, UBA UK facilitates trade, investment, and aid flows to and from Africa.

UBA UK is well positioned to be the preferred bank for:

- UBA Group entities looking for access to the international financial markets or looking to extend international banking services to their wholesale customer base.
- African corporations and institutions looking to expand globally to access new customers, partners, and capital markets.
- International corporations and institutions operating in Africa or seeking partners on the continent.
- African banks and financial institutions operating in our target markets and looking for an international bank to support their trade and treasury activities.
- Trade beneficiaries, exporters and commodity trading houses transacting into our target African countries.
- Global investors seeking exposure to African financial and capital markets, as well as African institutions and investors seeking access to the international financial markets.
- Multilaterals and Development Organisations operating globally and in Africa looking for a trusted and leading pan-African Bank for all their banking requirements on the African continent.
- UBA UK's strategic focus is fully aligned to the International Banking strategy of the Group and involves building the UK franchise to profitably:
- Build a framework to support a deposit led strategy delivering deposit growth from existing and prospective counterparties.
- Intermediate trade, investment, capital, and development flows between Africa & Rest of the World.
- Create a diversified and resilient stream of revenues.

MACRO-ECONOMIC BACKDROP

The global economy continues to grapple with the challenges of persistent inflation and subdued growth prospects in the 2023 financial year. GDP growth has however been stronger than expected, even as we saw some moderation in Q4, as the impact of tighter financial conditions, weak trade growth and lower business and consumer confidence affected output. These challenges were common across developed and emerging markets, leading to disruptions in trade from heightened geopolitical tensions, and economic uncertainty. The impact of these headwinds remained prevalent in the increasing cost of living and the level of household savings, as fiscal pressures impacted global trade and economic growth.

The growth expectations are driven by a normalisation of consumption in China and a pick-up in US growth, which have outweighed a sharp slowdown in Europe following the regional energy shock in 2022 from the geopolitical crisis in the Russo-Ukrainian conflict.

The financial services sector had several shocks arising from economic performance and regulatory intervention. The sector continued with a risk off sentiment, as the risk of the United States Dollar debt ceiling impasse, and bank failures in the United States and Switzerland triggered additional regulatory scrutiny. This sentiment was persistent across the year, even with the resolution of the debt ceiling tensions and the decisive regulatory actions to avert contagion and turbulence in the banking systems. UBA UK enterprise-wide risks are described in Note 29.

The expected growth indices of the UK have been generally hampered by specific macroeconomic shocks of the pandemic and cost of living crisis. More broadly, the combined effects of a decade of low growth and the negative economic impact of Brexit continue to dampen the overall economic outlook. Headline inflation eased in the year, on the back of lower energy prices. However, domestic influences – tight labour market, service price inflation, and passing of costs – continue to keep core inflation elevated.

In December, the Bank of England's Monetary Policy Committee (MPC) left interest rates unchanged at 5.25% for the third meeting in a row, following 14 consecutive rate increases, signalling a possible tapering of the interest rate hike regime. The focus of the Central bank towards the end of year has been on mitigating systemic risks from reduced growth.

There is a muted expectation for growth in the developed economies, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area, and there remains a possibility of recession across developed countries, specifically the major G3 currency countries in the 2024 financial year.

Economic activity still falls short of its pre pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery, reflecting the long-term consequences of the pandemic, the war in Ukraine, and geoeconomic fragmentation. The more cyclical risks are also prevalent, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events.

In our largest market Nigeria, foreign exchange shortages continue to weigh on economic activity and the Naira has continued to depreciate significantly on the back of further foreign exchange liberalisation. The Central Bank of Nigeria is making progress on plans to clear the significant level of foreign exchange forwards, however the gap between the official and parallel exchange rates has widened significantly in the year.

UBA UK recognizes the significance of the Nigerian market and within the year aligned business growth to the market realities, with careful consideration of credit exposures, risk assessment and compliance.

Despite the challenging global operating environment, the impact of regulatory intervention and the consequent restriction on the Bank's growth and performance, UBA UK has continued on the path to demonstrate financial and operational resilience, and successfully navigated these headwinds. Furthermore, the Bank continued its investment and focus towards a sustainable and profitable franchise focusing on our commitment to our customers, our people, and wider stakeholders.

BUILDING RESILIENCE AND SUSTAINING GROWTH

The UBA UK strategic plan is based on building resilience to support sustained growth. The plan follows from the success of the last 3 years, where we entrenched the viability of the business model and demonstrated sustainable profitability.

Our Strategic Intent

The strategic intent of UBA UK is demonstrated across three distinct areas:

1. Be the industry recognized leader in African intermediation; providing banking services to support our customers and counterparties in donor flows, payments, treasury, and brokerage transaction offerings to and from Africa and African related businesses. The strategic objective is to position UBA UK as the go-to bank for African intermediation.
2. Be the market leader in transaction banking, delivering a robust product suite to support our license permissions, including transaction-driven services such as brokerage (FX, Fixed Income), correspondent banking (Payments, Treasury solutions) and Trade Finance services (Letters of credit (LC), confirmations).
3. Win global and local corporate mandates by providing world class corporate banking services and supporting the UBA vision of building a financial services institution to serve African and international markets delivering first class customer service as a product differentiator across regions and countries of presence.

Our Strategic Intent

At UBA UK, our people strategy is designed to support our strategy to be the premier conduit for international business between Africa and the rest of the world. Central to this strategy is our commitment to attracting and nurturing a diverse and talented workforce. We understand the importance of having a team that is not only proficient in international banking but also deeply knowledgeable about African markets. This dual expertise is crucial as we strive to bridge these two dynamic financial worlds.

Our approach focuses on talent acquisition and development, where we aim to bring in professionals from varied backgrounds with specialised skills. We place a strong emphasis on continuous learning and development, ensuring that our employees are always at the forefront of industry knowledge and practices.

Creating a culture of excellence and innovation is key to our strategy. We encourage our team to be agile, forward-thinking, and innovative, qualities essential for understanding and navigating the complexities of the focus markets. This culture fosters an environment where novel solutions emerge, facilitating the smooth intermediation of trade and investment flows between Africa and the global market.

Last, our people strategy is a fundamental component of UBA UK's ambition to be a leading pan-African bank in the international banking sector. By investing in our people, we are not just enhancing our capabilities but also ensuring that we remain at the forefront of delivering innovative banking solutions to our clients. This approach is instrumental to achieving our vision of facilitating trade, investment, and development flows, thereby solidifying UBA UK's position as a key player in the international financial market.

Our Strategic Intent

The Bank continued to invest in various aspects of its technology environment with the objective of embedding operational efficiency, meeting regulatory requirements, and providing a compelling service delivery to the Bank's clients. Investments were made in key technology (hardware/software) components to drive the automation of key processes and improve offerings. We take pride in our customer-centric approach, ensuring that each client receives tailored support and advice. Our dedicated teams work tirelessly to understand the unique needs of each customer, providing them with innovative financial products and services. This approach has not only fostered deep, lasting relationships with our clients but has also positioned UBA UK as a trusted partner in their financial journeys.

Our Strategic Intent

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Suppliers

The Board recognises the key role our suppliers play in meeting the requirements of our customers and other stakeholders. The Board receives metrics in relation to payment practices.

Regulatory and Compliance Risk

UBA UK will meet or exceed all regulations and to proactively manage systemic process and control systems to ensure ongoing compliance.

The anti-money laundering (AML), terrorism financing and proliferation financing controls were comprehensively updated to comply with regulatory requirements including through enhanced customer due diligence, ongoing monitoring, staff training and other AML related process.

We also enhanced and automated AML transaction monitoring processes to handle growing transaction volumes, detect suspicious activities, and help avoid financial fraud and money laundering.

Conduct and Culture Risk

Our corporate culture and values are governed and reinforced by our Code of Conduct, which spells out organisational principles that everyone – including the Board, Management, and employees - is expected to abide by. UBA UK is committed to delivering good outcomes for its customers.

The Bank is increasing its culture and conduct engagement as part of a wider risk culture and controls enhancement programme and is reviewing its strategy, governance and policies and controls to comply with regulatory expectations.

2023 BUSINESS REVIEW

UBA UK successfully delivered on the FY 2023 strategy, despite a heightened risk environment, weak global economic growth, and significant credit deterioration of key customers in our major markets.

We ended the FY2023 with a total PBT of $17.9m (2022: $12.1m). The PBT performance demonstrates the resilience of the UBA UK business model and is a notable achievement amidst significant regulatory and economic headwinds. We aligned our business and risk appetite to the increasing credit risk in our key markets and moderated our overall exposure in line with economic and regulatory requirements. Despite the dampening effects of the economic challenges, UBA UK's performance was robust, on the back of an improved contribution from non-Interest Income, and funded income, which mitigated the impact of a reduction in the Bank's risk weighted assets in the year.

Total assets increased 2.7% year-on-year from US$595m in 2022 to US$612m in 2023. Operating income increased by 39% from US$22.4m in 2022 to US$31.2m in 2023. The Bank expects to continue building resilience in its operations to support its growth ambitions. In line with our overall strategy of building sustainability in our earnings through diversification, we successfully improved the year-on-year contribution of transaction banking to total income. The Bank continued to invest in scaling up the business development and client facing teams to allow it to broaden the client base as well as looking to enhance the current suite of products and service delivery.

2023 FINANCIAL PERFORMANCE

The financial performance metrics are presented in Table 1. The Bank reported year-on-year increases of 39% for operating income, 19% for net interest income, and 16% for non-interest income. Non-interest income is made up of other income and net fees and commission income. The increase in operating income (before provision for expected credit loss) was backed by growth in both interest and non-interest income demonstrating the business resilience in the year while adjusting to the new inflationary, regulatory, and geopolitical challenges.

Operating expenses grew year-on-year by 28%, reflecting the overall impact of inflation on the Bank's expenses. This increase also includes additional costs relating to increased regulatory engagement, building efficiency in the operating framework, risk management and governance of the Bank. The impact of these resulted in a PBT of $17.9m which represents a 48.5% increase on the FY2022 performance of $12.1m.

Regulatory capital and liquidity levels throughout the year were within internal risk tolerances and regulatory thresholds.

Shareholder's equity, term deposits and cash collateral continued to provide the bulk of the Bank's funding.

High levels of liquidity and capital were maintained throughout the year, well above internal and external requirements. Available liquidity comprised both overnight balances at Investment grade rated financial institutions and high-quality liquid assets.

Table 1: Financial performance metrics

US $'000	2023	2022
Total Operating Income	31,170	22,391
Net Interest Income	28,689	24,189
Non-Interest Income	2,839	2,439
Total Operating Expenses	13,275	10,338
Profit/(Loss) before Tax	17,895	12,053
Equity	75,067	46,403
Total Assets	611,657	595,838
Return on Total Assets	2.93%	2.02%
Capital Adequacy Ratio	48%	23%
Liquidity Coverage Ratio	229%	224%

ASSET QUALITY

UBA UK holds a Republic of Ghana Eurobond (maturity 07/04/2025) under its amortised cost (AC) portfolio, with notional value of \$5m, market value \$1.942m and UBA UK exposure circa. \$4.65m recognized at AC. This bond forms part of the Bank's investment portfolio and was purchased with the intention to hold to maturity. Ghana has completed its domestic debt exchanges program and is focused on ensuring sizeable debt service deduction in conjunction with the International Monetary Fund (IMF). The Ministry of Finance announced its plans for external debt restructuring parameter scenarios for bondholders, involving a nominal haircut of 30% to 40%, coupons of no more than 5% and maturities of up to 20 years, potentially considering value recovery instruments. According to the authorities, these parameters, together with domestic debt restructuring and planned fiscal consolidation, would enable Ghana to reach a moderate risk of debt distress in the IMF. World Fitch Ratings downgraded Ghana's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) to 'RD' from 'CC' as well as the issue ratings on outstanding foreign-currency debt. The Ghana bond exposure is classified as Stage 3 in line with our ECL policy and IFRS9 requirements, and an appropriate update/downgrade of ratings on financial institutions in Ghana has been reflected in our ECL model. The total ECL provision is \$2.37m which is 54% of the total exposure.

UBA UK holds under amortised cost portfolio an Arab Republic of Egypt Eurobond (maturity 16/02/2026), with notional value of \$9.28m, market value \$7.23m. Egypt's Long Term Issuer Default rating was downgraded from B+ to B by Fitch (outlook negative) on 05/5/2023, and on 03/11/2023 Fitch downgraded the Long-Term Issuer Default rating from B to B- (outlook stable). UBA UK reclassified the Egypt exposure to ECL Stage 2 following the evidence of the sovereign's increasing liquidity and debt affordability risks, slower than anticipated progress with the state-owned asset sale strategy (a key component of the 46-month IMF program that started in December 2022), weakening of the sovereign's foreign exchange liquidity eroding confidence in the currency, and risks undermining Egypt's financing plans. The downgrade reflects increased risks to Egypt's external financing, macroeconomic instability, and the trajectory of already-high government debt. The slow progress on reforms, including the delay on the transition to a more flexible exchange rate regime and on IMF programme reviews, have damaged the credibility of exchange rate policy, and exacerbated external financing constraints at a time of increasing external government debt repayments. Downward pressures on the currency have increased, and the path to policy adjustment has become more complicated (source: Fitch). The total ECL provision is \$0.96m which is 10% of the total exposure.

Fitch Affirmed Stable Outlook on 'B -' Rating on 5 May 2023. "Nigeria's 'B -' rating is supported by a favourable public debt/GDP ratio, a large economy, a developed and liquid domestic debt market, and large oil and gas reserves. The rating is constrained by weak governance, security challenges, high inflation, structurally very low non-oil revenue, high hydrocarbon dependence, and weakness in the exchange rate framework. UBA UK has assessed the possibility of a Nigeria default, and indications are that an event of default is unlikely. The assessment includes a review of the current events in Nigeria, with updates from Fitch (Internal Risk Rating framework provider) and assessed the requirements which will prompt a reclassification from the current ECL 1 status. The situation in Nigeria has not changed dramatically, nor has there been a significant event to materially increase the risk of UBA UK's in-country exposures. Hence, there is no formal trigger for reclassification of the ECL, which remains at ECL 1.

The remaining sub-Saharan African exposures remain at Stage 1 and include Togo, Kenya, and the UBA Group.

The impact of these credit events is fully reflected in our Credit Risk provisions.

Off-balance sheet trade finance assets comprise mainly of the confirmation of trade finance obligations issued by UBA Plc and selected third party institutions and are predominantly cash collateralized.

The Bank reacted quickly and decisively to macro-economic events in 2023. As at the reporting date the Bank had no exposures overdue or in arrears, except for stage 3 account. All exposures are classified as Stage 1 for IFRS 9 purposes except for the Ghana Sovereign bond, which is classified at Stage 3, and the Egypt Sovereign bond which is classified at Stage 2. The Bank continues to apply a weighted average approach to the calculation of its expected credit loss under IFRS 9.

Theresa Henshaw

CHIEF EXECUTIVE OFFICER
Date: April 29, 2024

The Directors present their annual report together with the audited financial statements for United Bank for Africa (UK) Limited ("UBA UK" or "the Bank"), for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

UBA UK is a wholesale deposit-taking financial institution, authorized by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA.

The Bank is a wholly owned subsidiary of United Bank for Africa Plc (or "UBA Plc"), a leading pan-African financial institution, headquartered in Lagos, Nigeria.

UBA UK generates revenues by providing financial services to international and sub-Saharan African banks, corporations, institutions, and international organizations. The Bank is principally involved in financing trade flows between the UK and Africa by advising and confirming letters of credit and providing trade loans and foreign currency services.

UBA UK extends its product offerings to UBA Plc and other subsidiaries within the UBA Group, as well as other financial institutions and large corporates.

CORPORATE GOVERNANCE FRAMEWORK

UBA UK is committed to good corporate governance and understands that a well-embedded governance culture is fundamental to the long-term success of the Bank. The Bank has a Corporate Governance Framework in place which defines the Board and Committees' governance structure and Terms of Reference. The Bank operates a robust and sound governance structure that guides and oversees its activities.

BOARD COMPOSITION

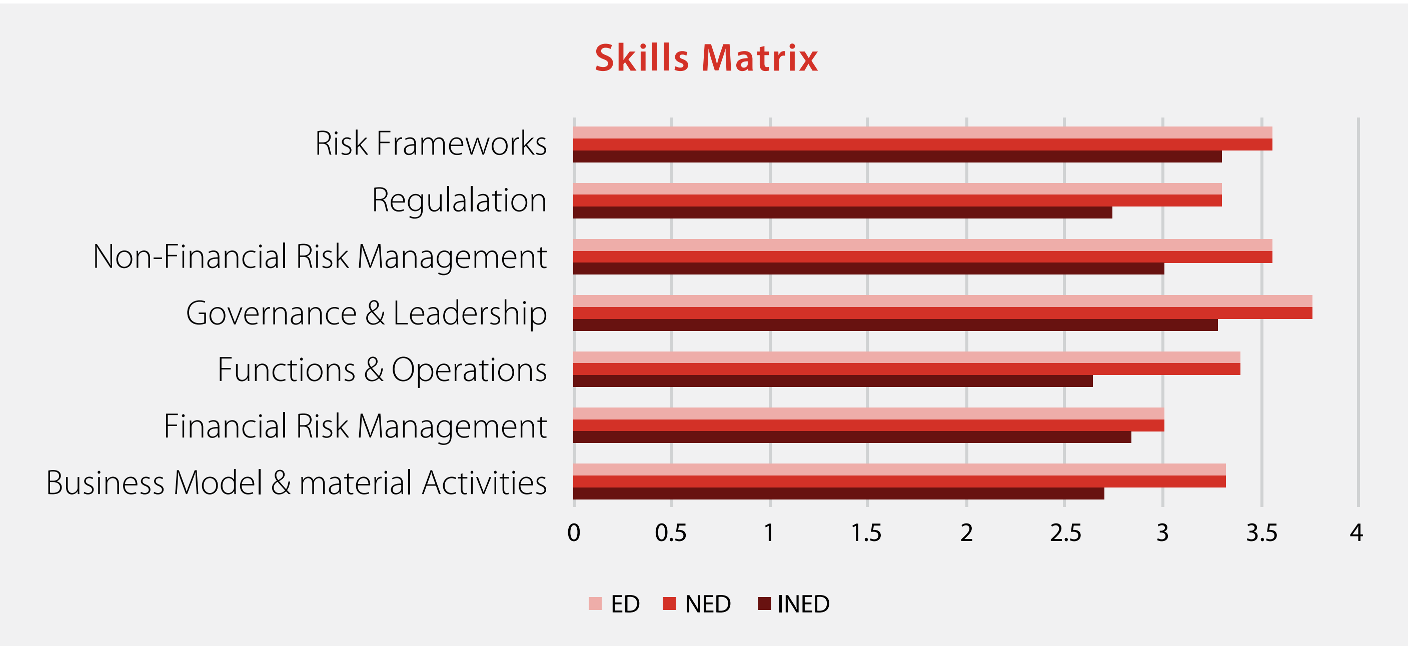
In October 2023, two additional Independent Non-Executive Directors ("INED") were appointed as Directors.

By the year ended 31 December 2023, the Board comprised ten Directors, nine non-executive Directors, and one executive Director. Of the non-executives, four are Independent non-executive Directors.

The Directors provide strategic direction, expertise, and oversight while the INEDs bring independent judgment and objectivity to the Board by providing independent oversight and constructively challenging executive management in their pursuit of the stated corporate objectives. In accordance with the Directors Screening and Appointment Framework, all Board and Committee appointments are based on merit and skills and following satisfactory background screening.

BOARD SKILLS MATRIX

In the year under review, a skill assessment was carried out as part of the internal Board evaluation exercise. The Board skills matrix is set out below:



Board members are subject to an annual performance review and receive initial and ongoing training to enhance the performance of their duties.

DIRECTORS' TRAINING

In 2023, Board members received training on ESG, Governance, Culture, Conflict of Interest, AML and Financial Crime, Senior Managers Certification Regime, ICAAP, ILAAP and C-SREP.

MEETINGS

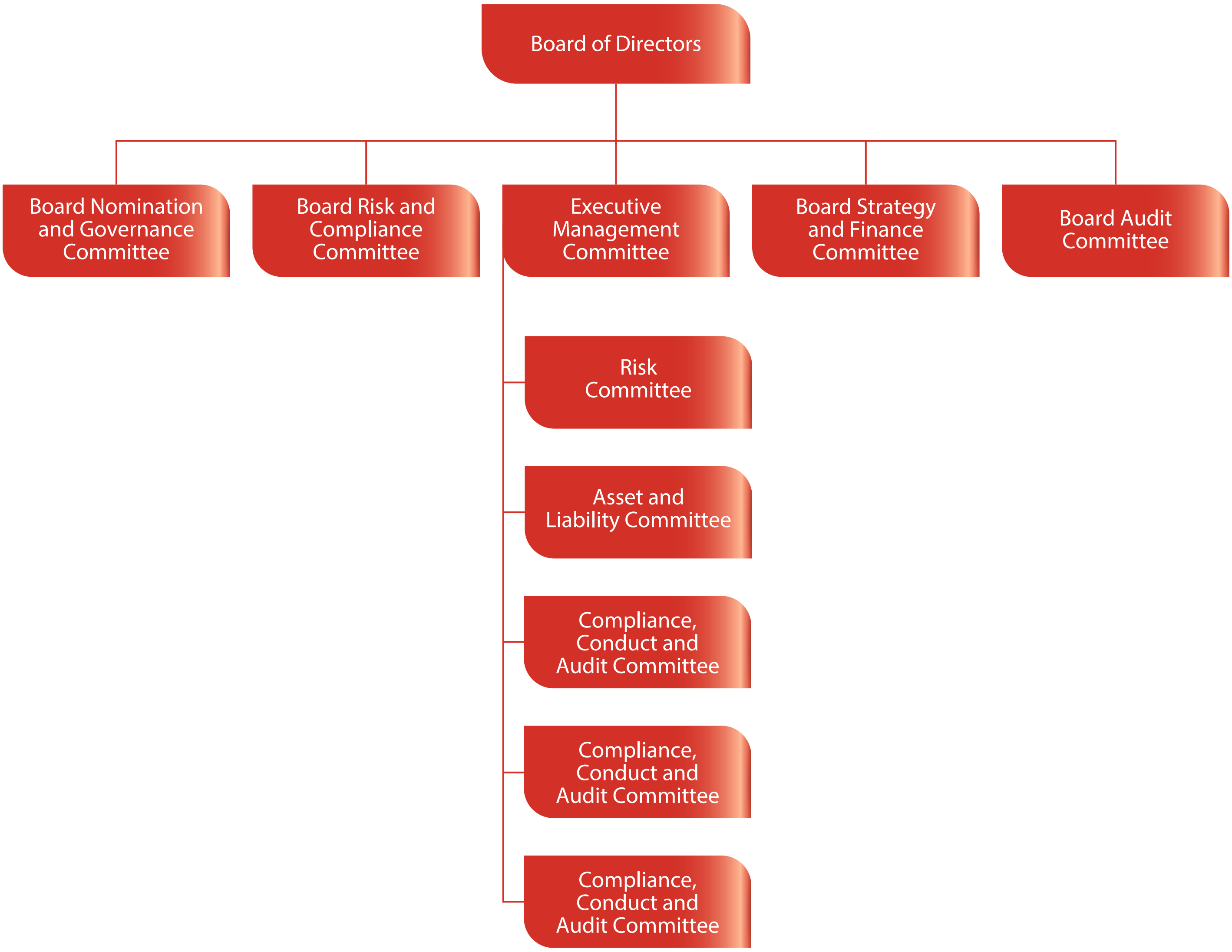
The Board met quarterly, and more frequently as the need arose. The Bank had an Annual General Meeting in December 2023. Individual Directors' attendance at Board meetings throughout 2023 is set out in the table below:

		Scheduled Board meetings attended/requiring attendance	Ad hoc Board meetings attended/requiring attendance	General Meetings attended/requiring attendance
Chair	Kennedy Uzoka	4/4	16/16	1/1
Independent Non-Executive Directors	John Coulter	4/4	15/16	1/1
	Ian Greenstreet	4/4	13/16	1/1
	Dr. Nashwa Saleh‡	1/1	2/4	1/1
	Christopher Low†	1/1	4/5	1/1
Non-Executive Directors	Uche Ike	4/4	16/16	1/1
	Alexander Trotter	4/4	16/16	1/1
	Sola Yomi-Ajayi	4/4	13/16	1/1
	Oliver Alawuba	4/4	10/16	1/1
Executive Directors	Adeleke Adeyemi*	N/A	N/A	N/A
	Theresa Henshaw***	1/4	6/16	1/1

† *Christopher Low joined the Board on 11 October 2023.*
‡ *Nashwa Saleh joined the Board on 25 October 2023.*
* *Adeleke Adeyemi resigned from the Board on 6 January 2023.*
*** *Theresa Henshaw joined the Board on 22 September 2023.*

BOARD COMMITTEES

The Board is supported by four (4) Board sub-committees, which monitor and provide oversight of specific aspects of the governance framework. Appropriate policies addressing adherence to the regulations that govern the Bank are reviewed and approved by the Board regularly. Additionally, the Board and governance framework is subject to regular audits.



The Board committees are as follows:

▪ Board Nomination and Governance Committee (“BNGC”)

The BNGC is the Board committee with overall responsibility for the Bank’s governance structure, its framework, and the appointment of key senior personnel. It also has oversight responsibilities for the Bank’s organizational structure, remuneration, manpower, and succession planning. The BNGC comprises five (5) directors and is chaired by an INED. It meets at least four times per year.

▪ Board Risk and Compliance Committee (“BRCC”)

The BRCC is the Board committee responsible for risk and compliance. Its responsibility was previously carried out by the Board Audit Risk and Compliance Committee ("BARCC”) until 22 November 2023. The BARCC was divided into the Board Risk and Compliance Committee and the Board Audit Committee on 22 November 2023.

The BRCC is responsible for oversight of the Bank’s risk appetite, its risk management framework, systems, policies, and procedures. The committee also oversees the Bank’s overarching risk culture and compliance function.

The BRCC comprises six (6) directors and is chaired by an INED. It meets at least four times per year.

▪ Board Strategy and Finance Committee (“BSFC”)

The BSFC is the Board sub-committee with overall responsibility for overseeing the management and control of the financial affairs and strategy of the Bank, including the development and implementation of the strategic plan, reviewing the overall financial position and performance of the Bank, and system and infrastructure needs. The BSFC comprises six (6) directors and is chaired by a NED. It meets at least four times per year.

▪ Board Audit Committee ("BAC")

The BAC responsibility was previously carried out by the Board Audit Risk and Compliance Committee ("BARCC") until 22 November 2023. The BARCC was divided into the Board Risk and Compliance Committee and the Board Audit Committee on 22 November 2023.

The BAC is responsible for monitoring the integrity of the financial statements, monitoring and reviewing the effectiveness of the Bank's internal financial control and the Bank's internal and external audit functions and reviewing and monitoring the External Auditor's independence and objectivity and the effectiveness of the audit process. The BAC is comprised of 5 (five) directors and is chaired by an INED. It meets at least four times per year.

BOARD COMMITTEE CHANGES

On 22 November 2023, the Board approved changes to the composition of its committees. The previous and current Board and committee compositions as at year end 2023 are set out in the table below:

		PRIOR TO 22 NOVEMBER 2023			AFTER 22 NOVEMBER 2023			
		BARCC[1]	BNGC	BSFC	BAC[1]	BNGC	BRCC[1]	BSFC
Chair	Kennedy Uzoka							
Independent Non-Executive Directors	John Coulter	●	○		●	○		
	Ian Greenstreet	○	●		○		●	
	Nashwa Saleh					●	○	
	Christopher Low			●	●			●
Non-Executive Directors	Uche Ike	●	●	●	●	●	●	
	Alexander Trotter	●	●	●	●			●
	Sola Yomi-Ajayi	●	●	●		●	●	●
	Oliver Alawuba	●	●	○		●	●	○
Executive Directors	Adeleke Adeyemi	N/A	N/A	N/A	N/A	N/A	N/A	
	Theresa Henshaw			●			●	●

○ *Committee Chair*

● *Committee Member*

1 *The BARCC was divided into BRCC and BAC on 22 November 2023. The BRCC and BAC were formed on 22 November 2023.*

The Board has delegated day-to-day management responsibilities of the Bank to the Executive Management team who operate and manage the Bank through the following executive committees:

▪ Executive Management Committee ("EXCO")

The EXCO is the executive body of the Bank with overall responsibility for day-to-day management. The EXCO recommends the policies, objectives, and strategy of the Bank to the Board for approval and ensures that the Bank is managed in accordance with the agreed policy framework, strategy, and risk appetite, and in a sound, prudent, and ethical manner in accordance with all relevant laws, regulations and guidance. EXCO is chaired by the CEO and meets twice every month. EXCO has the following sub-committees:

▪ Asset and Liability Committee ("ALCO")

The ALCO reports to the EXCO and has been delegated the responsibility to manage and monitor the Bank's balance sheet, including its funding and liquidity profile, and capital position. ALCO is chaired by the Chief Executive Officer ("CEO") and meets monthly.

▪ Risk Committee ("RC")

The RC reports to the EXCO and has been delegated the responsibility of managing and monitoring all the risks faced by the Bank across all businesses. This includes the continuous monitoring of the existing risk profile of the Bank and the approval of new credit exposures or any other type of risk-taking. The RC is chaired by the CRO and meets monthly.

Compliance, Conduct, and Audit Committee ("CCAC")

The CCAC reports to the EXCO and has been delegated the responsibility of managing and monitoring the Bank's overall compliance framework, which includes conduct, anti-money laundering, and financial crime risks. Furthermore, the Committee is responsible for overseeing the Bank's prevention of tax evasion, whistle-blowing framework, and Internal Audit. The CCAC is chaired by the Head of Compliance and MLRO and meets monthly.

Operations Committee ("OPCO")

The OPCO reports to the EXCO and has been delegated the responsibility to manage, monitor, and oversee the Bank's operational and support functions, technology infrastructure, systems, resources processes, and procedures. The OPCO is charged with the responsibility of ensuring that the technology environment of the Bank is appropriate for the delivery of its strategic plan and in an effective, efficient, and prudent manner. The OPCO also has responsibility for the overall security environment within the Bank. This includes the development, monitoring compliance, and enforcement of security-related policies and procedures for the safeguarding of various aspects of the Bank. The OPCO is chaired by the Chief Operating Officer ("COO") and meets monthly.

New Products and Activities Committee ("NPAC")

The NPAC reports to the EXCO and has been delegated the responsibility for reviewing and approving all new products and activities. The NPAC is chaired by the CRO and meets as and when required.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management plays a key role in the Bank's ability to deliver its growth strategy safely. The emphasis is placed on strong risk management culture, which is crucial for sustainable growth.

On an annual basis the Board reviews and approves enterprise-wide risk categories, principal risks, which are then used to monitor and report the risk exposures posing the greatest impact to the Bank. In 2023, those risks are detailed below as well as in the Risk Management note 29.

STRATEGIC (BUSINESS) RISK:

The risk of potential losses based on decisions at a strategic level. These include failures in business strategy or a business plan as they relate to either internal or external forces.

Performance: There were no fundamental changes made to the Bank's operating business model. It is worth noting that the Bank does not pursue the asset-led growth strategy. The focus remains on growing non-interest income portion of the revenue and diversification of funding. Sub-Saran trade services and corporate banking remain the Bank's strategic priorities.

RISK MANAGEMENT ACTIONS:

The Board Risk Appetite Statement provides clear and strong steer for the business.

The Bank's business and risk strategies remain fully aligned.

Through the year, the Board and the executive management worked on improving the Bank's governance and risk, while the executive team was strengthened with the hire of an independent Internal Control, Audit and Governance specialist, to ensure embeddedness.

CAPITAL RISK:

The risk that the firm has an insufficient level or inappropriate composition of capital to support its regular business activities and to meet its regulatory capital requirements both under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

Performance: The Bank maintained its strong capital position in 2023 with a CET1 ratio of 48%, having received an additional capital injection of $12m (Twelve Million Dollars) from its sole shareholder and parent, UBA Plc in Q2 2023. This is significantly ahead of UBA UK's regulatory requirements.

Risk Management Actions:

Downside risks from economic and regulatory headwinds are being closely monitored.

Pillar 2 capital buffer is maintained to fully account for the unexpected losses in the Bank's legacy investment portfolio.

LIQUIDITY & FUNDING RISK:

The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. Also, the risk that the Bank lacks access to stable funding sources and may not be able to re-finance or raise new debt or capital under acceptable terms and conditions.

Performance: The Bank maintained its strong liquidity position in 2023. Its liquid assets continue to exceed the regulatory minimum and internal risk appetite, with a liquidity coverage ratio (based on monthly rolling average from the previous 12 months) of 229 per cent (2022: 224 per cent).

One of the Bank's ongoing priorities is further diversification of its funding sources. UBA Plc continues to be the Bank's main source of funding, providing both the evidence of the shareholder's commitment to the Bank but also presenting a significant concentration risk.

Risk Management Actions:

The Bank holds a substantial buffer of High-Quality Liquid Assets ("HQLA") to ensure that it meets all funding obligations and commitments as they fall due in both normal and stressed conditions. The Asset and Liability Management Committee (ALCO) oversees the Bank's liquidity position.

Daily reports are run by the finance department, ensuring that the Bank meets minimum liquidity parameters set by the regulator.

It is the Bank's policy to match the maturities and currencies of assets and liabilities as far as practicable.

The annual regulatory Internal Liquidity Adequacy Assessment Process ("ILAAP") documents the Bank's approach to managing liquidity risk.

Good progress has been made in 2023 to attract third party funding.

CREDIT RISK

The risk of loss to the firm from the failure of clients, customers, or counterparties, including sovereign, fully to honour their contractual obligations to the firm, including the full and timely payment of principal, interest, collateral, and other receivables.

Performance: The Bank's credit portfolio faced a challenging outlook, driven by interest rate rises and by the increasing geopolitical tensions, both global (e.g., Russian invasion of Ukraine) and African continent specific (e.g., military coups in Niger and Gabon).

Whilst the Bank did not have any new non-performing exposures in 2023, the exposures were highly concentrated geographically and there was evidence of credit quality deterioration (e.g. downgrades in sovereign long term issuer ratings for Egypt and Nigeria). Impairment was a net charge of USD 0.25m due to taking significant charges and accounting for the credit deterioration in a forward, pre-emptive and conservative manner in 2022, compared to USD 3.89m, reported in the previous year.

Risk Management Actions:

The Bank maintains a number of well-established and thorough credit control processes that ensure effective risk identification, management, and oversight. Appropriate monitoring is in place, including early warning indicators to alert for any signs of asset quality deterioration. The processes performed well through the year, allowing for pre-emptive credit appetite tightening ahead of major economic and political developments.

The Bank uses various techniques to mitigate credit risk. These include the use of netting agreements, cash collateral and delivery vs payment settlement arrangements, among others.

MARKET RISK

Market risk is defined within the Bank as the risk of losses in on and off-balance sheet positions arising from adverse movements in market variables including but not limited to interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities, and asset correlation.

Performance: The Bank does not have a trading book nor is it active in equity or commodity markets. It does have exposure to:

Bond price risk, which arises due to the Bank holding a portfolio of high-quality liquid fixed income instruments. These are held primarily for the liquidity management purposes.

Please note that investment assets held to maturity are accounted for on an amortised cost basis, i.e., is not subject to daily mark price movements.

Interest rate risk, which arises due to a different impact of the changing interest rates on our floating and fixed interest rate assets and liabilities.

FX risk, which arises from foreign currency balances including, nostro accounts, bonds, trade loans and collateral. No market risk in the Bank's FX brokerage business as it is back-to-back.

Risk Management Actions:

A quantitative assessment of high-quality liquid bond price risk is conducted daily through scenario stress tests for the fixed income book and reviewed on a monthly basis by the Risk Committee.

Interest rate sensitivity analysis is also performed daily. The Bank monitors the expected change in the value of all its assets and liabilities comprising the balance sheet for a +1 basis point move in interest rates daily. Also, a number of stress tests are run daily, including but not limited to the parallel shift in interest rates of 200 basis points in either direction to determine the impact on balance sheet values and net income.

In addition, it is the Bank's policy to match the currencies and assets and liabilities where possible.

With the exception of structural hedges, no material Open Currency Positions are permitted.

INTEREST RATE RISK IN THE NON-TRADING BOOK

Interest rate risk is the risk that arises from fluctuating interest rates and the potential that a change in overall interest rates will reduce the value of bonds or other fixed rate investments.

Performance: This risk largely stems from the asset liability mismatch in the Bank's legacy investment into African Eurobonds: the bonds (assets) have medium-term maturity while the Bank's funding is largely short term (< 12 months).

Risk Management Actions:

The Bank has devised its own set of stresses, which are run at different frequencies, to ensure compliance with the Board's risk appetite statement. The latter is expressed both in terms of the risk to economic value and in terms of the risk to earnings.

In May 2023, PRA updated its Supervisory Statement (SS) on the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP), the SS31/15.

The latter now requires that UK banks "immediately notify the PRA if its economic value of equity (EVE) would decline by more than 15% of its Tier 1 capital as a result of the application of the interest rate scenarios ".

In response to the above requirement, the Bank restated its risk appetite for interest rate risk in the banking book (IRRBB) and implemented a policy which defines UBA UK's approach to managing IRRBB, focussing on EVE and net interest income (NII) while ensuring compliance with regulatory requirements of the PRA and safeguarding the Bank's interest. In addition to the PRA-prescribed scenarios, the Bank devised its own set of stresses, which are run at different frequencies, to ensure compliance with the Board's risk appetite statement.

FINANCIAL RISKS ARISING FROM CLIMATE CHANGE

The risk that the Bank fails to take into account and to address the financial risks associated with Climate change when assessing its Strategy, Financial and Operational Resilience.

Performance: 2023 has seen significant progress in embedding climate risk within the Bank's enterprise-wide risk management framework.

Whilst the Bank's trade portfolio comprises short term and self-liquidating facilities, the Board recognises the impact climate changes may have on its African customers and counterparties, trade flows and on the overall sustainability of the Bank's business mode. This is why in addition to the previous qualitative statement of risk appetite, in 2023, the Board approved a number of quantitative indicators.

Risk Management Actions:

Developing climate scenario analysis capabilities.

Enhancing risk appetite measures.

Regular discussions at the Board level.

OPERATIONAL RESILIENCE

The risk that the Bank is unable to adapt rapidly to a changing environment or to operate its business in the event of disruptive events. There is a strong overlap with Operational Risk and Technological Resilience.

Performance: UBA UK set up a working group which helped the Bank to identify important business services and vulnerabilities, set impact tolerances and put in place systems and controls that the Bank will operate going forward.

To date, UBA UK has identified its Important business services but there is scope for improvement. Testing so far has revolved around systems recovery, hardware outages and communications issues. This has led to actions being taken to enhance resilience, but the pace of testing needs to accelerate.

Risk Management Actions:

Whilst it is unlikely UBA UK would have an impact on financial stability (UBA UK total assets of USD0.6 billion as of end of 2023 to UK banking system assets of c. USD17.0 trillion, respectively), there is work still to be done for the Bank to comply with the regulatory expectations set out in the PRA's Supervisory Statement SS1/21 and PS21/3 by 31 March 2025.

OPERATIONAL RISK

The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud) where the root cause is not due to credit or market risks.

Performance: Operational risk remained stable in 2023 with only one material operational risk event resulting in a notable financial loss. Proliferation of manual processes and gaps in documented procedures were the primary causes. Cybersecurity, technology, and outsourcing were the most material operational risk themes.

Risk Management Actions:

Overall responsibility for operational risk control lies with all business areas with oversight by the Chief Risk Officer and a dedicated Operational Risk team. Individual business areas are responsible for the management of operational risks through appropriate systems and controls, warning indicators and loss mitigation actions. These actions include policies, procedures, internal controls, and ongoing training to ensure sound management practice and compliance with laws and regulations. The oversight provided by Risk Department is subject to further assurance provided by internal audit.

The Bank has controls in place to manage operational losses, reputational events, and regulatory breaches. It identifies and assesses emerging risks and acts to mitigate these through its Horizon Scanning workgroup.

The Bank has brought onboard a new Chief Technology Officer and identified a number of strategic projects aimed at strengthening the Bank's infrastructure.

In Q3 2023, the Board approved the purchase and implementation of the new Operational Risk management system, aimed at the automation of existing processes of recognition, measurement, assessment, analysis and reporting of risk events.

In addition to the principal risks, through the year, the Board was paying additional attention to individual components of Operational Risk such as People Risk, Conduct Risk, Sustainability Risk, Data Management & Information Risk, Information Security Risk, including Cyber and Compliance Risk, and Regulatory Compliance.

KEY PERFORMANCE INDICATORS

The key indicators of the Bank's performance are monitored by the Board on a quarterly basis and by management monthly. Those relating to profitability are Pre-tax Return on Equity and Return on Total Assets. The key indicator of efficiency monitored by the Board is the Cost-to-Income ratio, while a measure of diversification is the Non-interest Income to Total income ratio. The ratios are detailed in the table below:

	2023	2022
Pre-tax return on equity	24%	26%
Cost to income ratio	43%	46%
Non-interest income to total income	9.11%	10.89%
Return on total assets	2.93%	2.02%

Pre-tax return on average equity is calculated as the profit before tax for the year divided by the average of the average shareholders' funds for the year.

The cost to income ratio is measured after impairment and has decreased from 46% to 43% as a result of increased revenues. The ratio of non-interest income to total operating income is also measured after impairment.

Return on average total assets is calculated as the profit before tax for the year divided by the average assets for the year.

In addition to the financial performance indicators the Bank also considers non-financial indicators where appropriate, including technology and human resources related metrics.

OPERATIONAL RESILIENCE

UBA UK has devoted substantial resources to advancements in our operations and technology landscape in recent years. A pivotal move to a cloud-hosted technology environment stands out as a testament to our commitment to resilience. This strategic shift has not only modernized our infrastructure but has also significantly bolstered our operational robustness.

The Bank continues to invest and dedicate efforts into fortifying its information security management. UBA UK successfully achieved the ISO 27001 certification, a globally acknowledged hallmark of stringent information security management complemented by a resilient business continuity framework. This certification underscores our unwavering dedication to safeguarding sensitive information and maintaining operational continuity.

UBA UK remains steadfast in evaluating third-party risks. Our approach is underpinned by meticulous policies and procedures crafted to effectively address the risks associated with outsourcing critical functions and engaging with material third-party entities. This proactive stance ensures that our operational resilience extends across the entire spectrum of our banking ecosystem, aligning with the highest standards of security and risk management.

RISK ASSOCIATED WITH CLIMATE CHANGE

UBA UK is committed to delivering long term value for all our stakeholders and the communities and environment in which we operate. The Bank appreciates the importance of our environment and of climate change issues and it takes all opportunities to limit the impact of its operations on the environment.

UBA UK also evaluates the financial impact climate change may have on its current financial position, and the forward-looking business plan at least annually. The Bank has also considered the financial risks from climate change from two primary risk factors (1) physical risk and (2) transitional risk.

“Physical risks” relate to specific events such as extreme weather, flooding, rising sea levels and rising average temperatures. UBA UK determines the direct physical risk of climate change from its core activities to be low. Indirect risk is assumed when the Bank provides trade finance to banks and corporates heavily exposed to climate change. This risk is mitigated by the short-term self-liquidating nature of transactions, the principal industry sector focus of financial institutions and the inherent liquidity in the fixed income securities. UBA UK regards indirect physical risk as low.

“Transitional risks” relate to adjustments towards a low-carbon economy such as changes to law, policy or regulation. As earlier mentioned, UBA UK’s main product focus is on short dated self-liquidating cross border trade finance and Eurodollar fixed income securities issued by tier 1 banks from within its target market. Transitional risk is mitigated by the short-term cross border trade finance nature of transactions, the principal industry sector focus of financial institutions and the inherent liquidity in the fixed income securities. UBA UK takes no direct project finance or term lending exposure to entities that are directly exposed to the financial risk of climate change. Downstream transitional risk, for example the risk associated to a counterparty bank’s exposure to the oil and gas or coal mining sectors, is assessed as part of the Bank’s credit risk management process.

The Bank is out of scope of the Streamlined Energy and Carbon Reporting ('SECR'), as it does not meet the numerical thresholds in relation to turnover and number of employees.

When providing finance, UBA UK acts as an agent of change in our customer’s business practices by incorporating Environmental and Social considerations.

UBA UK designs all its credit forms, credit approval processes and procedures to ensure that issues that relate to sustainability are taken into consideration before a facility is granted to a customer. UBA UK shall:

- Ensure that the Credit Risk Culture includes an adequate tone from the top and that credit is granted to borrowers considering the impact on sustainability, and related environmental, social and governance (ESG) factors.
- Incorporate ESG factors and associated risks in the Credit Risk Appetite and risk management policies, credit risk policies and procedures, adopting a holistic approach.
- For loans or borrowers associated with a higher ESG risk, a more intensive analysis of the actual Business Model of the borrower is required, including a review of current and projected greenhouse gas emissions, the market environment, supervisory ESG requirements for the companies under consideration, and the likely impacts of ESG regulation on the borrower’s financial position.
- The Credit Decision shall be clear and well documented and include all the conditions and pre-conditions, including those to mitigate the risks identified in the creditworthiness assessment, such as risks associated with ESG factors, for the loan agreement and disbursement.
- Where the Bank takes possession of collateral, it may be faced with fines, fees, or legal suits relating to Social or Environmental damages resulting from such collateral. To this end, collaterals shall be examined to determine their Environmental and Social effects.

- Be responsible for ensuring that these principles are integrated into the Bank's processes by the Risk Management department.
- Engage with its customers to encourage good environmental and social risk management practices and to promote sustainable best practices.
- Ensure that Environmental and Social considerations are included in engagement agreements to ensure the risks are monitored and ongoing compliance adhered to.

HUMAN RIGHTS

UBA UK is committed to respecting human rights and we work to combat slavery and human trafficking in our business and our supply chains. The Bank's Modern Slavery statement is supported by a framework of internal policies and procedures which are designed to assist in the prevention, detection, management and reporting of slavery and human trafficking.

ANTI-BRIBERY AND CORRUPTION

It is the policy of UBA UK to conduct business in an honest and ethical manner. The Bank takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective systems to counter bribery.

The Bank will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it conducts business.

GOING CONCERN

The Bank has maintained adequate capital and liquidity remains above regulatory requirements and continues to maintain healthy reserves. The Board approved ICAAP, ILAAP and RRP documents outline stable levels of funding, and the Bank performs regular stress tests on its liquidity positions under a range of sensitivities and scenarios. In preparing the annual financial statements, the Bank performed a going concern review that included amongst others a consideration of its 2023 performance and the impact on capital and liquidity in 2024. This review also considered that the Bank reacted quickly and decisively to events in 2023, and that implementation of the revised strategy was well underway. It is reasonable to conclude that the Bank will continue to operate as a going concern for 12 months from the report release date and that the going concern basis of accounting is appropriate.

CAPITAL

The Bank has 52,914,009 issued and fully paid shares of GBP1 each. There has been no change to the Bank's capital structure in 2023, other than the issue of equity in relation to the capital increase in 2023.

RESULTS & DIVIDENDS

The Bank's profit for the year after taxation amounted to US$14.3m (2022: US$11.5m). The Board do not recommend the payment of a dividend for the year ended 31 December 2023.

DIRECTORS' INDEMNITIES

The Bank has made qualifying third-party indemnity provisions for the benefit of the directors of the Bank which were renewed during the year and remain in force at the date of this report.

POLITICAL DONATIONS

The Bank did not make any political donations during the year (2022: Nil).

FUTURE DEVELOPMENTS

Details on future developments of the Bank are disclosed in the Strategic Report.

DIRECTORS' REPRESENTATION

In the case of each Director in office at the date the Directors' report is approved, so far as the Directors are aware, there is no relevant audit information of which the Bank's auditors are unaware and they have taken all reasonable steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Bank's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

INDEPENDENT AUDITORS

Following an audit tender process in 2023, the Board resolved that Ernst & Young LLP("EY") be recommended to the shareholder for appointment as the Bank's external auditor for the financial year ending 31 December 2023 and onwards.

Following the recommendation of the Bank's Board Audit Committee, and the Board of Directors, the shareholder approved the appointment of EY as the Bank's external auditor at the Bank's AGM on 6 December 2023.

PricewaterhouseCoopers LLP has confirmed that there are no matters that need to be brought to the attention of the shareholder of the Bank and has provided a statement as required by the Companies Act 2006.

By order of the Board and on behalf of the Board,

Theresa Henshaw

CHIEF EXECUTIVE OFFICER
DATE: APRIL 29, 2024

Helen Iwuchukwu

COMPANY SECRETARY
DATE: APRIL 29, 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards ("IFRSs")

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently.
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Bank financial position and financial performance.
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNITED BANK FOR AFRICA (UK) LIMITED

OPINION

We have audited the financial statements of United Bank for Africa (UK) Limited for the year ended 31 December 2023 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 31, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Bank's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included.

- In conjunction with our walkthrough of the Bank's financial statement close process, we confirmed our understanding of management's going concern assessment process and engaged with management to ensure all key factors were considered in their assessment.
- We obtained management's going concern assessment for the Bank, including forecasts for the going concern period and compared historical budgeted financial information with actual results to form a view of the reliability of the forecasting process.
- We evaluated management's going concern assessment which included assessing their evaluation of long-term business and strategic plans, capital adequacy, liquidity and funding positions.
- We evaluated the results of adverse scenarios modelled by management to incorporate unexpected changes to forecasted liquidity and capital positions of the Bank, as well as its reverse stress testing exercise, to identify whether they indicated significant issues that might impact the Bank's ability to continue as a going concern.
- We obtained the parental letter of support from the parent "UBA PLC" and reviewed the going concern assessment performed by the group auditors (EY Nigeria) to assess the ability of the group to support the Bank if needed.
- We read and evaluated the adequacy of the disclosures included in the Annual Report and financial statements for conformity with the reporting standards and considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of 12 months from the date the financial statements are authorised.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Bank's ability to continue as a going concern.

Key audit matters	▪ Expected credit losses (ECL) ▪ Revenue recognition
Materiality	▪ Overall materiality of £3m which represents 0.5% of total assets.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Bank. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Bank and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact United Bank for Africa (UK) Limited. The Bank has determined that the most significant future impacts from climate change on its operations will be from operational risk, physical risk, and transitional risk. These are explained on pages 30-33 in the Directors' Report. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Bank's business and any consequential material impact on its financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and whether the effects of potential climate risks have been appropriately reflected in determining that the impact on the financial statements would be immaterial. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Expected credit losses (ECL) (2023: $6.1 million, 2022: $5.9 million) ECL is a key estimate and we have identified key risks associated with the collectability of the collateralised element of amounts receivable from the parent company and the consideration of the impact of macro-economic factors, particularly on the sub-Saharan African exposures. *Refer to the Accounting policies (pages 49 to 57); Notes 6, 28, and 29 of the Annual Report and Financial Statements.*	▪ We obtained an understanding of and evaluated the design effectiveness of controls across processes relevant to ECL, including staging criteria and calculation of ECL elements (PD, LGD and EAD). ▪ We tested the completeness and accuracy of ECL model data inputs, including data points which form key inputs to bucketing used in the model. ▪ Our audit considered the continued uncertain economic outlook in sub–Saharan Africa, where the majority of the bank's clients operate, and the appropriateness of model assumptions used in determining credit loss provisions. ▪ We engaged our modelling specialists to test management's methodology, assumptions, inputs and calculation in the ECL model. They independently recalculated the loan impairment provision and validated the staging analysis prepared by the Bank. ▪ We performed testing over completeness and accuracy of data used in the models by agreeing key data fields to source systems and other supporting documentation. ▪ In addition, we assessed the collateral agreement between United Bank for Africa PLC (UBA PLC) and UBA UK Ltd and considered its impact on ECL provisions. ▪ We engaged the EY Legal team to review the legal opinion obtained to confirm the collateral arrangements in place relating to the funding contract between UBA Plc and the bank. ▪ We verified the existence of the collateral by performing confirmation procedures to the parent bank.	▪ Based on the work we performed, we were satisfied that the ECL is reasonably stated in compliance with the requirements of IFRS 9. ▪ We raised observations in relation to staging, PD, EAD and the overall ECL calculation which did not individually or in aggregate have a material impact on the ECL recorded. ▪ We note that the disclosures are in compliance with the requirements of UK adopted International Accounting Standards.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	▪ We performed enquiries of management, read board and other key meeting minutes in order to identify any specific events or circumstances that may trigger the need for incremental provisions. ▪ We assessed the adequacy and appropriateness of the disclosures made with reference to IFRS 9 requirements. ▪ We applied a substantive approach in performing our audit procedures as we have not relied on any of the Bank's ECL controls.	
Risk of fraud in revenue recognition related to management override of controls in the posting of manual journals. Under ISA 240 the auditor is required to consider the risk of fraud in revenue recognition. The income recognised may be fraudulently misstated due to fraud or error. A heightened volume of impaired loans also increases the complexity in the recording of interest income. The risk of fraud associated with revenue is related to risk of management override which exists in revenue recorded through manual adjustments during the year ended 31 December 2023. *Refer to the Accounting policies (pages 57 to 58); Note 4 of the Annual Report and Financial Statements.*	▪ We performed walkthroughs to obtain an understanding of processes and controls related to revenue recognition and assessed the design effectiveness of the key controls. ▪ We assessed the risk of material misstatement of each significant revenue stream by considering its level of automation, complexity, and use of judgment. ▪ For a sample of transactions, we checked the details to supporting documentation and performed an independent recalculation of interest income, fees and commission income. ▪ We applied risk based criteria to identify a sample of manual entries into revenue lines on which we tested the accounting postings, reviewed the authorization of the transactions and validated the appropriateness of the journal postings. ▪ We applied a substantive approach in performing our procedures.as we have not relied on any of the Bank's revenue controls.	▪ Based on the procedures we performed, we have no material findings to report.

In the prior year, the predecessor auditor's report included a key audit matter in relation to valuation of receivables from the parent bank, UBA PLC. In the current year, we have added impact of macro-economic factors on the sub-Saharan African exposure, where both risks have been considered as part of our overall audit procedures on expected credit losses as noted in the table above.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Bank to be $3 million (2022: $3 million), which is 0.5% (2022: 0.5%) of total assets. We believe that total assets provide us with the most appropriate measure that reflects the financial position of the Bank given the fluctuation seen in profitability in previous years. This measure has not changed from the prior year.

During the course of our audit, we reassessed initial materiality and as the total assets did not differ significantly, we retained materiality at $3million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Bank's overall control environment, our judgement was that performance materiality was 50% (2022: 75%) of our planning materiality, namely $1.5m (2022: $2.2m). We have set performance materiality at this percentage, which is lower than the prior year, due to this being our first year of audit of the entity.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $150k (2022: $149k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise toa material misstatement in the financial statements themselves or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Bank and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Bank and determined that the most significant are UK adopted International Standards, and the Companies Act 2006. Also significant are the regulations of the Financial Conduct Authority ("FCA") and Prudential Regulatory Authority ("PRA"), along with the requirements of HM Revenue & Customs.
- We understood how United Bank for Africa (UK) Limited is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures. We also read Board minutes, Audit Committee meeting minutes and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Bank's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming revenue to be a fraud risk. To address the risk, we obtained an understanding of the entity level controls and the Bank's policies in place to identify and respond to fraud including those areas which involved a higher degree of management judgement and subjectivity. Our procedures also involved testing manual entries identified by specific risk criteria.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of legal counsel, senior management and internal audit, review of regulatory correspondence and any key committee minutes, obtained details of any investigations conducted into instances of potential non-compliance and assessing outcome of such investigations, and focused testing in the identified areas of heightened fraud risk.
- The Bank operates in the banking industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- Through these procedures, we became aware of actual or suspected non-compliance. The identified actual or suspected non-compliance was not sufficiently significant to our audit that it would have resulted in it being identified as a key audit matter.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the Bank at its annual general meeting on 6 December 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the Bank's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Interest and similar income		50,242	41,116
Interest expense		(21,553)	(16,927)
Net interest income	**4**	**28,689**	**24,189**
Fee and commission income	5	558	1,763
Provision for expected credit losses	6	(246)	(3,894)
Loss on disposal of investment		(112)	(343)
Other income	7	2,281	676
Operating income		**31,170**	**22,391**
Staff costs	8	(7,728)	(7,106)
Administrative expenses	9	(3,875)	(2,894)
Other operating (expenses)/income	10	(889)	418
Depreciation and amortisation	17/18	(783)	(756)
Profit Before Taxation for the year		**17,895**	**12,053**
Income tax expense	12	(3,572)	(602)
Profit for the year		**14,323**	**11,451**
Other comprehensive income/ (expense)			
Items that may be reclassified to profit or loss			
Net gain/(loss) on financial assets measured at FVOCI		2,341	(4,540)
Total comprehensive income for the year		**16,664**	**6,911**
Comprehensive income for the period attributable to owners of the parent		16,664	6,911

All transactions are in respect of continuing operations.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

Assets	Note	2023 US$'000	2022 US$'000
Assets			
Cash and cash equivalents	13	91,207	31,354
Loans and advantages to banks	14	363,464	418,231
Loans and advantages to costumers	15	2,561	--
Investment securities	16	147,377	140,253
Property, plant and equipment	17	1,600	1,831
Intangible assets	18	1,616	1,916
Other assets	19	3,805	2,253
Total assets		**611,657**	**595,838**
Liabilities			
Deposits from banks	20	493,214	539,010
Deposits from customers	21	37,380	4,815
Deferred tax liability	22	--	--
Corporation tax liability		176	669
Other liabilities	23	5,820	4,941
Total liabilities		**536,590**	**549,435**
Equity			
Share capital	24	72,246	60,246
Share premium account		201	201
Accumulated gain / (losses)		5,843	(8,480)
Other reserves		(3,223)	(5,564)
Total equity		**75,067**	**46,403**
Total equity and liabilities		**611,657**	**595,838**

The accompanying notes form an integral part of the financial statements. The financial statements on pages 45 to 85 were approved by the Board of directors on April 29, 2024, and signed on its behalf by:

Deji Adeyelure FCCA

CHIEF FINANCIAL OFFICER

Date: April 29, 2024.

36 Queen Street, London,
Greater London EC4R 1BN
Bank Registration No: 03104974

Theresa Henshaw

CHIEF EXECUTIVE OFFICER

DATE: APRIL 29, 2024.

36 Queen Street, London,
Greater London EC4R 1BN
Bank Registration No: 03104974

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital US$'000	Share Premium Account US$'000	Other reserve US$'000	Accumulated gains (losses) US$'000	Total Equity US$'000
Balance at 1 January 2023	60,246	201	(5,564)	(8,480)	46,403
Issue of share capital	12,000	--	--	--	12,000
Profit for the year	--	--	--	14,323	14,323
Net change in fair value of financial instruments at FVOCI	--	--	2,341	--	2,341
Balance at 31 December 2023	**72,246**	**201**	**(3,223)**	**5,843**	**75,067**
Balance at 1 January 2022	60,246	201	(1,024)	(19,931)	39,492
Profit for the year	--	--	--	11,451	11,451
Net change in fair value of financial instruments at FVOCI	--	--	(4,540)	--	(4,540)
Balance at 31 December 2022	**60,246**	**201**	**(5,565)**	**(8,480)**	**46,403**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Profit / (loss) before tax		17,895	12,053
Adjustments for:			
Depreciation and amortisation		783	756
Loss on disposal of investments at FVOCI		112	343
Other non-cash items included in profit before tax		(1,366)	4,128
Change in loans and advances to banks		56,239	(92,501)
Change in loans and advances to customers		(2,561)	--
Change in other assets		(1,552)	737
Change in deposits from banks		(45,796)	62,562
Change in deposits from customers		32,565	4,798
Change in other liabilities		973	(1,252)
Tax Paid		(4,064)	--
Net cash from operating activities		**53,228**	**(8,376)**
Investing activities			
Purchase and sale of property, plant and equipment		(67)	(24)
Purchase of intangible assets		(95)	(229)
Payment for investment securities at FVOCI		(9,857)	(4,988)
Net payment for subscription/redemption of investment securities at FVTPL		(15,621)	(14,541)
Proceeds from maturity of investment securities at amortised cost		--	(13,533)
Proceeds from sale of investment securities at FVOCI		17,627	17,438
Proceeds from sale of investment securities at amortised cost		2,038	--
Net cash flows used in investing activities		**(5,975)**	**(15,877)**
Financing activities			
Cash flow from financing activities			
Payment of principal on leases		(235)	(223)
Payment of interest on leases		(11)	(12)
Proceeds from issuance of share capital		12,000	--
Net cash from/(used in) financing activities		**11,754**	**(235)**
Net increase/(decrease) in cash and cash equivalents		59,007	(24,489)
Net foreign exchange difference		889	418
Cash and cash equivalents at beginning of period in the financial statement position		31,354	55,425
Cash and cash equivalents at end of period in the financial statement position	**13**	**91,250**	**31,354**
Additional information on operational cash flows from interest			
Interest paid		19,633	15,937
Interest received		44,261	26,925

The accompanying notes form an integral part of the financial statements.

01 ACCOUNTING POLICIES

Reporting entity

UBA UK is a private company limited by shares. The Bank is an authorised and regulated wholesale deposit taking institution domiciled and incorporated in the United Kingdom under Companies Act 2006, registered in England and Wales and is a wholly owned subsidiary of UBA Plc. The registered office is at 36 Queen Street, London, Greater London EC4R 1BN. The Bank's principal activities comprise wholesale deposit taking, the provision of international trade finance products and services, fixed income, and foreign exchange broking.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention except for derivative financial instruments, financial assets designated at fair value through profit or loss (FVTPL), debt instruments at fair value through other comprehensive income (FVOCI) all of which have been measured at fair value. The financial statements have been prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. Policies have been consistently applied other than where new policies have been implemented.

Statement of Compliance

The financial statements of the Bank have been prepared in accordance with UK-adopted international accounting standards.

Functional and presentational currency

The financial statements are prepared and presented in US dollars (USD), rounded to the nearest thousand dollars. The US dollar is the functional currency of the primary economic environment in which the Bank operates and plans to continue to operate.

Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, expenses, and the accompanying disclosures as well as the disclosure of contingent liabilities.

Significant judgements

In the course of preparing the financial statements, the following significant accounting judgements have been made in the process of applying the Bank's accounting policies.

Expected Credit Loss

The measurement of the expected credit loss ("ECL") allowance for financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

A number of judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk.
- In assessing whether a significant increase in credit risk (SICR) has occurred for an exposure since initial recognition, the Bank considers both quantitative and qualitative information and analysis. In doing so, the Bank makes judgements about the appropriate indicators used as SICR triggers. The triggers that the Bank has determined as appropriate include the 30-day backstop, movement in PD and other qualitative factors, such as moving a customer/facility to the watch list, or the account becoming forborne.
- Choosing appropriate models and assumptions for the measurement of ECL; and
- The Bank considers the availability and sophistication of existing lending-related models and modelling approach which, where necessary, may include diagnostic, staging assessment, forward-looking PDs and monitoring.
- Establishing the number and relative weightings of forward-looking scenarios.
- The Bank makes judgements about the type and number of macroeconomic scenarios in order to reflect the Bank's exposure to credit risk. The Bank calculates a base case scenario, two downside scenarios and one upside scenario.

Significant estimates and assumptions

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires assumptions, in particular, in the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Bank's ECL calculations include a number of underlying assumptions regarding the variable inputs and their interdependencies. Elements of the ECL calculation that involve assumptions and estimate uncertainty include:

- The weightings assigned to the multiple economic scenarios in order to reflect the exposure to credit risk.
- The value of specific economic inputs and the effect on PDs, EADs and LGDs.
- In addition to the judgements outlined above with regards to SICR triggers, there is also an assessment of qualitative criteria to determine if there has been a significant increase in credit risk. These supplementary factors result in significant assumptions and estimation uncertainty.

Financial instruments

Recognition

Financial instruments are recognised and measured under the requirements of IFRS 9.

The Bank recognises a financial asset or financial liability on its Statement of Financial Position when the Bank becomes a party to the contractual provisions of the instrument.

The Bank derecognises a financial asset when: the contractual rights to the cash flows from the financial asset expire; or it transfers the contractual rights to the cash flows and the Bank has no continuing involvement in all or a portion of those rights.

The Bank removes a financial liability from the Statement of Financial Position (derecognition) when it is extinguished, when the obligation specified in the contract is discharged, cancelled, or expires.

IFRS 9 requires financial assets to be classified using two criteria:

- A contractual cash flow test to determine whether cash flows represent 'solely payments of principal and interest'.
- A business model test which takes the nature, purpose, and intention of the asset into account

Financial assets measured at amortised cost receive contractual cash flows on specified dates and are held with no intention to sell. These are classified and subsequently measured at amortised cost. The carrying value of these financial assets is adjusted by any allowance for credit loss recognised and measured. Income earned is recorded using the simple method. Simple method uses contractual interest rate that is not materially different from effective interest rate. Income earned is recognised in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income comprise assets which receive contractual cash flows on specified dates and are potentially for sale. Initial recognition is at fair value with subsequent re-measurement at fair value and changes (except changes relating to impairment, interest, and currency movements) are recognised in other comprehensive income until sold. Upon disposal the cumulative gains and losses in other comprehensive income are recognised in the statement of profit or loss as net investment income.

Financial assets measured at fair value through profit and loss comprise assets measured at fair value. Gains and losses in fair value and income received are recognised in the statement of profit or loss.

Under IFRS 9, financial liabilities are either classified as financial liabilities at amortised cost or financial liabilities at fair value through profit and loss.

Financial liabilities comprising deposits and borrowings in the normal course of business are classified as amortised cost and are initially measured at cost. Repayments are deducted when made and reduce the amount of liabilities. Interest paid is calculated using the simple method. Simple method uses contractual interest rate that is not materially different from the effective interest rate. Interest paid is recognised in the statement of profit or loss.

Financial instruments purchased and/or sold are recognised/derecognised on the trade purchase/sale date. Income recognition takes place on the purchase/sale settlement date.

Modification

If the contractual cash flows on a financial asset have been renegotiated or modified but the Bank retained the asset on its balance sheet, then the Bank shall assess whether there has been a significant increase in the credit risk of the financial asset by comparing:

a. The risk of a default occurring at the reporting date (based on the modified contractual terms); and

b. The risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

A modification shall, however, lead to derecognition of an existing loan and recognition of a new loan if the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial asset, i.e. substantial modification. The modification gain or loss shall be included as part of the impairment charge for each financial year.

During 2023, the Bank had no modified assets.

Derecognition

The Bank derecognises a financial asset:

a. When the contractual rights to the cash flows from the financial asset expire; or

b. it transfers the contractual rights to the cash flows and the Bank has no continuing involvement in all or a portion of those rights.

Write-off

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated expected credit loss, the difference will be an additional impairment losses, which is presented as an addition to the expected credit losses applied against the gross carrying amount. Any subsequent recoveries are credited to the provision for expected credit losses.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there are not sufficient resources available to satisfy the unsured creditors.
- There is external evidence (for example, third party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery; or
- Individually assessed loans that are secured, are generally written-off after the receipt of the proceeds from the realisation of the security, and there is no expectation that any further amounts will be recovered by any other means.

Impairment

Under IFRS 9 entities are required to recognise Expected Credit Losses (ECL) based on forward looking information for all financial assets at amortised cost, assets at FVOCI, commitments and guarantees.

Financial assets are assessed for impairment on a monthly basis. Expected credit losses are a probability weighted average credit loss determined by evaluating a range of possible outcomes and future economic conditions, including both upside and downside scenarios.

An ECL allowance is calculated on individual exposures at the reporting date.

Definition of default

An asset is considered to be in Default if one or more of the following conditions are met:

- 'Days Past Due' - the obligor is past due more than 90 days on any material credit obligation: or
- UBA UK consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or, where relevant fees (NPV loss above 1%); or
- The obligor is likely to be unable to meet its obligations without recourse to the realisation of credit risk mitigation. Indicators of inability to pay include, but are not limited to:
  - UBA UK puts the credit obligation into a non-accrued status.
  - UBA UK decides to accept a partial write-off.
  - UBA UK recognises a specific credit adjustment resulting from a significant perceived decline in credit quality subsequent to the institution taking on the exposure.
  - UBA UK can only sell the credit obligation at a material credit- related economic loss.
  - UBA UK has filed for the obligor's bankruptcy or a similar order in respect of an obligor's credit obligation to the Bank.
  - the obligor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of a credit obligation to UBA UK.

Impairment losses as a result of uncollectible exposures are written off against the related allowance for loan impairment. Subsequent recoveries of amounts previously written off are credited to the income statement.

Staging

To ensure a more accurate assessment and measurement of financial assets recognized at amortized cost, IFRS 9 requires an evaluation of the financial asset to determine the performance and also the credit risk, when compared to the initial recognition date. The Bank allocates each financial asset into different stages, reflecting the level of credit risk.

Stage 1: Performing
Where there has been no significant deterioration in credit quality since initial recognition.

Stage 2: Underperforming, Potentially Impaired and Watch-List Assets
Where there has been a significant deterioration in credit quality since initial recognition; and

Stage 3: Non-Performing
Where there has been a significant deterioration in credit quality since initial recognition, and there is objective evidence of impairment.

Significant Increase in Credit Risk

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The Bank's process to assess changes in credit risk is multifactor and comprises three main metrics:

- Primary Indicators (quantitative) - determined by comparing the rating as at the reporting date with the rating that was assigned at the time of initial recognition of the exposure.

Rating band at Initial Recognition	Rating at Review Date
HQLAs	BBB- or below
AAA to A-	91,207
BBB+ to B+	2 notches down
B and below, incl. rating withdrawal	I notch down

- Secondary Indicators (qualitative) - the Bank considers the following triggers as evidence of significant increase in credit risk, including but not limited to:
    - Long-Term Issuer Default Rating downgrade or a material change in the Outlook by any ECAI;
    - Deterioration of relevant credit risk drivers for an individual obligor (or pool of obligors); and
    - Evidence that full repayment of principal or interest without realization of collateral is unlikely, regardless of the number of days past due.
- Backstop Indicator - There is a rebuttable presumption that the credit risk has increased significantly if contractual principal payments are more than 30 days past due; this presumption shall be applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

ECL Calculation Inputs

- Exposure at Default ("EAD") – This is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.
- Probability of default ("PD") - This is an estimate of the likelihood of default over a given time horizon. The Bank does not have an internal credit risk rating model and relies on the credit ratings and probabilities of default provided by the recognised External Credit Assessment Institutions (ECAI) such as Fitch.
- Loss Given Default – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. A 12-month expected loss horizon is used for the calculation of the Stage 1 ECL.
- A lifetime expected loss horizon is used for the calculation of the Stage 2 and Stage 3 ECLs.
- The Bank does not have an internal LGD calculation methodology and instead, applies regulatory LGD of 45%, when assessing Stage 1 assets.
- For assets in Stages 2 and 3, the Bank utilized historical LGDs provided by ECAIs for the relevant geographic regions and industries/sectors.
- Discount Rate – This is used to discount an expected loss to a present value at the reporting date using the effective interest rate ("EIR") at initial recognition.

ECL allowances

The Bank calculates a base scenario, two downside scenarios and one upside scenario for stress testing purposes as follows (applicable to stage 1):

- For the base case the Bank undertakes a comprehensive review of its credit portfolio, including an ECL calculation, monthly. This enables the close tracking of the risk comprising the credit portfolios basis and takes cognisance of the largely trade finance led business model, including the material use of cash collateral as qualifying credit mitigation. The Bank's approach has regard for loan deterioration and stage allocation, and is predicated on identifiable primary, secondary and backstop indicators to identify significant increases in credit risk. This base case calculation incorporates probability of default and loss given default assumptions publicly sourced and defined in a Board approved framework.

  In our parent market, Nigeria, GDP growth slowed to 2.7% y-o-y in 2023 from 3.1% last year, taking into consideration relatively tighter monetary policy, elevated inflationary pressures, and weakened national purchasing power. Growth in the non-oil economy decelerated to 2.7% - from 3.6% in Q2 2023 - the weakest outturn since Q1- 2021, when the economy was impacted by the Covid-19 pandemic. Headline inflation rose to 28.2% y-o-y in November. Food inflation remains a key driver at 32.84% with the expectation of a further rise to 29.9% in 2023. Crude oil production declined to 1.37 million barrels per day (mbpd) in Q4 2023. Market sentiment towards Nigeria remains cautious after long-delayed CBN financial statements revealed that net FX reserves were likely materially lower than expected.

  In contrast, the oil economy declined by just 0.8% in Q3- 2023, the smallest contraction since Q1- 2020, indicating the hydrocarbon sector is becoming less of a drag on headline real GDP growth. The IMF projects that the GDP will grow by 3.1% in 2024, compared to 2.9% in 2023.

  Based on the prognosis detailed above and the continued recovery phase of the Nigerian economy, the base case probability is set at 50% on a forward looking 2023-24 basis.

- **Scenario 1** is a Nigeria specific downside scenario leading to a 1-notch downgrade in the sovereign credit rating. A downward shift in the sovereign ceiling in turn translates into a 1-notch downward shift of any Nigerian counterparty with a rating higher than the revised sovereign ceiling.

  Given the background information provided in the base case above, combined with the prolonged impact of the pandemic on developed markets, the probability continues to be at 20% on a forward looking 2023-24 basis.

- **Scenario 2** is a Bank specific downside scenario for developed market exposures leading to a 2-notch downgrade in the rating of the Bank's exposure to developed market entities, and a 1-notch downgrade in Nigerian exposures.

  Given the background provided in the base case above and based on a qualitative internal assessment, the probability of this scenario crystallising is estimated at 1 in 4, i.e. 25%, on a forward looking 2023-24 basis.

- The upside scenario 3 models 1 notch upgrade in the Bank's exposures. The upside scenario models a Nigeria specific scenario which, following a sustained increase in the oil price, leads to an improvement in the economic fundamentals of Nigeria, translating into a 1 notch upgrade in the sovereign credit rating. This shift in the "sovereign ceiling" translates into a 1 notch upward shift in the credit ratings of any Nigerian counterparty with a rating higher than the revised "sovereign ceiling". As monetary tightening reverses, this leads to an expansionary macro-economic outlook, resulting in a 1-notch upward shift in other exposures. Nigeria's rating and economic performance is constrained by weak governance, structurally very low non-oil revenue, high hydrocarbon dependence, security challenges, high inflation, low net FX reserves and ongoing weakness in the exchange rate framework These challenges underlie the change of probability rating to 5% on a forward looking 2023-24 basis, recognising the limited expectation of immediate improvement of the Nigerian economy.

Scenario outcomes: General provisions

In line with the IFRS 9 requirements, the Bank's policy recommends a weighted average approach in computing the ECL. The Risk Committee will review and recommend reclassification of Stage 2 and Stage 3 ECL. There is a rebuttable presumption that the credit risk has increased significantly if contractual principal payments are more than 30 days past due; this presumption shall be applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition. As at December 2023, there were no principal payments more than 30 days past due.

The table below details the outcome of each economic scenario on the ECL, the estimated probability of realisation and the ECL closing balance as of 31 December 2023 compared to 31 December 2022. Refer to notes 6 and 28 for further disclosures.

US$'000	ECL before Weighting **31/12/2023**	Probability Weighting	ECL Weighted Av Balance **31/12/2023**	ECL Weighted Av Balance **31/12/2022**	Year on Year change
Base	2,391	50%	1,195	1,309	-113
Scenario 1	3,530	20%	706	910	-204
Scenario 2	3,301	25%	825	1,106	-281
Scenario 3	1,577	5%	79	190	-112
Total Stage 1 ECL			2,805	3,515	-710
Stage 2 ECL			956	--	956
Stage 3 ECL			2,366	2,366	--
Total ECL provisions			**6,127**	**5,881**	**246**

STAGE 3 – NON-PERFORMING ASSETS

Ghana

UBA UK holds in its investment portfolio a Republic of Ghana Eurobond (XS2325742166 / Maturity 07/04/2025), with notional value of $5m, market value $1.942m and UBA UK exposure circa. $4.65m recognized at amortized cost. Fitch Ratings downgraded Ghana's Long-Term Foreign-Currency (LTFC) Issuer Default Rating (IDR) to 'C' from 'CC' as well as the issue ratings on outstanding foreign-currency debt. The Ghana bond Exposure has been reclassified as Stage 3 in line with our ECL policy and IFRS9 requirements, and an appropriate update/downgrade of ratings on financial institutions in Ghana has been reflected in our ECL model. The total ECL provisions is $2.4m which is 54% of the total exposure.

STAGE 2 – UNDERPERFORMING, POTENTIALLY IMPAIRED AND WATCH-LIST ASSETS

Egypt

UBA UK holds under amortised cost portfolio an Arab Republic of Egypt Eurobond (XS2297220423 / Maturity 16/02/2026, with notional value of $9.28m, market value $7.23m. Egypt's Long Term Issuer Default rating was downgraded from B+ to B by Fitch (outlook negative) on 05/5/2023, and on 03/11/2023 Fitch downgraded the Long-Term Issuer Default rating from B to B- (outlook stable). The total ECL provision is $0.96m which is 10% of the total exposure.

ECL SENSITIVITY ANALYSIS

We recognise the need to perform an ECL sensitivity analysis, given the current macroeconomic conditions in sub-Saharan Africa where UBA UK exposures are concentrated. We conducted an ECL sensitivity analysis by applying worst case probability of default rate as well as high impact – low probability stresses. The results indicated that the additional provision would be $1.2m. Given the conservative assumptions used in the sensitivity model, and the short-term nature of the bulk of our exposures, less than a year, we do not expect these additional provisions to materialise. Our current ECL provision is reasonable.

Revenue from contracts with customers

Revenue from contracts with customers, except leases, financial instruments, and insurance contracts, have been accounted for under IFRS 15.

The 5-step model requires UBA UK to:

- Identify the contract with the customer.
- Identify each of the performance obligations.
- Determine the amount of the consideration under the contract.
- Allocate the consideration to each of the performance obligations.
- Recognise revenue as each performance obligation is satisfied.

Revenue comprises mainly fee and commission income (for example, documentary credit confirmation fees and banking services fees) and is recognised when the services are provided. Fees and commissions are agreed with the customers without judgements and estimates.

Interest income and interest expense

Interest income comprises interest earned on loans advanced, fixed income instruments held and money market deposits. Interest expense consists of interest payable on loans and deposits. Interest income and interest expense are recognised in the income statement using the simple method.

Interest income and expense for all interest-bearing financial instruments are calculated by applying the simple method to the gross carrying amount for non-credit impaired financial assets and are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income.

The interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. For credit-impaired financial assets subsequent to initial recognition, interest income is calculated by applying the credit-adjusted interest rate to the amortised cost of the financial asset.

Foreign exchange income and foreign exchange expense

Foreign exchange income comprises gains less losses related to foreign exchange brokerage.

Fixed income brokerage

Fixed income brokerage comprises of commission on back-to-back purchases and sales of fixed income securities. The commission is recognised in the statement of comprehensive income upon execution of the transaction (i.e., on trade date).

Property, plant and equipment

Measurement

Fixed assets are recorded at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets (costs of bringing the asset to its location and working condition). Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the asset flow to the Bank and the cost of the asset can be measured reliably.

External costs to bring the asset into use are capitalized and amortized over the life of the asset. Internal implementation costs are not separately recognised. Repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Depreciation

Tangible fixed assets are depreciated on the straight-line basis over the following estimated useful lives:

- Furniture and fittings 5 years
- Office equipment 5 years

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value, less costs to sell, and value in use.

Leasehold improvements are amortised using the straight-line method over the shorter of the remaining lease term before any options to extend, or the estimated useful life of the asset.

All lease incentives received are deducted from the cost before the amortisation of leasehold improvements. Costs for repairs are expensed in the period work is undertaken. Dilapidation provisions are made unless it is not possible to reliably quantify the obligation arising at the end of the lease period.

Disposal

On disposal of a fixed asset (movable and immovable), economic substance rather than legal form determines the timing of the elimination, the amount and the designation of gain/loss arising.

Gains and losses on disposal are recognised at the time an asset is sold provided:

- The amount of profit/loss is measurable, and payment of sales price reasonably assured; and
- The Bank is not obligated to perform significant activities after the sale or to provide any warranties after sale.

Gains and losses on disposal shall be determined by comparing net proceeds with the carrying amount. These are included in the income statement for the year.

Intangible assets

Computer software and licenses recognised by the Bank are stated at cost less accumulated amortisation and impairment. Subsequent expenditure is capitalized only when it increases the future economic benefits in the asset. All other expenditure is expensed as incurred.

Amortisation is recognised in the income statement on a straight-line basis over the useful life of 10 years.

Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises include cash on hand and amounts due from banks on demand or with an original maturity of three months or less.

Foreign currencies

Transactions in foreign currencies are translated into US dollars at the mid rates prevailing as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the mid rates of exchange prevailing at that date. All exchange differences are included as gains or losses in the statement of comprehensive income. For non-monetary assets at fair value, unrealised exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

Foreign currencies

Transactions in foreign currencies are translated into US dollars at the mid rates prevailing as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the mid rates of exchange prevailing at that date. All exchange differences are included as gains or losses in the statement of comprehensive income. For non-monetary assets at fair value, unrealised exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

Leases

Contracts for leases have been accounted for under IFRS 16. The Bank considers whether a contract is or contains a lease. A lease is defined as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means that the customer has the right to obtain substantially all the economic benefits from the use of the asset and the right to direct the use of the identified asset.

At lease commencement date, the Bank recognises a right of use asset and a lease liability on the balance sheet. The right of use asset is measured at cost.

The Bank depreciates the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted at the interest rate implicit in the lease or the incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Bank has elected to account for short term leases and leases of low value using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets are included in fixed assets and lease liabilities are reported in trade and other payables. The Bank recognises depreciation of leased assets and interest on lease liabilities in the income statement.

When the Bank has the option to extend a lease, management uses its judgement to determine if an option would be reasonably certain to be exercised. Management considers all facts and circumstances to help determine the lease term.

Pension costs

The Bank operates a defined contribution scheme. The contributions are recognised as an expense in the income statement when they are due, and the Bank has no further payment obligations once the contributions have been paid.

Provisions and financial commitments

A provision is recognised if the Bank has a present or future legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits is required to settle the obligation.

Contingent liabilities from financial commitments are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote. Contingent liabilities comprise letters of credit. Letters of credit are agreements to lend to a customer in the future subject to certain conditions.

Taxation

Corporation tax

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws which have been enacted or substantively enacted at the reporting date.

Deferred tax

A deferred tax liability or asset is recognised in respect of timing differences which result in an obligation to pay more or less tax respectively at a future date. Timing differences arise as a result of differences between taxable profits and profits as stated in the financial statements.

Deferred tax is calculated on a non-discounted basis after taking assessed losses into account at the tax rates that are known or are expected to apply in the years in which the timing differences are expected to reverse. Changes to deferred tax as a result of changes in tax rates are recognised in the current year.

Going concern

The Board has ultimate responsibility for the Bank's Stress Testing and Scenario Analysis Framework ("STSAF") and on the recommendation of the Board Risk and Compliance Committee ("BRCC") will formally approve the STSAF at least annually. As part of this framework, the Bank's Risk Committee has identified a relatively wide range of stresses and scenarios which would stress the baseline financial position of the Bank. These scenarios are relevant given UBA UK's African-centric business model, the Reverse Stress Test scenario in the STSAF is a systemic failure in the Nigerian banking system which includes a failure at UBA Plc.

The Directors have considered the principal risks, the Bank's resources and the level of support provided to it by its parent, UBA Plc, which is stated in its letter of support to the Bank and consider it appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements. The going concern review covers the financial performance of UBA UK for 12 months from the date the financial statements are authorised.

02 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 New and amended standards

2.1.1 International Tax Reform – Pillar Two Model rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements of affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimate information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes at the end of the reporting period. For example:

a. Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and

b. Quantitative information such as:

   - An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits: or
   - An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023 but not for any interim periods ending on or before 31 December 2023.

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Bank operates. This legislation applies to the Bank as UBA Group revenue is higher than €750 million but no domestic top up tax is due because the effective tax rate for the Bank is over 15% threshold.

2.1.2 IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts is effective for reporting periods beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

The new standard had no impact on the Bank's financial statements.

2.1.3 Disclosure of Accounting Policies Amendments to IAS1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no significant impact on the Bank's financial statements.

2.2 Standards issued but not yet effective

The Bank has no transactions that are affected by new accounting standards, amendments to accounting standards and interpretations that have been issued but not yet effective.

03 BUSINESS AND GEOGRAPHICAL SEGMENTS

All the Bank's activities are derived from one main activity, the provision of wholesale banking services, which are carried out in the United Kingdom.

04 NET INTEREST INCOME

	2023 US$'000	2022 US$'000
Interest and similar income		
Cash and cash balances	1,751	13
Loans and advances to banks	43,688	37,275
Loans and advances to customers	120	--
Investment securities at FVOCI	789	972
Investment securities at FVTPL	1,403	199
Debt securities at amortised cost	2,491	2,657
	50,242	**41,116**
Interest expense		
Deposits from banks	(20,111)	(16,915)
Deposits from customers	(1,431)	--
Interest on lease liability	(11)	(12)
	(21,553)	**(16,927)**
Net interest income	**28,689**	**24,189**

05 FEE AND COMMISSION INCOME

	2023 US$'000	2022 US$'000
Fee and commission income		
from trade finance	803	1,947
Other	151	44
	954	**1,991**
Fee and commission expense		
Safe custody	(394)	(226)
Other	(2)	(2)
	(396)	**(228)**
Net fee and commission income	**558**	**1,763**

Net fee and commission income of US$558k (2022: US$1.763m) is derived from advising and confirming letters of credit and is net of fees relating to safe custody charges.

06 PROVISION FOR EXPECTED CREDIT LOSSES

The table below shows the provision for expected credit losses recorded in the income statement for financial instruments. Derecognition and writebacks have been treated as movements.

ECL 2023

US$'000	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	500	--	--	500
Loans and advances to banks	(1,457)	--	--	(1,457)
Loans and advances to customers	--	--	--	--
Investment securities FVOCI	72	--	--	72
Investment securities FVTPL	1	-	--	1
Debt instruments at amortised cost	112	956	--	1,068
Financial commitments	62	--	--	62
Total ECL charge	**(710)**	**956**	**--**	**246**

ECL 2022

US$'000	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	30	--	--	30
Loans and advances to banks	876	--	--	876
Loans and advances to customers	--	--	--	--
Investment securities FVOCI	562	--	--	562
Investment securities FVTPL	--	-	--	--
Debt instruments at amortised cost	(53)	--	2,366	2,313
Financial commitments	113	--	--	113
Total ECL charge	**1,528**	**--**	**2,366**	**3,894**

07 OTHER INCOME

	2023 US$'000	2022 US$'000
Commission from Bonds Brokerage	1,641	272
Commission from Foreign Exchange Brokerage	640	404
	2,281	**676**

08 STAFF COSTS

Staff costs during the year were as follows:

	2023 US$'000	2022 US$'000
Wages and salaries	6,512	6,032
Social security costs	695	606
Other Pension costs	338	331
Other costs and benefits	183	137
	7,728	**7,106**

A defined contribution pension scheme is operated by the Bank. The amount payable at the reporting date in relation to these contributions was US$ Nil (2022: US$ Nil).

The monthly average number of employees during the year was 47 (2022: 41), of which 7 (2022: 7) were customer facing, 19 (2022:16.3) in control functions and 21 (2022:17) employees in administrative roles.

09 ADMINISTRATIVE EXPENSES

	2023 US$'000	2022 US$'000
Auditors remuneration:		
Audit of Bank's statutory accounts	539	175
Non - audit services	--	32
	539	**207**
Consulting fees	280	496
IT software maintenance and support	882	682
Premises maintenance	310	297
Legal and professional fees	109	71
Communication and marketing	411	187
Directors expenses	177	7
Subscriptions	349	260
Other administrative expenses	818	687
	3,875	**2,894**

Audit of Bank's statutory accounts in 2023 include $285k relating to current year audit and $254k pertaining to prior year audit.

The prior year balance of 'Other administrative expenses' amounting to $525k has been reclassified to 'Legal and professional fees', 'Communication and marketing', 'Directors expenses', and 'Subscription' to conform with the current year presentation and to provide a more relevant analysis.

10 OTHER OPERATING INCOME AND EXPENSES

	2023 US$'000	2022 US$'000
Foreign exchange (losses)/gains	(889)	418
	(889)	**418**

Transactions in foreign currencies are translated into US dollars at the mid rates prevailing as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the mid rates of exchange prevailing at that date. All exchange differences are included as gains or losses in the statement of comprehensive income.

11 DIRECTORS' REMUNERATION

Staff costs include the following emoluments in respect of the qualifying services provided by the directors of the Bank:

	2023 US$'000	2022 US$'000
Salaries, fees and other	1,594	762
Pension contributions	25	30
Other benefits	2	1
	1,621	**793**

The number of directors for whom retirement benefits were accrued under money purchase pension schemes amounted to nil (2022: nil). Other benefits include accommodation allowances.

There was no compensation or termination benefits paid to any Director for loss of office.

Emoluments disclosed above include the following amounts payable to the highest paid director:

	2023 US$'000	2022 US$'000
Salaries	427	462
Pension contribution	25	30
	452	**492**

There were no share options exercised during the year (2022: Nil) and no defined benefit pension scheme in operation.

12 TAXATION

	2023 US$'000	2022 US$'000
Analysis of change in year:		
UK corporation tax @ 23.52%(2022:19%)	3,572	677
Double taxation relief	--	(8)
Total deferred tax credit		
Total current tax charge	**3,572**	**669**
Deferred tax		
Deferred tax	--	(51)
Effects of changes in tax rates	--	(16)
	--	**(67)**
Tax on profit/(loss) on ordinary activities	**3,572**	**602**

	2023 US$'000	2022 US$'000
Factors affecting the tax charge for the year:		
Profit/(loss) for the year	17,895	12,053
Tax on profit/(loss) at standard CT rate of 23.52% (2022:19%)	4,209	2,290
Fixed asset permanent differences	8	25
Foreign tax credits	--	(8)
Expenses not deductible for tax purposes	2	--
Deferred tax on losses (recognised)/not recognised	(774)	(1,663)
Remeasurement of defeered tax for changes in tax rate	46	(16)
Adjustments in respect of prior periods	55	--
Current tax (current period) exchange difference arising on movement between opening and closing spot rates	26	(260
Tax on profit/(loss) on ordinary activities	**3,572**	**602**

Corporation tax was $3.57m (2022: $602k). The bank has an unrecognised deferred tax asset of US$ 1.8m (2022: US$2.6m) calculated at 25% of the carried forward trading losses of US$7.1m (2022: US$ 10.2m).

13 CASH AND CASH EQUIVALENTS

	2023 US$'000	2022 US$'000
Current account balances with other banks	29,052	31,354
Short term deposits with other banks	62,198	--
	91,250	**31,354**

Cash and cash equivalents includes money market placements with maturity less than 30 days.

14 LOANS AND ADVANCES TO BANKS

	2023 US$'000	2022 US$'000
Loans to parent bank	358,121	379,775
Loans to fellow subsidiaries	2	2
Loans to other banks	5,460	40,046
	363,583	**419,823**
Less expected credit loss	**(135)**	**(1,592)**
	363,448	**418,231**

Loans and advances to banks are measured at amortised cost and include collateralised trade financing receivables owed by the parent bank to UBA UK. The directors consider that the carrying amount of loans and advances to banks is approximately equal to their fair value after the recognition of the ECL provision. At 31 December 2023 no loans to banks were impaired (2022: nil). No ECL has been provided on loans to parent bank as these are fully cash collateralised. The maturity profile of loans and advances is disclosed in note 29.

15 LOANS AND ADVANCES TO CUSTOMERS

	2023 US$'000	2022 US$'000
Loans to customer	2,561	--
	2,561	**--**

Loans and advances to banks are measured at amortised cost. The directors consider that the carrying amount of loans and advances to customers is approximately equal to their fair value. There were no loans and advances to customers in FY 2022. The Bank holds cash of $3m as collateral for the total exposure to customers. ECL provision is nil.

16 INVESTMENT SECURITIES

	2023 US$'000	2022 US$'000
Debt securities at amortised cost	44,535	46,726
Investment securities at FVOCI	65,393	70,572
Investment securities at FVTPL	42,684	27,050
Total	**152,612**	**144,348**
Less expected credit Loss	**(5,235)**	**(4,095)**
Total investment securities	**147,377**	**140,253**

The carrying amount of investment securities is approximately equal to the fair value after the recognition of the expected credit loss impairment provision.

At 31 December 2023, a Ghanaian Sovereign debt investment held at amortised cost with a nominal value of $5m, purchased at a discounted value of $4.4m, was classified as impaired (2022: $4.4m) with specific expected credit loss of $2.4m provided. Debt instruments held at FVOCI are classified as stage 1 for the recognition of ECL allowances.

Included in Investment securities at FVTPL were exposures to US Government securities held through investment in the Blackrock US Treasury Fund which constituted eligible liquidity buffer securities.

The maturity profile of investment securities is disclosed in note 29.

17 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings US$'000	Office equipment US$'000	Leasehold Improvements US$'000	Right of use Asset US$'000	Total US$'000
Cost					
At 1 January 2023	126	519	1,028	2,515	4,188
Additions	2	65	--	--	67
Translation Difference	--	--	--	143	143
At 31 December 2023	**128**	**584**	**1,028**	**2,658**	**4,398**
Accumulated depreciation					
At 1 January 2023	124	506	787	940	2,357
Translation Difference	--	--	--	54	54
Charge for the year	1	10	127	249	387
At 31 December 2023	**125**	**516**	**1,028**	**2,658**	**2,798**
Net book value					
At 31 December 2023	**3**	**68**	**114**	**1,415**	**1,600**
Cost					
At 1 January 2022	126	515	1,028	2,795	4,464
Additions	--	4	--	20	24
Exchange Difference	--	--	--	(300)	(300)
At 31 December 2022	**126**	**519**	**1,028**	**2,515**	**4,188**
Accumulated depreciation					
At 1 January 2022	123	497	660	786	2,066
Exchange Difference	--	--	--	(86)	(86)
Charge for the year	1	9	127	240	377
At 31 December 2022	**124**	**506**	**787**	**940**	**2,357**
Net book value					
At 31 December 2022	**2**	**13**	**241**	**1,575**	**1,831**

There are no impairments associated with these assets. The gross carrying amount of fully depreciated property, plant and equipment still in use at 31 December 2023 was $618k.

The right of use asset held by the Bank is the building lease on the Bank's offices.

18 PROPERTY, PLANT AND EQUIPMENT

	US$'000 Cost	US$'000 WIP	US$'000 Total
At 1 January 2023	3,691	169	3,860
Additions	--	95	95
Reclassifications	67	(67)	--
At 31 December 2023	**3,758**	**197**	**3,955**
Accumulated amortisation			
At 1 January 2023	1,943	--	1,943
Charge for the year	396	--	396
At 31 December 2023	**2,339**	**--**	**2,339**
Net book value			
At 31 December 2023	**1,419**	**197**	**1,616**
At 1 January 2022	3,583	47	3,630
Additions	80	149	229
Reclassifications	27	(27)	--
At 31 December 2022	**3,690**	**169**	**3,860**
Accumulated amortisation			
At 1 January 2022	1,564	--	1,564
Charge for the year	379	--	379
At 31 December 2022	**1,943**	**--**	**1,943**
Net book value			
At 31 December 2022	**1,747**	**169**	**1,916**

The intangible assets comprise only of software with average remaining useful life of 2 to 3 years. There are no fully amortised intangible assets still in use as at 31 December 2023.

19 OTHER ASSETS

	2023 US$'000	2022 US$'000
Prepayments and accrued income	634	355
VAT receivable	200	160
Other receivables	2,805	1,581
Rent deposits	166	157
	3,805	**2,253**

Other receivables include unsettled transactions.

20 DEPOSITS FROM BANKS

	2023 US$'000	2022 US$'000
Amounts due to parent bank	427,796	430,305
Amounts due to fellow subsidiaries	14,859	76,293
Amounts due to other banks	50,559	32,412
	493,214	**539,010**

Deposits from the parent and fellow subsidiaries are unsecured and measured at amortised cost.

21 DEPOSITS FROM CUSTOMERS

	2023 US$'000	2022 US$'000
Amounts due to customers	37,380	4,815
	37,380	**4,815**

The maturity profile of these deposits is disclosed in note 29.

22 DEFERRED TAX LIABILITY

Capital allowances in advance of depreciation/short term timing differences:

	2023 US$'000	2022 US$'000
At 1 January	--	67
Reversal of provision	--	(67)
At 31 December	**--**	**--**

The Bank made a profit in 2023 and whilst the forecasts show that the Bank will be profitable again in 2024, given the history of losses up until 2021, the directors have not recognised deferred tax assets in respect of tax losses carried forward.

23 OTHER LIABILITIES

Capital allowances in advance of depreciation/short term timing differences:

	2023 US$'000	2022 US$'000
Lease liability	1,437	1,595
Accrued expenses	1,335	1,465
Other liabilities	2,829	1,724
ECL for financial commitments (Note 26)	219	157
	5,820	**4,941**

Movements in lease liability

	2023 US$'000	2022 US$'000
Opening balance	1,595	2,028
Additions during the year	--	20
Payments of principal on leases	(235)	(223)
Payments of interest on leases	(11)	(12)
Translation difference	88	(218)
Closing balance	**1,437**	**1,595**

24 SHARE CAPITAL

	2023 US$'000	2022 US$'000
Authorised, issued and fully paid: 52,914,009 ordinary shares of £1 each (2022: 43,287,826)	72,246	60,246

Capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital as at 31 December 2023 is US$75.2m (2022: US$46.4m). UBA Group increased its investment in United Bank for Africa UK by $12m in April 2023.

25 CAPITAL MANAGEMENT

The Bank was granted a wholesale deposit banking licence in March 2018. Regulatory capital is determined in accordance with the requirements stipulated by the Prudential Regulatory Authority ("PRA") in the UK. Total regulatory capital as at 31 December 2023 was US$75.22m (2022: US$47.03m).

The Bank's total regulatory capital qualifies as Tier 1 capital and consists of:

	2023 US$'000	2022 US$'000
Authorised, issued and fully paid share capital:	72,246	60,246
Share premium	201	201
Retained earnings	5,843	(8,480)
Unrealised losses on investment securities	(3,223)	(5,564)
Other transitional adjustments to CET1 capital	1,881	2,636
Prudential valuation adjustment	(108)	(93)
Less intangible assets	(1,616)	(1,916)
	75,224	**47,030**

Capital adequacy and the use of regulatory capital are monitored by the Bank's management. The Bank employs techniques based on the guidelines developed by the Basel Committee and European Community Directives as implemented by the Financial Conduct Authority ("FCA") and the PRA in the UK, for supervisory purposes, who requires each bank to maintain a ratio of total regulatory capital to risk-weighted exposures at or above a level determined for each institution.

Capital planning and allocation commences with the annual business plan and budget submissions. Once these have been assessed for capital adequacy, funding and liquidity considerations, EXCO has responsibility for ensuring that these comply with strategic priorities and hurdle rates. The annual budget is approved by the UBA UK Board.

In UBA UK's day to day operations the Individual Capital Requirement (ICR) is used in credit proposals, where the return on capital is compared to the minimum expected returns within the relevant Product Programmes. Higher level capital steering and oversight takes place daily through the use of liquidity, capital and exposure metrics reports. These reports provide:

- Tracking of capital usage against available capital resources;
- Tracking of balance sheet and off-balance sheet exposures, and the resultant risk weighted assets;
- Observing the trend of the leverage ratio;
- Monitoring of the development of the Bank's Tier 1 capital and Capital Adequacy ratios;
- Tracking of key liquidity ratios; and
- Reporting of UBA UK's largest credit exposures against internal and regulatory limits.

Additionally, the above is included within the ALCO report, Risk Committee report, and monthly and quarterly reports to the Board.

26 FINANCIAL COMMITMENTS

The Bank has the following commitments under letter of credit contracts:

	2023 US$'000	2022 US$'000
Financial commitments	17,201	21,207
	17,201	**21,207**

As at 31 December 2023, the Bank holds cash of $9.4m (2022: $20.4m) for cash backed confirmed letters of credit and $10.0m (2022: $9.9m) for unconfirmed letters of credit. These represent the amounts the Bank is committed to pay upon presentation of documents. There were no capital commitments.

27 FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which the instrument could be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties. The carrying value of the Bank's financial instruments reflects the fair value, as the valuations are observable either in an active market or derived from prices within an active market.

- Level 1 – The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring transactions on an arm's length basis.
- Level 2 – The fair value of financial instruments that are not traded in active markets (for example over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.
- Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Fair Value of financial assets measured at fair value.

The following table below outlines the fair value hierarchy of financial assets of the Bank which are carried at fair value. They are categorised into Levels 1 to 3 based on their observable valuations.

2023

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Investment securities at FVOCI	65,080	--	--	65,080
Investment securities at FVTPL	42,683	--	--	42,683
	107,763	**--**	**--**	**107,763**

2022

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Investment securities at FVOCI	70,331	--	--	70,331
Investment securities at FVTPL	27,050	--	--	27,050
	97,381	**--**	**--**	**97,381**

Fair value of financial assets not measured at fair value

All other assets are measured at carrying amount. The carrying amount represents the Bank's exposure to credit risk. The directors consider the carrying amount of financial assets are approximately equal to their fair value after the recognition of the ECL provision. The fair value represents the amount which the Bank would obtain if the securities were sold in an open market.

28 EXPECTED CREDIT LOSSES (ECLS)

ECL 2023

US$'000	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	538	--	--	538
Loans and advances to banks	135	--	--	135
Loans and advances to customers	--	--	--	--
Investment securities FVOCI	312	--	--	312
Investment securities FVTPL	1	--	--	1
Debt instruments at amortised cost	1,600	956	2,366	4,922
Financial commitments	219	--	--	219
Total ECL	**2,805**	**956**	**2,366**	**6,127**

ECL 2022

US$'000	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	38	--	--	38
Loans and advances to banks	1,592	--	--	1,592
Loans and advances to customers	--	--	--	--
Investment securities FVOCI	240	--	--	240
Investment securities FVTPL	--	--	--	--
Debt instruments at amortised cost	1,488	--	2,366	3,854
Financial commitments	157	--	--	157
Total ECL	**3,515**	**--**	**2,366**	**5,881**

During FY2023, Egypt's long term issuer default rating was downgraded by Fitch and the Egypt sovereign bond was reclassified from stage 1 to stage 2. The Ghana sovereign bond remained unchanged in stage 3. The provision for the year was a net charge of USD 0.25m due to taking significant charges and accounting for the credit deterioration in a forward, pre-emptive and conservative manner in 2022.

29 RISK MANAGEMENT

Through its business dealings, the Bank is exposed to various risks, including credit, market, operational, cyber, financial crime, regulatory, reputational and conduct risk.

The Bank's Risk Management function is independent from the businesses, including our Business Development and Treasury functions, to provide challenge, oversight and appropriate balance in risk/return decisions. It plays a key role in the business strategy implementation, by helping the Bank to grow safely and sustainably.

The Bank aims to use a comprehensive risk management approach across the organisation and across all risk types. This approach is captured in our risk management framework, including the key principles and practices that we employ in managing material risks, both financial and non-financial. The framework promotes risk awareness, supports a consistent and proactive approach to identifying, assessing, managing and reporting the risks, and fosters ownership and accountability.

Market risk

Market risk is defined within the Bank as the risk of losses in on and off-balance sheet positions arising from adverse movements in market variables including but not limited to interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlation. In 2023, the main components of the Bank's market risk were:

Bond price risk

High quality liquid fixed income instruments are held for liquidity management purposes and from time to time as part of an investment portfolio. Stress tests are conducted daily and reviewed on a monthly basis by the Risk committee. This portfolio is accounted for using FVOCI.

A quantitative assessment of high-quality liquid bonds is conducted through scenario stress tests for the fixed income book, using scenarios based on 2008 market moves following the collapse of Lehman Brothers and inflation in 2022. These scenarios measure the possible losses to the bonds if one of these historical scenario were to arise again. Both 2008 and 2022 scenarios exhibited extreme market moves in interest rates. In 2008, following the collapse of Lehman Brothers saw bond yields and interest rates reduced significantly followed by a protracted period of near zero rates. In 2022, we saw the reversal of this period of extremely low rates as inflation, affecting all economies, accelerated following loose monetary policy during the Covid pandemic, continued supply chain issues and war in Ukraine. Interest rates stabilised in 2023. Therefore, for the purpose of risk management, the Bank continues to utilise the 2008/2022 stress scenarios.

Investment assets, consisting of emerging market Eurobonds, are held to maturity and are accounted for on an amortised cost basis. The bond price movements in this portfolio do not impact the Bank's profit and loss account. Expected credit losses are calculated under IFRS9. The Bank still applies stresses to the portfolio for completeness of information and management action. The stress scenarios are based on extreme market price moves in African Eurobonds from 2014 to 2022.

Interest rate risk

The Bank does not have an active trading book. However, interest rate risk is present in its banking book. The banking book includes the Bank's trade finance, bond activities accounted for at amortised cost and FVOCI, money market and lending activities which are designed to earn a profit through the generation of fees and commissions, and from the interest margin over the Bank's cost of funds. The potential adverse impact on future cash flows, from changes in interest rates arises from mismatches in the banking book's assets and liabilities interest rate profile.

The Bank also measures IRRBB risk tolerance with the Economic Value of Equity (EVE) method, assessing the impact of potential interest rate changes on shareholder value and has set Risk appetite indicators to monitor the impact on Capital.

The Bank recognises the limitations in selecting the single prescribed regulatory sensitivity to measure impact on profit or loss and equity and includes additional scenarios to demonstrate the impact on the profit or loss and capital. The Bank chooses to adopt additional scenarios based on its own individual circumstances and risk management objectives:

The underlying business is mostly short to medium term exposures and traditionally under 1year. The Bank has material risk concentrations in Sub-Saharan Africa.

The Bank implements specific on-the-spot risk mitigation and relies on early warning indicators to timely manage its risk profile.

The Bank adopts more severe stress indicators on IRRBB and monitors the impact via operational governance in ALCO, Risk Committee, and the Board through the Risk Appetite Statement (RAS).

When measuring sensitivity to interest rates, the Bank runs a set of regulator-prescribed and internally developed stress scenarios. In 2023, the Bank was most sensitive to a parallel shift scenario. The impact of a +/- 200 basis points parallel shift was:

Sensitivity	2023 US$'000	2022 US$'000
Increase of 200bps	(1,029)	(1,253)
Decrease of 200 bps	1,139	1,479

Foreign currency risk

Revenues, assets and liabilities are primarily in the functional currency US dollar. However, as the Bank is a UK entity its operating expenses are in Pound Sterling. To mitigate foreign exchange risk, the Bank considers the economic benefits of hedging exposure arising from operating expenses by entering into forward foreign exchange transactions, sets foreign exchange limits for individual currencies and ensures that any collateral held against obligations is held in the relevant currency. Furthermore, the Bank manages foreign exchange risk arising from its foreign exchange transactions with UBA Group subsidiaries and third parties by entering into equal and opposite transactions with acceptable financial institutions.

The Bank's overall net foreign exchange exposure at the reporting date was as follows:

	2023 US$'000	2022 US$'000
Euro (EUR)	27	1,511
British Pound (GBP)	2,370	2,214
Other Currencies	63	57
	2,460	**3,782**

With the exception of small operating balances in its bank accounts, the Bank's stated risk appetite does not allow for intraday or overnight positions in foreign exchange.

Credit risk

Credit risk is the risk of loss to the firm from the failure of clients, customers or counterparties, including sovereign, fully to honour their contractual obligations to the firm, including the full and timely payment of principal, interest, collateral and other receivables.

The Bank controls credit risk by setting strict limits for all obligors. Limits are set after careful consideration of the credit profile for each obligor and the present market environment. The obligors which the Bank transacts with are mainly African Financial Institutions with acceptable external credit ratings and operating in the countries strategic to UBA Group overall.

The Bank's exposure to credit risk is the carrying amount of fixed income holdings, loans issued, financial assets including investment securities and contingent liabilities. A significant portion of trade finance loans and contingent liabilities activities in 2023 was cash collateralised.

Risk limits and details of risk identification, measurement, monitoring and management, including regulatory capital requirements, are governed by a set of internal policies.

The Bank's maximum exposure to credit risk is as follows:

2023

	Exposure US$'000	Cash Collateral US$'000	Net exposure US$'000
Cash at bank	91,250	--	91,250
Loans and advances to banks	363,448	(358,121)	5,327
Loans and advances to customers	2,561	(2,561)	--
Investment securities	147,377	--	147,377
Other assets	3,804	--	3,804
	608,440	**(360,682)**	**247,758**
Financial commitments:			
Confirmed letters of credit	17,201	(9,409)	7,792
	17,201	**(9,409)**	**7,792**

2022

	Exposure US$'000	Cash Collateral US$'000	Net exposure US$'000
Cash at bank	31,354	--	31,354
Loans and advances to banks	418,231	(379,775)	38,456
Investment securities	140,253	--	140,253
Other assets	2,253	--	2,253
	592,091	**(379,775)**	**212,316**
Financial commitments:			
Confirmed letters of credit	21,207	(20,398)	809
	21,207	**(20,398)**	**809**

The letters of credit above comprise confirmed letters of credit and are the maximum amounts that the Bank could be required to settle on presentation of documents.

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system. The amounts presented are gross of allowance for ECL.

2023

US$'000	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying value
Assets **Cash at bank**									
Rated AAA to AA-	--	--	--	--	--	--	--	--	--
Rated A+ to A-	63,533	--	--	63,533	28	--	--	28	63,533
Rated BBB+ to BBB-	20,212	--	--	20,212	59	--	--	59	20,212
Rated B+ to B-	8,043	--	--	8,043	451	--	--	451	8,043
Rated CCC+ and below	--	--	--	--	--	--	--	--	--
	91,788	**--**	**--**	**91,788**	**538**	**--**	**--**	**538**	**91,788**
Coverage ratio	0.59%	0.00%	0.00%	0.59%					
Loans and advances to banks									
Rated AAA to AA-	165	--	--	--	--	--	--	--	165
Rated B+ to B-	363,418	--	--	165	135	--	--	135	363,283
Rated CCC+ and below	--	--	--	363,418	--	--	--	--	--
	363,583	**--**	**--**	**363,583**	**135**	**--**	**--**	**135**	**363,448**
Coverage ratio	0.04%	0.00%	0.00%	0.04%					
Loans and advances to Customers									
Rated B+ to B-	2,561	--	--	2,561	--	--	--	--	2,561
	2,561	**--**	**--**	**2,561**	**--**	**--**	**--**	**--**	**2,561**
Coverage ratio	0.00%	0.00%	0.00%	0.00%					
Debt instruments at amortised cost									
Rated B+ to B-	130,953	9,165	--	40,118	1,600	956	--	2,556	37,562
Rated CCC+ and below	--	--	4,418	4,418	--	--	2,366	2,366	2,052
	130,953	**9,165**	**4,418**	**44,536**	**1,600**	**956**	**2,366**	**4,922**	**39,614**
Coverage ratio	5.17%	10.43%	53.55%	11.05%					
Investment securities at FVOCI									
Rated AAA to AA-	60,055	--	--	60,055	3	--	--	3	60,052
Rated B+ to B-	5,337	--	--	5,337	309	--	--	309	5,028
	65,392	**--**	**--**	**65,392**	**312**	**--**	**--**	**312**	**65,080**
Coverage ratio	0.48%	0.00%	0.00%	0.48%					
Investment securities at FVTPL									
Rated AAA to AA-	42,684	--	--	42,684	1	--	--	1	42,683
	42,684	**--**	**--**	**42,684**	**1**	**--**	**--**	**1**	**42,683**
Coverage ratio	0.00%	0.00%	0.00%	0.00%					
	139,029	**9,165**	**4,418**	**152,612**	**1,913**	**956**	**2,366**	**5,235**	**147,377**
Financial commitments									
Rated B+ to B-	17,201	--	--	17,201	219	--	--	219	
Rated CCC+ and below	--	--	--	--	--	--	--	--	
	17,201	**--**	**--**	**17,201**	**219**	**--**	**--**	**219**	
Coverage ratio	1.27%	0.00%	0.00%						

2022

US$'000	Gross carrying amount Stage 1	Stage 2	Stage 3	Total	ECL Stage 1	Stage 2	Stage 3	Total	Carrying value
Assets									
Cash at bank									
Rated AAA to AA-	--	--	--	--	--	--	--	--	--
Rated A+ to A-	26,477	--	--	26,477	9	--	--	9	26,468
Rated BBB+ to BBB-	97	--	--	97	2	--	--	2	95
Rated B+ to B-	4,818	--	--	4,818	27	--	--	27	4,791
Rated CCC+ and below	--	--	--	--	--	--	--	--	--
	31,392	**--**	**--**	**31,392**	**38**	**--**	**--**	**38**	**31,354**
Coverage ratio	0.12%	0.00%	0.00%	0.12%					
Loans and advances to banks									
Rated AAA to AA-	--	--	--	--	--	--	--	--	--
Rated B+ to B-	419,821	--	--	419,821	1,592	--	--	1,592	418,229
Rated CCC+ and below	2	--	--	2	--	--	--	--	2
	419,823	**--**	**--**	**419,823**	**1,592**	**--**	**--**	**1,592**	**418,231**
Coverage ratio	0.38%	0.00%	0.00%	0.38%					
Debt instruments at amortised cost									
Rated B+ to B-	42,308	--	--	42,308	1,488	--	--	1,488	40,820
Rated CCC+ and below	--		4,418	4,418	--		2,366	2,366	2,052
	42,308	**--**	**4,418**	**46,726**	**1,488**	**--**	**2,366**	**3,854**	**42,872**
Coverage ratio	3.52%	0.00%	53.55%	8.25%					
Investment securities at FVOCI									
Rated AAA to AA-	65,600	--	--	65,600	1	--	--	1	65,599
Rated B+ to B-	4,971	--	--	4,971	239	--	--	239	4,732
	70,571	**--**	**--**	**70,571**	**240**	**--**	**--**	**240**	**70,331**
Coverage ratio	0.34%	0.00%	0.00%	0.48%					
Investment securities at FVTPL									
Rated AAA to AA-	27,050	--	--	27,050	--	--	--	--	27,050
	27,050	**--**	**--**	**27,050**	**--**	**--**	**--**	**--**	**27,050**
Coverage ratio	0.00%	0.00%	0.00%	0.00%					
	139,029	**9,165**	**4,418**	**152,612**	**1,913**	**956**	**2,366**	**5,235**	**147,377**
Financial commitments									
Rated B+ to B-	21,206	--	--	21,206	157	--	--	157	
Rated CCC+ and below	--	--	--	--	--	--	--	--	
	21,206	**--**	**--**	**21,206**	**157**	**--**	**--**	**157**	
Coverage ratio	0.74%	0.00%	0.00%	0.74%					

2023

US$'000	Gross carrying amount Stage 1	Gross carrying amount Stage 2	Gross carrying amount Stage 3	Gross carrying amount Total	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Total	Carrying value
Assets									
Debt instruments at amortised cost, 01 Jan 2023	42,308	--	4,418	46,726	1,488	--	2,366	3,854	42,872
Payments and assets derecognised	(2,190)	--	--	(2,190)	(60)	--	--	(60)	(2,130)
Transfers to stage 1	--	--	--	--	--	--	--	--	--
Transfers to stage 2	(9,165)	9,165	--	--	(134)	134	--	--	--
Transfers to stage 3	--	--	--	--	--	--	--	--	--
Impact on ECL of transfers	--	--	--	--	--	822	--	822	(822)
Credit quality related changes	--	--	--	--	306	--	--	306	(306)
Debt instruments at amortised cost, 31 Dec 2023	**30,953**	**9,165**	**4,418**	**44,536**	**1,600**	**956**	**2,366**	**4,922**	**39,614**

2022

US$'000	Gross carrying amount Stage 1	Gross carrying amount Stage 2	Gross carrying amount Stage 3	Gross carrying amount Total	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL Total	Carrying value
Assets									
Debt instruments at amortised cost, 01 Jan 2022	33,135	--	--	33,135	926	--	--	926	32,209
New assets originated or purchased	13,591	--	--	13,591	695	--	--	695	12,896
Transfers to stage 1	--	--	--	--	--	--	--	--	--
Transfers to stage 2	--	--	--	--	--	--	--	--	--
Transfers to stage 3	(4,418)	--	4,418	--	133	--	133	--	--
Impacts on ECL of transfers	--	--	--	--	--	--	2,233	2,233	2,233
Debt instruments at amortised cost, 31 Dec 2022	**42,308**	--	4,418	**46,726**	**1,488**	**--**	**2,366**	**3,854**	**42,872**

The movements of gross carrying amount of the financial assets, other than the debt instruments at amortised cost, are either caused by new assets originated/purchased or payments and assets derecognised. Other than the debt instruments at amortised cost, there were no transfers of ECL staging for both years.

Offsetting

The Bank has a netting agreement with the parent bank to manage the associated credit risk. This arrangement includes loans, advances, and financial commitments. This netting agreement generally enables the Bank to set off its assets against parent bank's liabilities in the case of parent bank's default. The offsetting right is a legal right to settle, or otherwise eliminate, all or a portion of an amount due by applying an amount receivable from the same counterparty against it, thus, reducing credit exposure. The condition for offsetting criteria as per IAS 32 is not satisfied or met.

FINANCIAL ASSETS SUBJECT TO OFFSETTING, NETTING AGREEMENT

2023

US$'000	Offsetting recognised on the statement of financial position			Netting potential not recognised on the statement of financial position			Assets not subject to netting agreement		Maximum exposure to risk
	Gross asset before offset	Offset with gross liabilities	Net assets recognised on the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised on the statement of financial position	Total assets recognised on the statement of financial position	After consideration of netting of potential
Loans and advance to banks	**358,121**	**--**	**358,121**	**--**	**(358,121)**	**--**	**5,327**	**363,448**	**5,327**
	358,121	**--**	**358,121**	**--**	**358,121**	**--**	**5,327**	**363,448**	**5,327**

2022

US$'000	Offsetting recognised on the statement of financial position			Netting potential not recognised on the statement of financial position			Assets not subject to netting agreement		Maximum exposure to risk
	Gross asset before offset	Offset with gross liabilities	Net assets recognised on the statement of financial position	Financial liabilities	Collateral received	Assets after consideration of netting potential	Assets recognised on the statement of financial position	Total assets recognised on the statement of financial position	After consideration of netting of potential
Loans and advance to banks	**379,775**	**--**	**379,775**	**--**	**(379,775)**	**--**	**38,456**	**418,231**	**38,456**
	379,775	**--**	**379,775**	**--**	**379,775**	**--**	**38,456**	**418,231**	**38,456**

FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, NETTING AGREEMENT

2023

US$'000	Offsetting recognised on the statement of financial position			Netting potential not recognised on the statement of financial position			Assets not subject to netting agreement		Maximum exposure to risk
	Gross Liabilities before offset	Offset with gross assets	Net liabilities recognised on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognised on the statement of financial position	Total Liabilities recognised on the statement of financial position	After consideration of netting of potential
Deposits from bank	**358,121**	**--**	**358,121**	**(358,121)**	**--**	**--**	**135,093**	**493,214**	**135,093**
	358,121	**--**	**358,121**	**358,121**	**--**	**--**	**135,093**	**493,214**	**135,093**

2022

US$'000	Offsetting recognised on the statement of financial position			Netting potential not recognised on the statement of financial position			Assets not subject to netting agreement		Maximum exposure to risk
	Gross Liabilities before offset	Offset with gross assets	Net liabilities recognised on the statement of financial position	Financial assets	Collateral pledged	Liabilities after consideration of netting potential	Liabilities recognised on the statement of financial position	Total Liabilities recognised on the statement of financial position	After consideration of netting of potential
Deposits from bank	**379,775**	**--**	**379,775**	**(379,775)**	**--**	**--**	**159,235**	**539,010**	**159,235**
	379,775	**--**	**379,775**	**379,775**	**--**	**--**	**159,235**	**539,010**	**159,235**

Concentration risk

Exposures are highly concentrated by country, industry sector and counterparty as a result of the Bank's historical role within the UBA Group. The Bank's main counterparty was UBA Plc, causing counterparty concentration risk as reflected by the Herfindahl-Hirschman Index (HHI) to be high. There is a legally effective and enforceable netting agreement with UBA Plc which substantially reduces the net exposure.

Liquidity risk

Liquidity risk is the risk that the Bank is not able to meet its financial obligations as they fall due. The Bank's exposure to liquidity risk is limited as trade assets are match funded where possible. To ensure intra- day liquidity risk is mitigated, the Bank has introduced a robust pre-transaction approval process to ensure funding is in place, previous day's trades are settled, and upcoming assets are repaid at maturity. The Bank held HQLA assets at fair value through other comprehensive income of US$65m as at 31 December 2023 (2022: US$65.6m) which provided a liquidity buffer.

The Bank calculates an implied Liquidity Coverage Requirement. Liquidity risk measurement and management are outlined in and governed by relevant internal policies.

The following tables detail the Bank's expected maturity for its financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest earned on those assets and undiscounted cash flows of financial liabilities including interest payable based on the earliest date which the Bank can be required to pay. The tables include both interest and principal cash flows. The inclusion of information on financial assets and liabilities is necessary to understand the Bank's liquidity risk management as liquidity is managed on a net asset and net liability basis.

	Less than 1 month US$'000	1 - 3 months US$'000	3 months to 1 year US$'000	1 - 5 years US$'000	Total US$'000
Assets 2023					
Cash and cash equivalent	73,085	18,402	--	--	91,487
Loans and advances to banks	121,736	236,822	9,818	--	368,376
Loans and advances to customers	2,561	--	--	--	2,561
Investment securities	42,696	14,093	24,750	72,123	153,662
At 31 December 2023	**240,078**	**269,317**	**34,568**	**72,123**	**616,086**
Liabilities 2023					
Deposits from banks	199,307	73,073	228,225	--	500,605
Deposits from customers	34,372	--	3,153	--	37,525
	233,679	**73,073**	**231,378**	**--**	**538,130**
Financial commitments Letters of credit	**5,126**	**5,224**	**6,851**	**--**	**17,201**

	Less than 1 month US$'000	1 - 3 months US$'000	3 months to 1 year US$'000	1 - 5 years US$'000	Total US$'000
Assets 2022					
Cash and cash equivalent	31,354	--	--	--	31,354
Loans and advances to banks	2,345	408,025	13,446	--	423,816
Investment securities	35,096	--	9,594	106,384	151,074
At 31 December 2023	**68,795**	**408,025**	**23,040**	**106,384**	**606,244**
Liabilities 2022					
Deposits from banks	167,618	114,447	193,646	68,830	544,541
Deposits from customers	1,782	--	3,106	--	4,888
	169,400	**114,447**	**196,752**	**68,830**	**549,429**
Financial commitments Letters of credit	**15,436**	**2,455**	**3,316**	**--**	**21,207**

Operational risk

Operational risk is the risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud) where the root cause is not due to credit or market risks.

Operational risk has been reduced by the implementation of the Operational Risk framework and the Bank incurred immaterial operational losses during 2023 of circa $136k (2022: $14k).

It is also worth noting that the Bank's operational resilience was well tested and proven to be robust against the background of the COVID-19 pandemic. Whilst the Bank continues to monitor the lingering effects of the pandemic on the global supply chain, it remains insulated from any direct impact mostly due to the composition of its client base, which is comprised of predominantly sovereign or financial institutions.

Climate risk

Under its existing and forward-looking business plan UBA UK does not envisage incurring clean line term exposure to the industries and business sectors, identified by the World Economic Forum as most vulnerable: construction, energy, agriculture, and tourism.

The short-term, self-liquidating and often fully collateralised nature of the Bank's exposures provides sufficient risk mitigation.

However, the Bank's strategic business focus remains on Africa, a continent that has emerged as the most vulnerable to climate change. The location of UBA UK's building in close proximity to the river Thames, adds another dimension to the Climate Risk challenge.

Therefore, already today, UBA UK considers Climate Risk as an enterprise-wide risk, with a potential to impact almost every aspect of the Bank's operating model in the medium term.

30 RELATED PARTY TRANSACTIONS

Key management personnel compensation

	2023 US$'000	2022 US$'000
Short term benefits for employees	1,965	1,545

Key management personnel are defined as those having responsibility for planning, directing and controlling the activities of the Bank and include members of the Executive Committee and the Company Secretary.

Transactions with related parties

The following represent notional amounts that were transacted with the parent and fellow subsidiaries:

	2023 US$'000	2022 US$'000
Foreign exchange transactions	873,807	2,096,743
Trade related transactions	46,300	214,871
	920,107	**2,311,614**

Financial commitments outstanding with related parties

The following off-balance sheet items are letters of credit outstanding at the end of the reporting year in relation to transactions with related parties:

	2023 US$'000	2022 US$'000
Financial commitments		
Amount due from parent bank	9,409	16,948
Amount due from fellow subsidiaries	--	3,450
	9,409	**20,398**

Loans to/from related parties

A number of banking transactions were entered into with related counterparties within the UBA Group in the normal course of business. These include loans and deposits. Outstanding balances at the year end and related party income for the year are as follows:

Assets	2023 US$'000	2022 US$'000
Loans due from parent bank (fully cash collateralised)	358,121	379,775
Deposits due from parent bank	7,580	4
Amount due from fellow subsidiaries	14	2
	365,715	**379,781**

Liabilities	2023 US$'000	2022 US$'000
Amount due from parent bank (fully cash collateralised)	427,796	430,305
Amount due to fellow subsidiaries	14,859	76,293
	442,655	**506,598**

Interest income	2023 US$'000	2022 US$'000
Amount due from parent bank	41,852	32,954
	41,852	**32,954**

Interest expense	2023 US$'000	2022 US$'000
Amount due to parent bank	18,340	15,283
Amount due to fellow subsidiaries	742	1,257
	19,082	**16,540**

Loans from UBA Plc were transacted on terms equivalent to those that prevail in an arm's length transaction.

31 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent bank and ultimate controlling party is UBA Plc, a bank incorporated in Nigeria. UBA Plc owns 100% (2022: 100%) of the share capital of UBA UK.

Details of fellow subsidiaries and representative offices of the UBA Group and copies of the UBA Group annual report and financial statements may be obtained from United Bank for Africa Plc, 57 Marina, Lagos, Nigeria or on the **website: www.ubagroup.com**