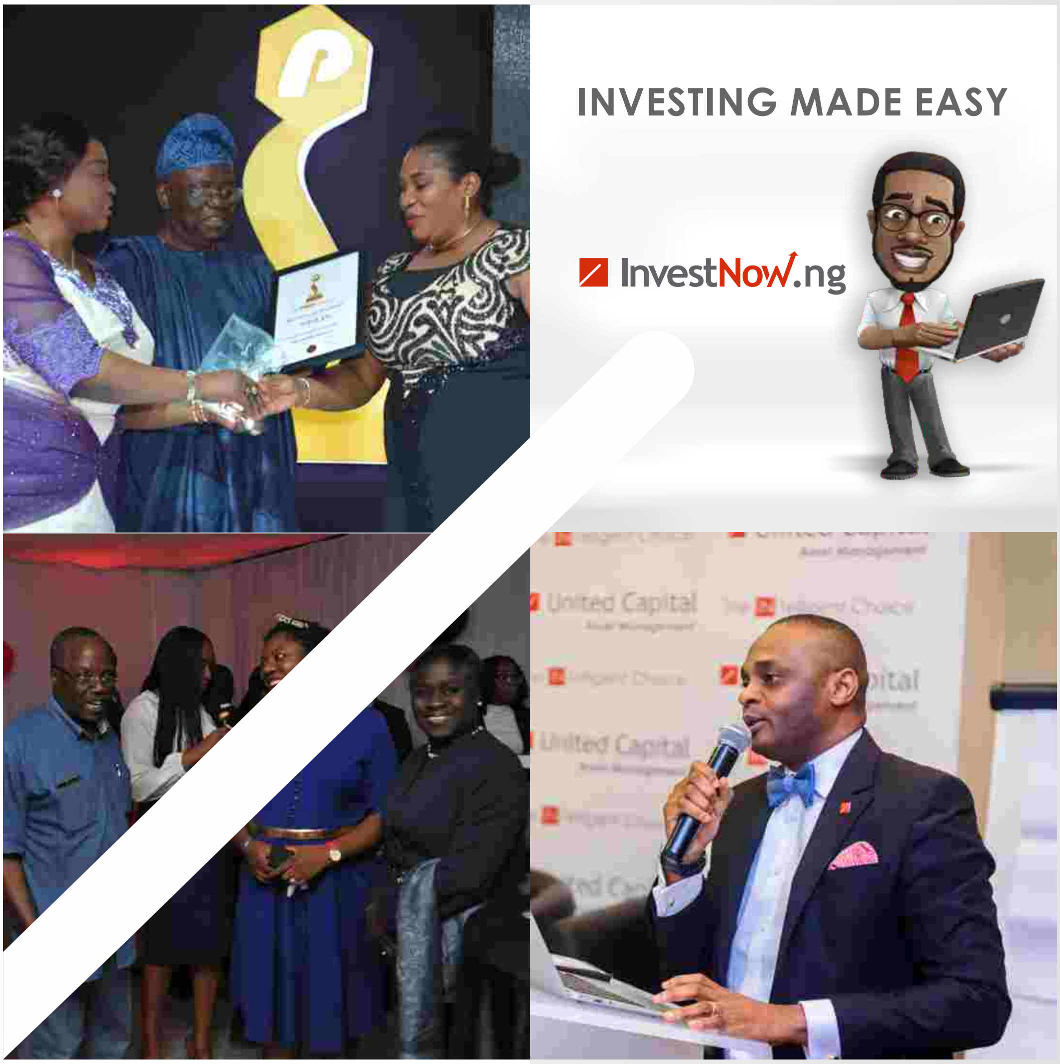
United Capital

The IN-Telligent Choice

2017 Annual Report and Accounts



Investment Banking ▪ Asset Management ▪ Securities Trading ▪ Trustee Services

Table of Contents

Corporate Information

OUR PURPOSE

United Capital is transforming the African continent by providing innovative investment banking solutions to governments, companies and individuals.

OUR CORPORATE GOALS

To be the financial and investment role model across Africa, deploying innovation, technology, and specialist skills to exceed client expectations, whilst creating superior value for all stakeholders.

WHO WE ARE

United Capital Plc is an investment banking Group providing bespoke value-added service to its clients. We exist to empower Africans in the pursuit of their goals as individuals, companies and governments through superior financial services.

As a Group comprising of recognized industry leaders with over 50 years experience, we are well positioned to provide expert investment and financing solutions to optimize our clients returns on their investments. This is achieved through our robust suite of financial and investment service offerings within our four businesses: **Investment Banking, Asset Management, Trusteeship, and Securities Trading**.

United Capital Plc is a publicly quoted company listed on the Nigerian Stock Exchange and has a well-diversified shareholder base of 265, 375 investors as at 31st December 2017.

Investment Banking

Our Investment Banking business provides advisory services in Project Finance, Capital Markets, Mergers & Acquisitions and Structured Trade Finance.

It is revered for its track record in executing complex transactions across the African continent, particularly for its leadership in Debt Capital Markets and Project Finance advisory to both corporates and governments.

In 2017, the team led a number of landmark transactions including serving as the Financial Adviser to the UBA US$500 million Eurobond and also as the Financial Adviser/Local Book-Runner to the US$300 million Diaspora Bond issued by the Federal Government of Nigeria.

Asset Management

United Capital Asset Management provides innovative and customized investment services to a diverse client base that includes; Corporate Institutions, Government and Agencies, High Net Worth Individuals and Retail Investors. The company is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as Investment Advisers, Portfolio and Asset Managers.

In 2017 United Capital Asset management successfully launched two new Mutual Funds; the United Capital Nigerian Eurobond (USD) Fund and United Capital Wealth for Women Fund, with subscription sizes of $5,075,500.00 and ₦1,053,585,000.00 respectively. These additions bring the total number of UCAML Mutual Funds in our suite to six, allowing us to expand our product offerings to meet the market's demand for innovative products and remain competitive in this constantly changing market.

Securities Trading

United Capital Securities is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. Our Securities & Trading business provides access to primary market opportunities for listed equities (IPOs, Right Issues, Offer for Sale and Offer for Subscription) and fixed income securities.

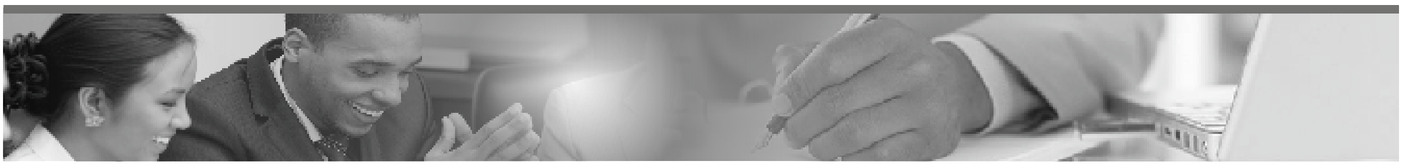
We are one of the few selected Supplemental Market Makers (SMM) and Designated Advisers by the Nigerian Stock Exchange. The firm is also a registered dealing member of NASD OTC Plc, enabling us to deal in over-the-counter Equity and Fixed Income Securities.

Trustees

United Capital Trustees is the leading Nigerian Trustee with over 50 years of experience in Trust services.

Our sole business is trusteeship and we play a key role in major financing transactions, charged with protecting the interests of lenders and investors, keeping custody of assets, documents, rights, shares, funds and other holdings in financial transactions. We possess quality depth and extensive experience in a wide range of money, capital market and real estate transactions, with Trust mandates in excess of ₦5.9 trillion and clear leadership across products: Debenture Trusts, Mutual Funds, Bonds, and REITS.

In 2017, Trustees was the Joint Trustee on the LASG ₦100Billion Bond Issue.



2017 Performance Highlights

Gross Earnings	Net Operating Income	Profit Before Tax
₦8.9billion	₦7.0billion	₦5.5billion
Down 1% year on year	Up 5% year on year	Down 13% year on year

Total Assets	Funds Under Management	Shareholders' Fund
₦136.6billion	₦70.5billion	₦16.8billion
Down 15% year on year	Down 30% year on year	Up 18% year on year

Cost to Income Ratio	Earnings Per Share	Return on Average Equity
38%	73k	28%
2016: 29%	**2016:** 115kobo	**2016:** 56%

Chairman's Statement

CHIKA MORDI
Chairman

Fellow shareholders, it is with great delight that I present to you the financial results of United Capital Plc for the year 2017. Despite the challenging operating environment globally and locally, we have continued to strive hard to deliver on our set goals and we are optimistic that we will improve further in 2018.

The Global Economy

According to the IMF, growth in the global economy stood at 3.7% in 2017 amid rising geopolitical tensions across the world, with growth in the advanced economies as the only major driver. The US and Euro-Area economies are estimated to have expanded by 2.3% and 2.4% respectively in 2017, while Chinese GDP growth stood at 6.8% in 2017 despite trade worries with the US. However, for the first time since the global financial crisis, expansion in the global economy appears to be in harmony, without any sign of an imminent reversion as all of the 45 largest economies in the world are expected to expand going forward. Overall, sustained accommodative monetary policy in the European and Japanese economies, as well as fiscal reforms in the US have been supportive for the global economy. Consequently, financial markets indices are testing new highs, corporate earnings are improving, commodity prices are rallying, even as consumers and businesses appear energized.

For emerging economies, performance has been modest, partly driven by a rebound in commodity prices. Crude oil prices appreciated 17.7% in 2017 to settle at $66.9/b in Dec-17 amid output cap agreement by the Organization of Petroleum Exporting Countries (OPEC); heightened geopolitical crisis; and weaker supplies from US shale producers. As such, recovery is expected to continue moderately in major oil exporting countries, held together by stability in oil prices, improved business sentiments and credit conditions. Going into 2018, while being mindful of the risks on the horizon, especially the elevated geopolitical tensions, improved global investment, industrial production as well as business and consumer confidence are anticipated to further bolster the global output level.

Africa

Recent years have been tough for African economies with factors such as depressed commodity prices, adverse weather conditions and bouts of political instability stifling growth. After a sharp downturn in 2016, growth in Sub-Saharan Africa took a mildly positive turn in 2017 as commodity prices rebounded while external conditions and political climates improved. The dearth of major reforms in key sectors is however limiting the sustainability of these improvements. Specifically, the narratives remained divergent for the big four economies in the region (Nigeria, South Africa, Angola and Kenya). Improvement in oil prices and stability in local production volumes triggered economic recovery in Nigeria. South Africa also exited recession notwithstanding political uncertainties, underwhelming structural reforms and low business confidence which weighed on investment spending. Reluctance to reform currency regime slowed recovery in Angola while election uncertainties constrained activities in Kenya. Looking ahead, growth is anticipated to strengthen as commodity prices firm up and domestic demand gradually gains ground.

Domestic Economy and Financial Markets

After contracting for 5 consecutive quarters due to the plunge in oil prices, currency market crisis and weak policy response, Nigeria exited recession in 2017. The recovery was driven by improvement in oil output with GDP growth rebounding 0.7% in Q2-17 with further improvement to 1.7% in Q3-17. The fundamental importance of the Oil & Gas sector to the Nigerian economy was apparent as the rebound in oil export was consistent with the recovery in the broader economy during the year. Nevertheless, the recovery remains fragile as growth in the Services sector (consisting of Trades, ICT, Real Estate, Construction and Finance, accounting for 50% of GDP), and the Manufacturing sector stayed negative amid high price level and weak consumer spending. As such, growth remained broadly at the risk of dynamics in the oil space. The only bright spot is the Agriculture Sector, which has sustained a 3.7% average growth over the last 8 quarters.

In the socio-political climate, challenges persisted as secessionist agitation worsened in the South East. Also, the war on insurgency continued as Boko Haram attacks on soft targets in the North-East, and incidences of killings credited to cattle Herdsmen continued.

In the policy space, the introduction of the Investors' and Exporters' FX window in April 2017 is worth highlighting given the noticeable improvement in the FX space; however, monetary policy remained broadly hawkish, with the MPC holding MPR at 14.0% throughout the year amid aggressive liquidity mop-up exercises. This was unsurprising given that pressure on price level remained elevated, especially food prices, as headline inflation rate averaged 16.7% from January to November 2017. On the other hand, fiscal policy was broadly expansionary supported by massive borrowing programme and non-oil revenue mobilization.

In the financial market, the Nigerian equities market benchmark index rebounded in Q2-17, with a cumulative 42.3% for the year 2017, after losing 5.1% in the first quarter of the year. In the fixed income space, yield averaged 16.9% (vs. 13.4% in 2016), driven by tight monetary policy and increased government borrowing. Across market segments, returns averaged 30.0%. In 2018, the fundamental justifications for a sustained bull run in the Nigerian equities market are compelling, with the benchmark Index expected to sustain a modest uptrend. On the flip side, yields are expected to moderate in the fixed income space as expectation for rate cut by the MPC persists.

Business Environment

Notwithstanding the tight financial and operating conditions during the year, our Strategic Business Divisions operated efficiently due to our innovative approach and effective management. During the year, we successfully launched two new Mutual Funds - the United Capital Nigerian Eurobond Fund and the United Capital Wealth for Women Fund. Whilst regulatory actions including introduction of a more rigorous approval process delayed approvals for most debt issuances by subnational governments during the year, our Investment Banking and Trustee businesses compensated for this gap through activity in key Corporate Debt Issuances, including securing a mandate to raise the landmark FGN Diaspora Bond Issue, amongst other laudable transactions.

We have continued to deliver value to shareholders through prudent allocation of resources, investment in technology and training which has enabled us to improve our processes and turnaround time to the delight of our clients. We are positioned to leverage on constantly emerging opportunities in the Nigerian economy and Africa as a whole, to enhance our competitive positioning in the continent, and continuously improve on our financial performance.

Financial Performance

United Capital made good progress in its financial performance for 2017. The Group generated gross earnings of ₦8.9bn and PBT of ₦5.5bn, in spite of the challenging macroeconomic and operating conditions. Although, total assets declined by 15% from ₦160.7bn to ₦136.6bn due to payouts on Trustees Sinking fund, the Shareholders' Fund improved by 18% which is a reflection of our commitment to deliver value at all times.

Conclusion

Distinguished ladies and gentlemen, I am confident in our ability to deliver superior returns to you going forward. We have put in place appropriate strategies to respond to possible scenarios that the year 2018 could throw at us, hence we believe that we will continue to make progress in our quest to build Africa's leading investment bank. Our staff remain resourceful, motivated and dedicated, even as we continue to attract the best hands to execute our short, medium and long term strategic objectives. With your unalloyed support, we will continuously delight you with superior returns regardless of the challenges prevalent in the operating environment.

Chika Mordi
Chairman
United Capital Plc

Board of Directors

Chika Mordi
Chairman

Chika Mordi brings significant experience to the board in the areas of governance, regional knowledge and industry expertise. He has served (often in a supervisory capacity) on the boards of more than thirty companies of diverse sizes in Nigeria, Ghana, Cameroon, the UK and the U.S. Mordi is a member of the advisory board of Harvard's Shorenstein Center.

He also served on several government and multilateral committees, including the World Economic Forum's agenda board. He continues to advise governments, businesses and individuals on competitiveness and strategy.

An avid scholar, Mordi holds an MPA from Harvard Kennedy School, an MBA from IESE Business School, a Masters from SAIS Johns Hopkins, a Masters in Public Communication from American University in the USA, an advance management diploma from Harvard Business School and a Bsc in economics from the University of Ilorin. He contributes regularly to international print and broadcast media outlets and has travelled to over fifty countries.

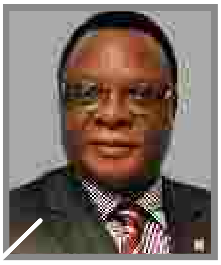
He was appointed the Chairman on January 10, 2014

Oluwatoyin Sanni
Group Chief Executive Officer

Oluwatoyin Sanni holds a Bachelor of Law degree from the University of Ife, a Masters degree, LLM (Hons) from the University of Lagos as well as professional qualifications of the I.C.S.A. UK and the Chartered institute of Stock Brokers (CIS) Nigeria.

She has over 30 years of experience in Investor Services, Law and Finance, and has served in various committees and boards in the industry including the National Bond Steering Committee, the West African Capital Markets Integration Technical Committee, and as Chairperson of the Custody Sub- Committee of the Capital Markets.

Toyin currently chairs the Technical Committee on Financial Literacy for the Capital Market. She was appointed Group Chief Executive Officer in January 2014.

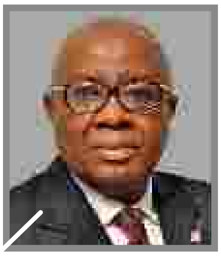


Ambassador John Kayode Shinkaiye
Non Executive Director

A career diplomat, Ambassador John K. Shinkaiye has over 40 years of experience in the public sector having served in the Federal Civil Service Commission for 35 years and over 6 years with the African Union Commission in Addis Ababa, Ethiopia. He served in several Nigerian Missions abroad, including the Nigerian High Commission in London, before being appointed Nigeria's Ambassador to Equatorial Guinea (1989-1993), Ethiopia and Djibouti, the OAU/AU and UNECA (2000-2003).

As Ambassador in Ethiopia, he was Chairman or member of several OAU/AU Committees including the Administrative, Budgetary and Financial Committee. He was the Chief of Staff of two Chairpersons of the AU Commission between 2006 and 2012.

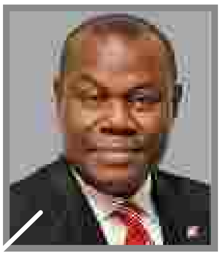
He holds a B.Sc. in Sociology from the University of Lagos and has attended several workshops, seminars and short programmes as both participant and resource person. He is a member of the National Institute of Policy and Strategic Studies (NIPSS), Kuru (Mni). He was appointed a Director on January 23, 2013



Emmanuel N. Nnorom
Non Executive Director

Emmanuel N. Nnorom has over 30 years work experience in Accounting and Finance (including at executive levels) in both the real estate and banking sectors in Nigeria. He recently retired from the Board of the United Bank for Africa Plc as an Executive Director.

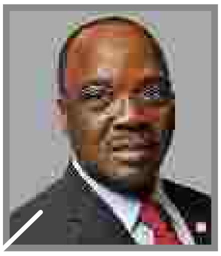
He is an alumnus of Oxford University Templeton College and a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He is also an honorary member of the Chartered Institute of Bankers Nigeria (CIBN). He was appointed a Director on January 10, 2014



Adim Jibunoh
Non Executive Director

Adim has 30 years experience in the financial services industry. He was the Managing Director/ Chief Executive Officer of Continental Trust Bank until 2004. He was also an Executive Director at Standard Trust Bank (now United Bank for Africa Plc).

Adim holds a first class degree in Economics from the University of Port Harcourt and an MBA in Financial Management from the University of Lagos. He has also received executive management training at IMD Switzerland, Lagos Business School and Harvard Business School. He was appointed a Director on January 23, 2013



Yoro Mohamed Diallo
Independent Director

Yoro is a seasoned banker with over 40 years- experience. He has previously worked with Citibank and Ecobank in various capacities.

He holds an M.Sc. in Banking and Finance from Saint Mary's University, California and a BA degree in Finance and Economics of development from Claremont Men's College, California. He was appointed a Director on January 23, 2013

Subsidiary CEOs

Tokunbo Ajayi

Chief Executive Officer
United Capital
Trustees

Tokunbo is a seasoned professional with over 28 years in trusteeship services spanning both the private and public sector. She is both a Trustee and President of the Association of Corporate Trustees. In addition to this, Tokunbo is a member of the NBA, FIDA, Nigerian Institute of Management, the Business Recovery & Insolvency Practitioners Association of Nigeria and the British Council.

She holds a Bachelor of Law Degree from the University of Ife, Ile-Ife. She is an alumnus of both Phillips Consulting, South Africa SMP and Columbia Business School High Impact Leadership on Maximizing Individual Organizational Performance.

Jude Chiemeka

Chief Executive Officer
United Capital
Securities

Jude Chiemeka has over 20 years experience in the financial services industry, working primarily as equities and fixed income sales trader across markets in Africa. Prior to joining United Capital, he was the MD/CEO of Chapel Hill Denham Securities, a wholly owned subsidiary of Chapel Hill Advisory Partners an independent investment bank.

His executive educational experience is wide and varied, including programs at the New York Institute of Finance, Euromoney, London and Federated Press; Strategic Planning Skills, Toronto Canada. He is a Fellow of the Chartered institute of Stockbrokers and an alumnus of University of Lagos, Lagos Business School & University of Oxford, UK.

Sunny Anene

Chief Executive Officer
United Capital
Asset Management

Sunny has over 20 years experience in the financial services industry and has worked in various capacities in Financial Control, Internal Control, Operations, Risk Management and Compliance. His work experience spans through Banking, Capital Markets and Pension Fund Custody industries. Sunny joined United Capital from Chapel Hill Denham Group where he was the Director, Finance and Operations for the group and CEO, Chapel Hill Denham Securities Limited.

He holds an MBA (Finance) from the University of Lagos, Nigeria, a Fellow of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Taxation. He is also an Associate of Chartered Institute of Stockbrokers and The Certified Pensions Institute of Nigeria.

Babatunde Obaniyi

Ag. MD, Investment Banking
United Capital
Investment Banking

Babatunde has over 13 years multi-faceted finance experience cutting across deal structuring, capital raising, M&A, corporate finance and risk management. He possesses extensive cognate experience in fixed income and equity capital markets; as such has played a pivotal role in originating and executing several notable landmark transactions in the Capital Market space in Nigeria.

Babatunde has Master's degree in International Securities, Investment and Banking from ICMA Centre, Henley Business School, University of Reading, UK and B.Sc. Economics (Hons.) degree from Obafemi Awolowo University, Nigeria. He is an Associate member of the Chartered Institute of Securities and Investment (CISI), UK; Association of Certified Chartered Accountants ("ACCA") and the Chartered Institute of Stockbrokers ("ACS"). He also holds the International Fixed Income and Derivatives ("IFID") Certificate."

Executive Management

Oluwatoyin Sanni
Group CEO

Oluwatoyin Sanni is the Group CEO of United Capital Plc. She is a Lawyer, Chartered Secretary and Stockbroker with over 30 years experience in Investor Services, Law and Finance in Nigeria.

Prior to her appointment as the Group CEO of United Capital, Toyin Sanni was CEO, United Capital Trustees Limited (formerly known as UBA Trustees Limited)– a subsidiary of United Capital Plc and a market leader in the Trustees business. Her prior career accomplishments include establishment of UBA Global Investor Services, Council Member of the Institute of Chartered Secretaries and Administrators Nigeria, a Fellow and President (current) Association of Investment Advisers and Portfolio Managers, an Associate of the Institute of Directors Nigeria and President of the Association of Corporate Trustees Nigeria, Member National Bond Steering Committee, West African Capital Markets Integration Technical Committee and as Chairperson of the Custody Sub-Committe of the Capital Market. She held the position of Chairman of the Nigerian Capital Market Annual Retreat Committee for 2012, 2013 and 2014.

Toyin holds a Masters Degree, LLM (Hons), from the University of Lagos as well as the Professional qualifications of the I.C.S.A. UK, and the Chartered Institute of Stockbrokers (C.I.S.).

Odiri Oginni
Ag. Group Chief Finance Officer

Odiri is currently the Ag. Group Chief Finance Officer at United Capital Plc. She has over 12 years' relevant experience in the financial services sector in the areas of audit and compliance, portfolio management, financial analyses and reporting enhancements, tax and regulatory management, strategy and investor relations, Treasury and Cash flow management, Business process automation, Capital raising (equity and debt), budget preparation and analysis, Corporate rating management and finance team training and development. Her past roles include Head, FINCON and Head, Financial Planning, Strategy and Investor Relations at United Capital Plc, CFO at UBA Capital Limited (the defunct investment banking arm of UBA Plc), Portfolio Analyst at BGL Plc and Audit Senior at Deloitte.

She is a First Class graduate of Accounting from Babcock University, an Associate member of the Institute of Chartered Accountant and a CFA Charter holder.

Leo Okafor
Group Company Secretary/
General Counsel

Leo is a lawyer with over 20 years experience covering Litigation, Trusteeship, Investment Banking, and Company Secretarial Practice. Prior to joining United Capital, he was the Managing Director of Zenith Trustees Limited (a subsidiary of Zenith Bank Plc) and PHB Capital & Trust Limited (a subsidiary of Bank PHB Plc and later Keystone Bank Limited) between 2008 and 2012.

He holds a Master of Law degree, LL.M and Bachelor of Law degree, LL.B (Hons) from the University of Lagos. He is a member of the Nigerian Bar Association, a Fellow of the Institute of Chartered Secretaries & Administrators, London, and holds several academic awards.

Ogaga Uwhuseba
Head, Audit and Business Assurance

Ogaga Sam Uwhuseba is a professional banker, accountant and certified fraud examiner with over 18 years' cognitive work experience in Nigeria and across African financial services industry in Operations, Audit, and Fraud Allegations Examination and Resolution. Prior to joining United Capital Plc as a result of the Central Bank of Nigeria mono banking policy in 2013 he was a Team Lead for United Bank for Africa Plc [Subsidiary Audit supporting the bank's African expansion and Local non-bank subsidiaries.

He has worked in the Audit and Assurance and Operations Directorates of Sterling Bank Plc, Unity Bank Plc, New Nigeria Bank Plc, Liberty Bank Plc and Crystal Bank of Africa Ltd.

He holds a B.Sc. Banking and Finance from Olabisi Onabanjo University Ago-Iwoye Ogun State, Higher National Diploma in Business Administration and Management, Federal Polytechnic Ado Ekiti as well as professional membership of The Chartered Instituted of Bankers of Nigeria, Institute of Chartered Accountants of Nigeria, and Association of Certified Fraud Examiners and The Institute of Internal Auditors.

Lucky Okopujie
Group Head, Operations

Lucky has over 15 years working experience in the financial services industry spanning Banking and Capital Market with core expertise in Operations and Corporate Services. Lucky obtained his MBA and first degree in Business Administration from University of Benin.

He is an associate member of the Chartered Institute of Stockbrokers and Nigeria Institute of management.

Bolanle Ibitola
Head, Human Resources

Bolanle is an experienced Human Resources Management, Business and Organizational Change professional. Her core expertise includes Performance Management, Employee Engagement, and Learning & Development.

She has a Masters in Human Resources Management from the Middlesex University Business School, London and holds a first degree in English Language & Literature from the University of Lagos. She is a member of the Chartered Institute of Personnel and Development (CIPD) and society for Human Resource Management (SHRM).

Joseph Onyema
Chief Information Officer

Joseph currently serves as the Chief Information Officer for United Capital Plc. Over the last 11 years, he has worked with and led teams whose responsibilities cut across a major spectrum of IT transformational projects and consultancy. Prior to joining United Capital, Joseph headed the IT Operations of Cordros Capital where he transitioned the business from a High Net-worth Individual (HNI) focused business to a retail focused business with total leverage on IT to drive B2C sales across verticals while exploring new markets. Before Cordros Capital, he led the Enterprise & Cloud Services team at Soft Solutions Limited, an IT Consultancy firm with footprint across 15+ Nigerian banks on enterprise security, cloud projects and consultancy where he developed, deployed and led support teams to manage a number of financial application suites.

Joseph is certified across various solutions including Microsoft's MCITP, Oracle database, McAfee enterprise security, Bloomberg certified technical expert, a certified CommVault expert on data-centre and enterprise-wide disaster recovery to mention a few.

Toyin Awesu
Head, Marketing
& Corporate Communications

Toyin is a strategic Integrated Marketing and Communications professional with a keen interest in communications and digital media technology.

She relocated to Nigeria in 2013 to serve as the Head of Development Communications for the Development Agenda for Western Nigeria (DAWN), where she was responsible for the strategic development communications and brand building of the organization. Prior to joining United Capital Plc, Toyin served as the Integrated Marketing & Communications Manager at Heirs Holdings/The Tony Elumelu Foundation.

She has a Master of Science degree in Integrated Marketing & Communications from West Virginia University (US) and a Bachelor of Arts in Journalism from Temple University (US).

Kayode Tinuoye
Head, Research

Kayode heads the research team of United Capital where is he is also responsible for providing coverage for the Financial Services sector. He has over 8 years experience covering investment research (financial services, consumer goods and macro/fixed income), corporate finance, and strategy.

Prior to United Capital, Kayode was Head Research at Afrinvest West Africa. He has also held positions as Senior Strategy Officer with Diamond Bank Plc and Equity Research Analyst for Meristem Securities Ltd.

He is a graduate of Economics (first class) from the Obafemi Awolowo University Ile-Ife. He is currently a level 2 Candidate in the Chartered Financial Analyst (CFA) programme.

Adetola Fasuyi
Head, Wealth Management

Adetola is the Head of Wealth Management at United Capital Plc. She has over 25 years of experience in the financial services industry as a senior business development/investor relations professional with an emphasis on Asset/Wealth Management. Her primary focus is on serving the needs of the Mass affluent and high net worth individuals. She works with clients to help manage their wealth responsibly, grow it tax-efficiently, and maintain it for years to come so that it fulfills the lifestyle they want to lead.

Before joining United Capital Plc, 'Detola was the MD of SCM Capital Asset Management Ltd, and prior to that, the GM/CEO of MBL Financial Services Ltd, (the Stock broking arm of Metropolitan Bank Ltd - now UBA Plc, a member of the Nigerian Stock Exchange) where she packaged the company in an attractive position for eventual divestment. She is a Licensed Equity Trader on the Nigerian Bourse.

'Detola is a Certified Fellow of the American Academy of Financial Management (FAAFM) and a Chartered Wealth Manager (CWM). She obtained a Combined Honours (BSC) degree in Computer Science with Economics and an MBA both from the Obafemi Awolowo University, Ile-Ife. She is an Associate of Chartered Institute of Bankers of Nigeria, Chartered Institute of Stockbrokers and The Certified Pensions Institute of Nigeria.

Niyi Onifade
Head, Client Coverage

Niyi Onifade is the Head of Client Coverage at United Capital Plc. He is a chartered Insurer with three decades of cognate experience in insurance and pension management. He is a Fellow of the Chartered Insurance Institute (London) and the Chartered Insurance Institute of Nigeria (CIIN), respectively.

Prior to joining United Capital Plc in 2017, he was the MD/CEO of Heirs Insurance Limited. His other previous leadership roles were with WAPIC Life Assurance Limited, where he served as the MD/CEO; Capital Express Assurance Limited, where he served as the Group Deputy Managing Director; ADIC Life Assurance Limited (now NSIA Insurance) where he was the pioneer CEO; Pensions Alliance Limited where he was the pioneer Vice President; and African Alliance Insurance Company Limited, where he was a General Manager and played a dominant role in the introduction of the first ever Takaful (Islamic) insurance into the Nigerian insurance market.

Niyi is an Alumnus of the Swiss Insurance Academy (Switzerland) and the Lagos Business School. He is a CII (London) Rutter Medal Award winner and a visiting lecturer at the West African Insurance Institute (WAII), Banjul, The Gambia.

Group CEO's Statement

OLUWATOYIN SANNI
Group Chief Executive Officer

Dear Shareholders,

I am delighted to present this report to you on United Capital Plc's performance for 2017. Your company recorded several successes in the past year, which is a testament of our unwavering commitment to providing superior value to our shareholders. Despite the challenging economic terrain, we worked assiduously on continuous improvement of our product offerings and service suite and we are confident that we will continue to provide value to our shareholders.

Overview of 2017 Performance

2017 was indeed an eventful year for us at United Capital, as it was for Nigeria and across the world. According to latest reports by the IMF, the global economy grew by 3.7% in 2017, amid rising geopolitical tensions. The advanced economies drove global growth as the US and Euro-Area economies expanded by 2.3% and 2.4% respectively in 2017.

In Sub-Saharan Africa, unfavourable weather conditions, lower commodity prices and political upheavals constrained growth. After a sharp downturn in 2016, growth in Sub-Saharan Africa improved marginally in 2017, as commodity prices rebounded amid some progress in external conditions. However, lack of sufficient structural reforms continued to be a major clog on SSA's economic momentum. Back home, thanks to the ramping up of oil production levels following the achievement of relative peace in the Niger Delta region, amongst other factors, Nigeria exited recession in Q2-2017 after several consecutive quarters of negative growth which started in Q3-2016. Nigeria also moved up 24 points on the World Bank Doing Business Index. Thus, the Nigerian economy seems to be on course to improve further in 2018. The recovery is, however, still largely fragile as the economy did not get the full confidence of Investors, who treaded carefully as we approached pre-election year. Challenges also persisted in the socio-political climate with the secessionist agitations in the South East, and Boko Haram and Herdsmen activities in the Northern region.

Despite the fragile socio-economic terrain, the Group was still able to drive better value for the shareholders and other stakeholder groups.

Revenue and Profitability

The group generated gross earnings of ₦8.9bn in 2017, a slight decline of 1% from 2016 whilst operating income increased by 5% from ₦6.7bn in 2016 to ₦7.01bn in 2017. However, PBT declined by 13% from ₦6.4bn in 2016 to N5.5bn in 2017. The difference is attributable to the impact of non-recurrent foreign exchange gains of ₦1.29bn recognised in 2016.

Total Assets dropped 15% over 2016, from ₦160.7bn to ₦136.6bn, due to significant payouts to bond holders from sinking funds managed by our Trust business whilst regulatory restrictions slowed down the issuance of new subnational bonds. However, alternative products are already in place to address this gap in subsequent years.

More importantly, Shareholders' Funds increased by 18% demonstrating our commitment to the continued delivery of superior value to our shareholders.

Financial Position

United Capital Plc's Total Assets stood at ₦136.6bn as at 31st December 2017 with cash and cash equivalents making up 15% of the Group's assets, while Financial Assets made up 64% of Total Assets. Shareholders' Funds as at the end of 2017 was ₦16.77bn and our Return on Average Equity (ROE) was 28%, highlighting continued value creation for our shareholders.

Key Transactions and Events

Some of the key transactions and activities of the Group during the year were as follows:

- Financial Adviser/Joint Issuing House on the issuance of ₦3.15 Billion Series 1 LAPO Microfinance Bank Limited Bond Issue.
- Joint Issuing House on the issuance of ₦20.32 Billion Municipality Waste Management Contractors Limited Bond Issue.
- Joint Issuing House and Placement Agent on the ₦85.14 Billion Lagos State Government Bond.
- Financial Adviser/Local Book-Runner on the US$300 Million Diaspora Bond issued by the Federal Government of Nigeria.
- Financial Adviser on the United Bank for Africa Plc's US$500 Million Eurobond.
- Financial Adviser, in conjunction with United Bank for Africa Plc and Standard Chartered Bank Limited on the NNPC/Chevron Joint Venture in respect of a US$1 Billion debt raise for the development of crude oil assets.
- Financial Adviser, in conjunction with United Bank for Africa Plc and Standard Chartered Bank Limited on the NNPC/Shell Joint Venture in the US$780 Million development of crude oil and non-associated gas wells.
- Joint Trustee on the Lagos State Government ₦100Billion Bond Issue.
- Finished as number one by volume in the top ten brokers list on the Nigerian Stock Exchange and the market share of our Securities business grew by 473%.
- Solidified trading capabilities across West African equities market by initiating and executing another cross-border trade with a brokerage firm in Cote d'Ivoire. There was also a seamless execution of landmark trades for local Institutional clients.
- Successfully launched two new Mutual Funds - the United Capital Nigerian Eurobond (USD) Fund and the United Capital Wealth for Women Fund, with subscription sizes of $5,075,500.00 and ₦1,053,585,000.00 respectively. These additions bring the total number of Mutual Funds in our suite to six (6), allowing us to expand our product offerings to meet the market's demand for innovative products and remain competitive in this constantly changing market.
- Our United Capital Money Market Fund also received a rating upgrade to A(f) from Bb(f) by Agusto & Co., one of Nigeria's foremost rating agencies.

Other Key Events

During the year, we had a credit rating rate upgrade to A- by Agusto & Co. We also improved significantly on our online trading platform (InvestNow 2.0).

We also won five awards at the prestigious Pearl Awards: (a) Sectoral Leadership Award, Financial Services – Other Financial Institutions; (b) Highest Dividend Yield; (c) Good Corporate Governance; (d) the Outstanding CEO of the Year; and (e) the Pearl (the Overall Highest Award).

These accomplishments and awards, which helped boost our visibility, are testament to the brilliance and productivity of our Staff, exhibiting our core values of *Enterprise*, *Execution* and *Excellence*, as well as our P.I.C.K. standards (*Professional, Innovative, Confident* and *Knowledgeable*).

Strategies for Future Growth

We are committed to deliberate steps towards achieving our corporate goal of becoming Africa's leading investment banking. Out top priorities for 2018 are:

- Deeper client satisfaction and growth in client base to boost revenue and profitability.
- Broadening our product offerings to meet the needs of our clients.
- Effective cost management to ensure delivery of superior value to shareholders.
- Synergy between subsidiaries and divisions to ensure optimum service delivery to clients.
- People happiness and harmonious work environment to ensure the continued commitment of our human capital to the growth of the business.

We have hit the ground running in 2018 and put measures in place to ensure that these priorities are seen to a successful execution. I remain very confident of the capabilities of our ever-dedicated staff and Board who continue to work relentlessly to ensure continued delivery of superior value to our esteemed shareholders.

Oluwatoyin Sanni
Group Chief Executive Officer

Corporate Governance Report

United Capital Plc an investment banking group listed on the Nigerian Stock Exchange operates in a highly regulated industry and as such is obliged to comply with all applicable legislations, regulations, standards and codes. The observance of these regulations has helped us reduce the risk of regulatory sanctions and penalties.

1. **Board of Directors**

   The Board provides overall guidance and policy direction to the Management and acts on behalf of the shareholders in the overall interest of the stakeholders and is accountable to the shareholders. It prides itself in its people with a blend of experience and knowledge cutting across the various business lines of the company. In accordance with international best practice, the Board comprises of six Directors made up of five Non-Executive Directors and one Executive Director who is the Group Chief Executive Officer.

   The Board is made up of the following people:

- **Chika Mordi - Chairman**

  Chika Mordi brings significant experience to the board in the areas of governance, regional knowledge and industry expertise. He has served (often in a supervisory capacity) on the boards of more than thirty companies of diverse sizes in Nigeria, Ghana, Cameroon, the United Kingdom and the United States of America. Mordi is a member of the advisory board of Harvard's Shorenstein Center. He also served on several government and multilateral committees, including the World Economic Forum's agenda board. He was the CEO of Accender Africa He continues to advise governments, businesses and individuals on competitiveness and strategy. He is the CEO of the National Competitiveness Council of Nigeria. An avid scholar, Mordi holds an MPA from Harvard Kennedy School, an MBA from IESE Business School, a Master's degree from SAIS Johns Hopkins, a Master's degree in Public Communication from American University in the USA, an advance management diploma from Harvard Business School and a Bsc in Economics from the University of Ilorin. He contributes regularly to international print and broadcast media outlets and has travelled to over fifty countries. He was appointed the Chairman of United Capital Plc on January 10, 2014.

- **Oluwatoyin Sanni – Group Chief Executive Officer**

  Oluwatoyin Sanni holds a Bachelor of Laws degree from the University of Ife (now Obafemi Awolowo University), a Master's degree, LLM (Hons) from the University of Lagos as well as a professional qualification of the Institute of Chartered Secretaries and Administrators, UK. She is also a Fellow of the Chartered Institute of Stockbrokers, Nigeria.

  She has over 30 years of experience in investment banking, corporate finance, asset management and trustee services and has served in various committees and boards in the industry including the National Bond Steering Committee, the West African Capital Markets Integration Technical Committee and as Chairperson of the Custody Sub-Committee of the Capital Markets. She was also the Chair, Annual CMC Retreat (2012-2014), Past President, Association of Trustees, National Bond Steering Committee amongst others.

  She is the President of the Association of Investment Advisers and Portfolio Management (IAPM). She is the Chairperson of the Technical Committee on Financial Literacy (FLTC). She is also the Chairperson of Women in Finance Nigeria – an advocacy and development platform for women in the Nigerian financial sector. She was appointed the Group Chief Executive Officer of United Capital Plc on January 10, 2014.

- **Yoro Mohamed Diallo – Independent Director**

  Yoro Mohamed Diallo holds a BA degree in Finance and Economics of Development from Claremont Men's College, California and an M.Sc. in Banking and Finance from Saint Mary's University, California.

  Mr. Yoro has over 40 years of experience as a seasoned banker and had worked previously with Citibank and Ecobank. He was appointed a director on January 23, 2013.

- **Adim Jibunoh**

  Adim Jibunoh holds a first-class degree in Economics from the University of Port Harcourt and an MBA in Financial Management from the University of Lagos with extensive management training from IMD Switzerland, Lagos Business School and Harvard Business School.

  He has over 30 years of experience in the financial services industry with strong leadership skill. He was the Managing Director/Chief Executive Officer of Continental Trust Bank Limited until 2004 and an Executive Director at Standard Trust Bank (now UBA Plc). He was appointed a director on January 23, 2013. He is the Chairman of the Board Audit and Governance Committee.

- **Ambassador John Kayode Shinkaiye**

  Ambassador John Kayode Shinkaiye holds a B.Sc. in Sociology from the University of Lagos and has attended several workshops and seminars as both participant and resource person. He is a member of the National Institute of Policy and Strategic Studies (NIPSS), Kuru (Mni).

A career diplomat, he has over 40 years of experience in the public sector having served in the Federal Civil Service Commission for 35 years and over 6 years with the African Union Commission in Addis Ababa, Ethiopia. He served in several Nigerian Missions abroad, including the Nigerian High Commission in London, before being appointed Nigeria's Ambassador to Equatorial Guinea (1989-1993), Ethiopia and Djibouti, the OAU/AU and UNECA (2000-2003). As Ambassador in Ethiopia, he was Chairman or member of several OAU/AU Committees including the Administrative, Budgetary and Financial Committee. He was the Chief of Staff of two Chairpersons of the AU Commission between 2006 and 2012. He was appointed a director on January 23, 2013. On November 20, 2017, he turned 70 years and a special notice would be given at the Annual General Meeting and of his intention to stand for re-election.

- **Emmanuel N. Nnorom – Non Executive Director**

Emmanuel Nnorom is an alumnus of the Oxford University Templeton College and a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He is also an honorary member of the Chartered Institute of Bankers of Nigeria (CIBN).

He has over 30 years work experience in accounting and finance (including at executive levels) in both the real estate and banking sectors of the Nigerian economy. He recently retired from the Board of United Bank for Africa Plc as an Executive Director. He was appointed a director on January 10, 2014. He is the Chairman of the Board Finance Investment and Risk Management Committee.

2. Attendance at Board Meetings

The Board of United Capital Plc met five times in 2017. Please find the record of attendance below.

	Meetings Held				
Names	16/02/17	20/04/17	28/07/17	31/10/17	15/12/17
Chika Mordi	✓	✓	✓	✓	✓
Adim Jibunoh	✓	✓	✓	✓	✓
Ambassador John Kayode Shinkaiye	✓	✓	✓	✓	✓
Yoro Diallo	✓	✓	✓	✓	✓
Emmanuel Nnorom	✓	✓	✓	✓	✓
Oluwatoyin Sanni	✓	✓	✓	✓	✓

3. Constitution of the Board of Directors

The Board of United Capital has two Committees; namely:

- Finance Investment and Risk Management Committee ("FIRM"); and
- Audit and Governance Committee ("AGC").

3.1 Finance Investment and Risk Management Committee

The responsibilities of FIRM are as follows:

3.1.1 Formulate and shape the strategy of the Group and make recommendations to the Board for approval;

3.1.2 Provide oversight on financial matters and the performance of the Group;

3.1.3 Review and recommend investment opportunities or initiatives to the Board;

3.1.4 Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of the Group;

3.1.5 Review the Group's investment portfolio annually;

3.1.6 Monitor, review and assess the integrity and adequacy of the overall risk management framework of the Group;

3.1.7 Ensure that risk assessments are performed on a continual basis and ensure that frameworks and methodologies are in place to increase the probability of anticipating unpredictable risks.

3.2 Audit and Governance Committee

The responsibilities of the AGC are as follows:

3.2.1 Advise the Board on corporate governance standards and policies;

3.2.2 Review and recommend to the Board for approval, all human resources and governance policies;

3.2.3 Organize Board and Board Committee inductions and trainings;

3.2.4 Evaluate and appraise the performance of the Board and Board Committees and its members annually in conjunction with consultants;

3.2.5 Ensure that an effective system of financial and internal controls are in place;

3.2.6 Make recommendations to the Board on the election and re-election of Directors;

3.2.7 Provide a central source of guidance and advice to the Board and company on matters of ethics, conflict of interest and good corporate governance;

3.2.8 Review Audit exception reports relating to the Group's compliance of major policies including Expense and Human Resource policies.

4. **Attendance at Board Committee Meetings**

4.1 *Finance Investment and Risk Management Committee*

Names	Meetings Held			
	15/02/17	19/04/17	27/07/17	30/10/17
Emmanuel Nnorom	✓	✓	✓	✓
Adim Jibunoh	✓	✓	✓	✓
Ambassador John Kayode Shinkaiye	✓	✓	✓	✓
Oluwatoyin Sanni	✓	✓	✓	✓

4.2 *Audit Governance Committee*

Names	Meetings Held			
	15/02/17	19/04/17	27/07/17	30/10/17
Adim Jibunoh	✓	✓	✓	✓
Emmanuel Nnorom	✓	✓	✓	✓
Ambassador John Kayode Shinkaiye	✓	✓	✓	✓

Directors' Report

The Directors present their report together with the audited financial statements of the Group for the year ended December 31, 2017.

1. LEGAL FORM

United Capital Plc was incorporated in Nigeria as a Limited Liability Company on March 14, 2002 under the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It became a public company and was listed on the Nigerian Stock Exchange in January 2013 after a successful spin-off from United Bank for Africa Plc, a commercial bank in Nigeria. United Capital Plc ("UCAP") is the first Investment Bank in Nigeria to be listed on the Nigerian Stock Exchange. UCAP is a holding company with three subsidiaries namely United Capital Trustees Limited, United Capital Asset Management Limited and United Capital Securities Limited. Its areas of business include investment banking, trusteeship, asset management and securities trading.

2. RESULTS

	Group		Company	
	2017	**2016**	**2017**	**2016**
	=N='000	**=N='000**	**=N='000**	**=N='000**
Profit Before Tax	5,547,829	6,366,735	3,876,079	4,638,327
Income Tax	(1,185,525)	(363,209)	(401,757)	(169,561)
Profit for continuing operation	**4,362,304**	**6,003,526**	**3,474,322**	**4,468,766**
Gain on sale of investment in associate	-	(909,695)	-	1,526,090)
Profit for the year	**4,362,304**	**6,913,221**	**3,474,322**	**5,994,856**
Other Comprehensive Income	1,166,445	(995,840)	115,136	13,978
Total Comprehensive Income	**5,528,749**	**5,917,381**	**3,589,458**	**6,008,834**
Total Comprehensive Income Attributable to Equity Holders of the Company	5,528,749	5,917,381	3,589,458	6,008,834
Earnings Per Share	73	115	58	100

3. DIVIDEND

In respect of the current year, the Directors propose that a dividend of 35kobo per ordinary share of 50kobo each, amounting to N2.1billion, be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on March 8, 2018.

4. PRINCIPAL ACTIVITIES

United Capital Plc is engaged in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers and acquisitions, debt capital markets services. Through its subsidiaries, it provides additional services such as trusteeship, asset management, wealth management and securities trading.

5. BUSINESS REVIEW AND FUTURE DEVELOPMENT

United Capital Plc carries out its activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Group Chief Executive Officer's report.

6. DIRECTORS

The names of the Directors during the year ended December 31, 2017 are shown below. In accordance with section 259 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, the following directors are retiring and are offering themselves for re-election:

6.1 Ambassador John Kayode Shinkaiye

6.2 Mr. Adim Jibunoh

7. DIRECTORS INTERESTS

The interests of the Directors in the issued share capital of the Company are recorded in the register of Director's Shareholding as at December 31, 2017 as follows:

S/N	NAMES OF DIRECTORS	31-Dec-17 DIRECT	31-Dec-17 INDIRECT	31-Dec-16 DIRECT	31-Dec-16 INDIRECT
1	Chika Mordi	12,363	Nil	12,363	Nil
2	Adim Jibunoh	500,000	Nil	Nil	Nil
3	Emmanuel Nnorom	14,027,131	Nil	11,527,131	Nil
4	Yoro Diallo	Nil	Nil	Nil	Nil
5	Ambassador Shinkaiye	3,764,308	Nil	3,264,308	Nil
6	Oluwatoyin Sanni	2,400,732	Nil	1,235,645	Nil

8. ANALYSIS OF SHAREHOLDING

As at the end of 2017, United Capital's shares were held by 265, 375 shareholders as analyzed in the table below:

Range	No of shareholders	% of total shareholders	Holders cumulative	units	% units	units cumulative
1-1,000	173,598	65%	173,598	62,543,658	1%	62,543,658
1,001-5,000	63,683	24%	237,281	135,415,455	2%	197,959,113
5,001-10,000	12,779	5%	250,060	88,538,951	1%	286,498,064
10,001-50,000	11,031	4%	261,091	230,316,021	4%	516,814,085
50,001-100,000	1,766	1%	262,857	125,471,892	2%	642,285,977
100,001-500,000	1,806	1%	264,663	383,147,219	6%	1,025,433,196
500,001-1,000,000	310	0%	264,973	226,324,632	4%	1,251,757,828
1,000,001-999,999,999,999	402	0%	265,375	4,748,242,172	79%	6,000,000,000
Grand Total	**265,375**	**100%**		**6,000,000,000**	**100%**	

SUBSTANTIAL INTEREST IN SHARES (5% and above)
As of the end of December 31, 2017, the shareholders with 5% and above are shown in the table below:

SHAREHOLDERS	SHAREHOLDING	% HOLDING
West Coast Equity Limited	1,305,478,570	21.76%

9. SUMMARY OF DEALING IN UNITED CAPITAL PLC SHARES AS AT DECEMBER 31, 2017

QUARTER	TOTAL	MONTHLY AVERAGE
MARCH QUARTER	687,498,438	229,166,146
JUNE QUARTER	353,547,481	117,849,160
SEPTEMBER QUARTER	274,238,828	91,412,943
DECEMBER QUARTER	227,599,604	75,866,535

10. DIRECTOR'S REMUNERATION

United Capital ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. Therefore, in compliance with section 34 (5) (f) of the SEC Code of Corporate Governance for Public Companies, the Company makes disclosures of the remuneration paid to its Directors.

11. ACQUISITION OF OWN SHARES

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

12. PROPERTY, PLANT & EQUIPMENT

In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the financial statement.

13. EMPLOYMENT AND EMPLOYEES

13.1 Employment of Physically Challenged Persons

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

13.2 Health, Safety at Work and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

13.3 Employee Involvement and Training

The Company encourages participation of its employees in arriving at decisions in respect of matters affecting their well-being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company's and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. To this end, employees are periodically sent on trainings in their areas of specialization to ensure that they stay abreast of new industry trends.

13.4 Research and Development

The Company also on a continuous basis carries out research into new investment banking products and services.

14. EVALUATION

14.1 Board Evaluation

A Board evaluation was undertaken in 2018 by PricewaterhouseCoopers. The performance of the Board, Board Committee and individual directors were adjudged satisfactory and necessary feedback was communicated to individual directors arising from the exercise.

14.2 SAC Evaluation

An evaluation of the Statutory Audit Committee ("SAC") was also undertaken and the performance of the SAC members was adjudged satisfactory. Members resolved to sustain the performance and strive to surpass it in subsequent years.

15. COMPLIANCE

15.1 Trading in Securities Policy

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide our Directors, Employees, External Advisers and Related Parties on trading in the securities of the company within the closed period. Under this policy, no Director, Employee, External Adviser or Related Party with inside information can trade in the securities of the Company during the closed period. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters outlined below; or the date of circulation of agenda papers pertaining to any of the said matters (whichever is earlier), up to 24 hours after the price sensitive information is submitted to the Exchange, the trading window shall thereafter be opened:

15.1.1 Declaration of financial results (quarterly, half-yearly and annual);
15.1.2 Declaration of dividends (interim and final);
15.1.3 Issue of securities by way of public offer or rights or bonus etc;
15.1.4 Any major expansion plans or winning of bid or execution of new projects, disposal of the whole or a substantial part of the undertaking;
15.1.5 Any changes in policies, plans, or operations of the company that are likely to materially affect the prices of the securities of the company;
15.1.6 Disruption of operations due to natural calamities;
15.1.7 Litigation/dispute with a material impact;
15.1.8 Any information which if disclosed in the opinion of the person discharging the same is likely to materially affect the price of the securities of the company.

We hereby confirm that no Director traded in the securities of the company within the closed period.

15.2 SEC Code of Corporate Governance for Public Companies in Nigeria

The Company is in compliance with the SEC Code of Code of Corporate Governance for Public Companies in Nigeria.

15.3 Complaint Management Framework

The Company has a Complaint Management Framework in place which has also been uploaded on the Company's website.

15.4 Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. This was extensively reviewed by the Board and it covers among other things the procedures for the receipt, retention and treatment of information received from whistle blowers and the custodian of the dedicated line.

16. POST-BALANCE SHEET EVENTS

There are no post balance sheet events which could have had a material effect on the financial statement as of December 31, 2017.

17. AUDITORS

Messrs Akintola Williams Deloitte has indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY THE ORDER OF THE BOARD

LEO OKAFOR
Company Secretary
FRC/2013/NBA 00000002520

REPORT OF THE STATUTORY AUDIT COMMITTEE TO THE SHAREHOLDERS OF UNITEDCAPITAL PLC

In the course of the financial year 2017 the Statutory Audit Committee of United Capital Plc met four times as illustrated in the table below and all members were present.

Names	Meetings Held 15/02/17	19/04/17	27/07/17	30/10/17
Alhaji Abdulqadir Jeli Bello	✓	✓	✓	✓
Mr. Adim Jibunoh	✓	✓	✓	✓
Ambassador J. K. Shinkaiye	✓	✓	✓	✓
Mr. Emmanuel Nnorom	✓	✓	✓	✓
Pastor Alex Adio	✓	✓	✓	✓
Mrs. Faith George-Usman	✓	✓	✓	✓

Our terms of reference include but are not limited to the following:

1. Assist in the oversight of the integrity of United Capital Plc ("**UCAP**")'s financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor, and performance of the company's internal audit functions as well as that of external auditors;

2. Ensure the development of a comprehensive internal control framework for the company, obtain assurance and report annually in the financial report, on the operating effectiveness of UCAP's internal control framework;

3. Oversee management's process for the identification of significant fraud risks across UCAP and ensure that adequate prevention, detection and reporting mechanisms are in place;

4. Discuss the annual audited financial statements and half yearly unaudited financial statements with management and external auditors;

5. Discuss policies and strategies with respect to risk assessment and management;

6. Review and ensure that adequate whistle-blowing procedures are in place and that a summary of issues reported are highlighted to the Chairman;

7. Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same. In addition, to review the independence of external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;

8. Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;

9. Invoke its authority to investigate any matter within its terms of reference for which purpose the company must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary.

Consequently, in accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act (Cap C20), Laws of the Federation of Nigeria 2004, the members of the Statutory Audit Committee of United Capital Plc hereby report that we have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria 2004 and we acknowledge the cooperation of the Management and Staff in the conduct of these responsibilities.

Specifically, we confirm that:

1. The accounting and reporting policies of the Company are consistent with legal requirements and ethical practices.

2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal controls systems; and

3. We have considered the independent auditors' post audit report and Management responses thereon, and are satisfied with the responses to our questions as well as the state of affairs at United Capital Plc".

Thank you.

Alhaji Abdulqadir Jeli Bello

Chairman
Statutory Audit Committee
Dated February 23, 2018

Members of the Statutory Audit Committee

1.	Alhaji Abdulqadir Jeli Bello	-	Chairman
2.	Pastor Alex Adio	-	Member
3.	Mrs. Faith George-Usman	-	Member
4.	Ambassador John Kayode Shinkaiye	-	Member
5.	Mr. Emmanuel Nnorom	-	Member
6.	Mr. Adim Jibunoh	-	Member

Sustainability Report

United Capital Plc ("the Company"), whilst being a leading African Investment Bank, pays adequate attention to the interest of its stakeholders such as its employees, the consumers and the general public. The Company demonstrates significant sensitivity to Nigeria's social and cultural diversity and as much as possible, promotes strategic national interest and national ethos without compromising global values, as applicable.

It recognizes corruption as a major threat to business and national development and consequently, views same as a sustainability issue for the growth and surviving ability of businesses in Nigeria. The Company, the Board and all individual directors continuously commit themselves to transparent dealings and to the establishment of a culture of integrity and zero tolerance for corruption and corrupt practices.

HEALTH AND SAFETY

The Company places a high premium on the health and safety of its employees. The work premises is significantly a low risk environment that leaves room for little or no exposure to significant occupational health and safety hazards. All employees, visitors, vendors are well educated on safety measures to take in relation to their safety within the work environment. This is enshrined in the Company's Premises Security and Safety Policy and also its Code of Conduct Policy.

The optimal health of every employee is of paramount importance to the Group. In this regard, employees and directors are entitled to health insurance (at cost to the Company). The insurance covers employees and directors, their spouses and up to 4 children through selected Health Management Organization.

DIVERSITY AND EQUALITY

The Group is made up of employees from diverse backgrounds, tribes and race. The Group does not segregate or discriminate against anyone based on their status, disability or gender. This is evident in the Company's organisational structure which exhibits gender and tribe balance. In terms of gender balance, the office of the Group's Chief Executive and other key management positions in the Group are currently occupied by females. Particularly, whilst the Group has males occupying key strategic positions, a sizeable number of senior positions i.e. Managing Director – United Capital Trustees Limited; Head, Human Resources; Head, Wealth Management; and Head, Marketing and Corporate Communications are held by females thereby reflecting the Group's gender balance perspective.

The Company focuses on engaging the best minds to help achieve its vision and this is done without bias to ethnicity, gender or physical appearance. The diversity in our workforce gives us the edge of leading by example.

ENVIRONMENTAL CHANGE

The Company is committed to upholding environmental regulations and creating a safe environment for its employees and other stakeholders.

The Company has been innovative in its energy consumption, waste generation and water conservation. The Company ensures it has new multi-purpose equipment and expertise required for the businesses it engages in. This helps reduce to a large extent, the paper usage and ultimately, the waste produced.

Internally, the Company operates a paperless policy which ultimately benefits the environment. It has also significantly shifted towards paperless services for its clients/customers by introducing online/digital platforms where they can get most of their transactions done. In addition, information is passed via e-mails, sms and telephone calls.

It continues to ensure a reduction in the level of emission to the climate by encouraging its employees to use teleconferences and video conferences in place of travelling to meet with clients as often as practicable. In addition, the use of our central air conditioning system is controlled. It is restricted to particular times during the week days and weekends to help conserve energy and reduce the emissions emanating from the use of power plants.

COMMUNITY SUPPORT/ECONOMIC EMPOWERMENT

The Company strives to improve the quality of life amongst the less privileged in the community by donating to Non-Governmental-Organizations (NGO). It encourages entrepreneurship, by donating to NGOs which empower young entrepreneurs across Africa with the finances needed to start up their businesses and also offering them sound financial and investment advice. Specifically, the Company makes yearly donations to the Tony Elumelu Foundation, Africa's largest business incubator which launched the TEF Entrepreneurship Programme. The TEF Entrepreneurship Programme is a 10-year, $100 million commitment to train, mentor and fund 10,000 entrepreneurs across all African countries.

FINANCIAL INCLUSION

The Company provides services that cover a broad range of products that are accessible and affordable to all classes of people within the society. Most of these products (such as the United Capital Balanced Fund, United Capital Money Market Fund, United Capital Equity Fund and United Capital Bond Fund) pool resources from investors and invest same in targeted securities based on the Fund's investment objectives. Ordinarily, these investors may have been unable to directly invest in those securities; however, with the pooling of funds, the Group is able to bring them into the financial system thereby improving the level of financial inclusion in the country. The Company recognizes that these investor class may have minimal documentation and thus, in line with the thinking of the regulators in this regard, the Company conducts simple customer due diligence on financially excluded persons in order to bring them into the financial system, without compromising on the need to ensure that only clean money comes into the financial system. With these products, the Company is able to broaden financial inclusion, increase the investment portfolio of many and also improve their financial well-being.

CAPACITY BUILDING

To ensure that employees understand the ethics and culture of the Company, new employees are on-boarded via an induction programme. At the induction, the vision, mission and culture of the Group is explained to the new employees.

It also encourages its employees to attend trainings paid for by the Company. These trainings help expand the employee's knowledge base and skills. Employees are also encouraged to be part of the professional institutions that pertain to their lines of career. Directors are continuously trained in line with extant regulations with a view to continuously improving the quality of deliberations, decisions, management (and consequently profit), thereby maximizing value to its stakeholders.

pwc

26 February 2018

The Chairman
United Capital Plc
12th Floor UBA House
57 Marina, Lagos, Nigeria

Dear Sir,

Report to the Directors of United Capital Plc. on the outcome of the Board Evaluation for the year end 31 December 2017

PricewaterhouseCoopers ("PwC") Limited was engaged to carry out an evaluation of the Board of Directors of United Capital Plc. as required by Section 15.1 of the Securities and Exchange Commission ("SEC") Code of Corporate Governance for Public Companies in Nigeria("the Code" or "SEC Code"). The evaluation covers the Board's structure, composition, responsibilities, processes, relationships and performance for the year ended 31 December 2017.

The Board is responsible for the preparation and presentation of the information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried out within the scope of our engagement as contained in our letter of engagement dated 13 December, 2017. In carrying out the evaluation we have relied on representations made by members of the Board and Management, and on the documents provided for our review.

The Board has achieved substantial compliance with the directives of the Code. Areas of strength noted include 100% attendance at Board and Committee meetings by all Directors, approval of a Remuneration Policy for Executives and Senior Management staff, Group-wide annual risk assessment conducted by external consultants, and a diverse mix of skill, knowledge and experience on the Board.

We identified areas for improvement during the course of our reviews. Details of our other findings are contained in our full report to the Board.

We also facilitated a Self and Peer-assessment of each Director's performance in the year under review. This assessment covered the Director's time commitment to the business of the Company, commitment to continuous learning and development and a self & peer assessment. Each individual Director's Assessment report was prepared and made available to them respectively while a consolidated report of the performance of all Directors was also submitted to the Board Chairman.

Yours faithfully,
For: PricewaterhouseCoopers Limited

Femi Osinubi
Director
FRC/2017/ICAN/00000016659

PricewaterhouseCoopers Limited
Landmark Towers, 5B Water Corporation Road, Victoria Island, P O Box 2419, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng *TIN: 00290010-0001 RC39418*

Statement of Directors' Reponsibilities

Statement of Directors' Responsibilities

The Directors of **United Capital Plc** are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2017, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act 2011 and the Investments and Securities Act CAP S124 LFN 2007.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- Preventing and detecting fraud and other irregularities.

Going Concern:

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

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2017 were approved by directors on 23 February 2018.

On behalf of the Directors of the Group

Chika Mordi
Chairman
FRC/2014/IODN/00000006667

OluwatoyinSanni
Group Chief Executive Officer
FRC/2013/NBA/00000002481

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

INDEPENDENT AUDITOR'S REPORT
To the Members of United Capital Plc

Opinion

We have audited the accompanying consolidated and separate financial statements of **United Capital Plc** ("the company') and its subsidiaries (together "the group") which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the statement of changes in equity, the consolidated statement of cash flow for the year then ended, and the notes to the Consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **United Capital Plc** as at 31 December, 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **United Capital Plc** in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) Professional Code of Conduct and Guide for Accountants and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Valuation of Unquoted Equity	
The Group has significant investments in unquoted equities valued at over N2.6billion as reflected in Note 18.3 which are measured in line with the provisions of IFRS 13 – Fair value measurement IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels.	In evaluating the valuation of unquoted equities, we evaluated valuation technique adopted by the directors. We performed various procedures such as: • Testing of inputs into the cash flow forecast against historical performance and in comparison to the budgets and plans of each entity in which the investments were acquired • Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
The Group has adopted level 3 which rely on inputs that are unobservable. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 fair value hierarchy requires a lot of judgment from Directors, giving rise to the risk of bias in estimates and assumption such that the reported value of these investments may not reflect a fair value. The directors had opted for the use of the average of the Free Cash flow to Equity (FCFE) and the price to earnings multiple method in valuing the investments in unquoted equities.	performance to test the accuracy of the Director's projections • Engaging our internal valuation specialist to assist with the testing of the cost of equity calculation. • Performing sensitivity analyses on the growth rates and discount rates to evaluate the extent of impact on the value in use and the appropriateness of the directors' disclosures. We consider the valuation method adopted by the directors to be appropriate. The cash flow projections were also found to be modest while the measurement of cost of equity for each investment were found to be appropriate. In conclusion, we considered the fair valuation of unquoted equities to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Director's Responsibility, which we obtained prior to the date of this Auditor's Report and the Chairman's Statement, the CEO's Statement, the Audit Committee Report and the Corporate Governance Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related

Deloitte.

to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

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

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

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

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

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

Deloitte.

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and believe were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

During the year, the group contravened certain guidelines issued by the Securities and Exchange Commission. The details of the contraventions and the related penalties are as disclosed in note 36 of the consolidated and separate financial statements.

The engagement partner on the audit resulting in this independent auditor report is Michael Daudu FCA.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
26 February, 2018

Engagement Partner: Michael Daudu, FCA,
FRC/2013/ICAN/00000000845

Statement of Consolidated Income

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group 2017 N'000	Group 2016 N'000	Company 2017 N'000	Company 2016 N'000
Gross earnings		**8,915,487**	**9,000,955**	**4,881,934**	**5,501,346**
Investment income	4	4,965,227	4,039,726	590,807	353,250
Fee and commission income	5	1,813,466	1,979,622	808,732	1,219,439
Net trading income		88,397	15,310	-	-
Net interest margin	6	143,516	640,319	-	-
Net operating income		**7,010,606**	**6,674,977**	**1,399,539**	**1,572,689**
Other income	7	1,874,497	2,325,978	1,082,395	828,657
Net gains from financial assets held for trading	8	30,384	-	-	-
Dividend income from subsidiaries	9	-	-	2,400,000	3,100,000
Total revenue		**8,915,487**	**9,000,955**	**4,881,934**	**5,501,346**
Personnel expenses	10	(1,568,967)	(1,274,449)	(455,701)	(425,055)
Other operating expenses	11	(1,473,471)	(1,239,674)	(456,044)	(386,427)
Depreciation and amortisation	21/22	(106,180)	(86,587)	(74,185)	(51,537)
Impairment losses	12	(219,040)	(33,511)	(19,925)	-
Total expenses		**(3,367,658)**	**(2,634,221)**	**(1,005,855)**	**(863,019)**
Profit before income tax		**5,547,829**	**6,366,735**	**3,876,079**	**4,638,327**
Income tax expense	13	(1,185,525)	(363,209)	(401,757)	(169,561)
Profit for the year from continuing operations		**4,362,304**	**6,003,526**	**3,474,322**	**4,468,766**
Gain from the sale of investment in associate company	19	-	909,695	-	1,526,090
Profit for the year		**4,362,304**	**6,913,221**	**3,474,322**	**5,994,856**
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Net fair value gain/(loss) on available for sale securities	31.1	1,166,445	(995,840)	115,136	13,978
Total comprehensive income for the year		**5,528,749**	**5,917,381**	**3,589,458**	**6,008,834**
Profit for the year attributable to:					
Equity holders of the Company		**4,362,304**	**6,913,221**	**3,474,322**	**5,994,856**
Total comprehensive income attributable to:					
Equity holders of the Company		**5,528,749**	**5,917,381**	**3,589,458**	**6,008,834**
Earnings per share-basic (kobo)	16	73	115	58	100

Statement of Financial Position

Consolidated and Separate Statements of Financial Position

		Group		Company	
		2017	2016	2017	2016
	Notes	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	17	25,081,054	21,454,680	3,003,858	3,453,691
Financial assets:					
- Loan and receivables	18.1	25,966,666	47,977,037	24,004,360	18,689,964
- Available for sale	18.3	40,533,795	28,198,435	783,990	56,164
- Held to maturity	18.4	20,692,937	41,127,445	4,461,253	4,084,306
- Held for trading	18.5	51,280	-	-	-
Investment in associates	19	-	-	-	-
Investments in subsidiaries	20	-	-	900,000	900,000
Property, plant and equipment	21	248,155	170,937	168,192	105,257
Intangible assets	22	24,736	22,661	16,376	22,661
Trade and other receivables	23	23,530,983	21,084,798	19,371,356	17,367,523
Dividend receivable from subsidiaries	30	-	-	2,400,000	3,572,652
Deferred tax assets	15.1	465,955	656,967	134,039	334,367
TOTAL ASSETS		**136,595,561**	**160,692,959**	**55,243,424**	**48,586,585**
LIABILITIES					
Managed funds	24	70,492,088	100,679,053	-	-
Other borrowed funds	25	41,412,677	34,833,121	41,412,677	35,433,121
Other liabilities	26	5,661,473	9,120,866	1,808,500	1,610,585
Current tax liabilities	14	2,262,424	1,821,768	1,063,309	1,173,397
Deferred tax liabilities	15.2	219	219	-	-
TOTAL LIABILITIES		**119,828,881**	**146,455,027**	**44,284,486**	**38,217,103**
SHAREHOLDERS FUND					
Share capital	27	3,000,000	3,000,000	3,000,000	3,000,000
Share Premium	28	683,611	683,611	683,611	683,611
Retained earnings	29	14,608,581	13,246,278	7,204,066	6,729,746
Other reserves	31	(1,525,512)	(2,691,957)	71,261	(43,875)
TOTAL SHAREHOLDERS FUND		**16,766,680**	**14,237,932**	**10,958,938**	**10,369,482**
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		**136,595,561**	**160,692,959**	**55,243,424**	**48,586,585**

The financial statements were approved by the Board of Directors on 23 February, 2018 and signed on its behalf by:

CHIKA MORDI
Chairman
FRC/2014/IODN/00000006667

OLUWATOYIN SANNI
Group Chief Executive Officer
FRC/2013/NBA/00000002481

ODIRI OGINNI
Group Chief Finance Officer (Ag)
FRC/2013/ICAN/00000002479

Statement of Changes in Equity

Consolidated Statement of Changes in Equity

31 December, 2017 Group	Share capital N' 000	Retained earnings N' 000	Share premium N' 000	Other reserves N' 000	Total N' 000
1 January 2017	3,000,000	13,246,277	683,611	(2,691,957)	14,237,931
Transfer from profit or loss account	-	4,362,304	-	-	4,362,304
Dividend paid	-	(3,000,000)	-	-	(3,000,000)
Fair value reserves	-	-	-	1,166,445	1,166,445
31 December 2017	**3,000,000**	**14,608,581**	**683,611**	**(1,525,512)**	**16,766,680**
Company					
1 January 2017	3,000,000	6,729,744	683,611	(43,875)	10,369,480
Transfer from profit or loss account	-	3,474,322	-	-	3,474,322
Dividend paid	-	(3,000,000)	-	-	(3,000,000)
Fair value reserve	-	-	-	115,136	115,136
31 December 2017	**3,000,000**	**7,204,066**	**683,611**	**71,261**	**10,958,938**

31 December 2016 Group	Share capital N' 000	Retained earnings N' 000	Share premium N' 000	Other reserves N' 000	Total N' 000
1 January 2016	3,000,000	8,433,057	683,611	(1,696,117)	10,420,551
Transfer from profit or loss account	-	6,913,221	-	-	6,913,221
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserves	-	-	-	(995,840)	(995,840)
31 December 2016	**3,000,000**	**13,246,278**	**683,611**	**(2,691,957)**	**14,237,932**
Company					
1 January 2016	3,000,000	2,834,890	683,611	(57,853)	6,460,648
Transfer from profit or loss account	-	5,994,856	-	-	5,994,856
Dividend paid	-	(2,100,000)	-	-	(2,100,000)
Fair value reserve	-	-	-	13,978	13,978
31 December 2016	**3,000,000**	**6,729,746**	**683,611**	**(43,875)**	**10,369,482**

Statement of Cash Flows

Consolidated Statement of Cash Flows

	Note	Group 2017 N' 000	Group 2016 N' 000	Company 2017 N'000	Company 2016 N'000
Profit for the year		4,362,304	6,003,525	3,474,322	4,468,766
Adjustments for:					
Income tax recognised in profit or loss	13	1,185,525	363,209	401,757	169,561
Depreciation of property and equipment	21	94,029	79,055	63,144	44,005
Amortization of intangible assets	22	12,150	10,459	11,041	10,459
Gain on disposal of investment property		-	(14,000)	-	-
Gain on disposal of associates	19.1	-	(909,695)	-	(1,526,090)
Gain on disposal of property and equipment		(2,683)	(2,894)	(2,800)	-
Dividend income from subsidiaries	9	-	-	(2,400,000)	(3,100,000)
Dividend income on equity investments	7	(264,094)	(464,395)	(9,548)	(6,740)
Impairment losses recognised on trade receivables and other assets	12	158,979	33,511	19,925	-
Impairment losses recognised on loans and receivables	12	60,061	-	-	-
Net gains arising on financial assets classified as held for trading	8	(30,384)	-	-	-
		5,575,887	**5,098,775**	**1,557,841**	**59,961**
Movement in Working Capital as Held for Trading					
Increase/ (decrease) in trade receivables		(2,605,164)	(17,699,381)	(2,023,758)	(16,637,900)
Decrease/ (increase) in dividend receivables		-	-	1,172,652	(651,036)
Increase/ (decrease) in managed funds		(30,186,965)	(8,426,046)	-	-
Increase/ (decrease) in other liabilities		(3,459,393)	2,860,734	197,915	875,791
Cash generated from operations		**(30,675,635)**	**(18,165,918)**	**904,650**	**(16,353,184)**
Income taxes paid	14	(548,939)	(716,578)	(311,517)	(377,161)
Net cash (used in)/generated by operating activities		**(31,224,574)**	**(18,882,496)**	**593,133**	**(16,730,345)**
Cash flows from investing activities					
Purchases of PPE	21	(207,597)	(98,204)	(144,592)	(56,375)
Proceeds on disposal of PPE		39,029	9,810	21,311	7,059
Purchase of intangible assets	22	(14,225)	(2,053)	(4,756)	(2,053)
Disposal/ (purchase) of investment in loans and receivables		21,950,310	(17,120,848)	(5,314,396)	(5,972,476)
Purchase/ (disposal) of AFS instruments		(11,173,831)	(17,736,347)	(612,690)	1,376,094
Disposal/ (purchase) of held to maturity instruments		20,434,508	(17,964,216)	(376,947)	(2,369,560)
Purchase of held for trading instruments		(20,896)	-	-	-
Dividend received from subsidiaries	9	-	-	2,400,000	3,100,000
Dividend from equity investments	7	264,094	464,395	9,548	6,740
Disposal of investment in associates	19	-	3,176,090	-	3,176,090
Disposal of investment property		-	284,000	-	-
Net cash provided by/ (used in) investing activities		**31,271,392**	**(48,987,373)**	**(4,022,522)**	**(734,481)**
Cash flows from financing activities					
Dividends paid to equity holders	29	(3,000,000)	(2,100,000)	(3,000,000)	(2,100,000)
Proceeds from borrowings	25	19,787,621	26,143,008	19,090,553	26,143,008
Repayment of borrowings	25	(13,208,065)	(7,454,842)	(13,110,997)	(4,414,410)
Net cash generated by financing activities		**3,579,556**	**16,588,166**	**2,979,556**	**19,628,598**
Net increase/(decrease) in cash and cash equivalents		3,626,374	(51,281,703)	(449,833)	2,163,772
Cash and cash equivalents at beginning of the year		21,454,680	72,736,383	3,453,691	1,289,919
Cash and cash equivalents at end of the year	17	**25,081,054**	**21,454,680**	**3,003,858**	**3,453,691**

Notes to the Financial Statement

Notes to the Consolidated and Separate Financial Statements

1. Company information

These financial statements are the consolidated financial statements of United Capital Plc, a company incorporated in Nigeria and its subsidiaries (hereafter referred to as 'the Group').

United Capital Plc (previously called UBA Capital Plc) was incorporated in Nigeria, as a Public liability company, on 3 August, 2012, to act as the ultimate holding company for the UNITED Capital Group. The company was listed on 17 January, 2013. The Company changed its name to United Capital Plc following the approval of the resolution by shareholders on the 16th December, 2014.

The principal activities of the Group are mainly the provision of investment banking services, portfolio management services, securities trading and trusteeship.

2. New standards and amendments that will be effective for reporting period that begin 1 January 2017

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these financial statements as summarised in the table below:

2.1 Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

The following amendments to IFRSs became mandatorily effective in the current year. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

- Amendments to IAS 7 Disclosure Initiative;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; and
- Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014-2016 Cycle.

2.1.1 Amendments to IAS 7 Disclosure Initiative

(Effective for annual periods beginning on or after 1 January 2017)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments. The Group has applied these amendments for the first time in the current year.

2.1.2 Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

(Effective for annual periods beginning on or after 1 January 2017)

The amendments clarify the following:

1. Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;

2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilization of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;

3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively. The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

2.1.3 Amendments to IFRS 12 included in the 2014-2016 Annual Improvements Cycle
(Effective for annual periods beginning on or after 1 January 2017)
The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017. See section 1B below for a summary of the other amendments included in this package that are not yet effective.

Standard	Subject of amendment	Details
IFRS 12: Disclosure of Interests in Other Entities	Clarification of the Scope of the Standard	IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments apply retrospectively.

The application of these amendments has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.2 New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ended 31 December 2017

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers and the related Clarifications;
- IFRS 16 Leases;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 40 Transfers of Investment Property;
- Annual Improvements to IFRS Standards 2014-2016 Cycle; and
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.

* The IASB has also issued Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts', which is effective for annual periods beginning on or after 1 January 2018; however, it is not applicable to United Capital Plc as the Group does not issue any insurance contracts.

2.2.1 IFRS 9 Financial Instruments (as revised in 2014)
(Effective for annual periods beginning on or after 1 January 2018)
In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities
With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.

- all other debt instruments must be measured at FVTPL.

- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment of financial assets
The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting
The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage – a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended in October 2014. The project is still under analysis at the time of this report.

Transitional provisions
IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the directors of the Group have assessed the impact of IFRS 9 on the Group's consolidated financial statements as follows:

Classification and measurement

i. Debt instruments such as treasury bills, bonds and loans classified as held-to-maturity investments carried at amortised cost as disclosed in note 18.1&18.4: these are held within a business model whose objective is to collect the contractual cashflows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9;

ii. Debt instruments such as treasury bills and Bonds classified as available-for-sale investments are carried at fair value as disclosed in note 18.3: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the instruments in the open market, and the instruments contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed instrument s will continue to be subsequently measured at FVTOCI upon the application of IFRS 9, and the fair value gains or losses accumulated in the reserves

iii. Equity instruments such as quoted and unquoted shares as well as investment in mutual funds classified as available-for-sale investments carried at fair value as disclosed in note 18.5: these shares qualify for designation as measured at FVTOCI under IFRS 9; however, the fair value gains or losses accumulated in the investment revaluation reserve will no longer be subsequently reclassified to profit or loss under IFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income;

United Capital Plc was incorporated in Nigeria, as a Public Liability Company, on 3 August, 2012, to act as the ultimate holding company for the United Capital Group. The company was listed on 17 January 2013.

The principal activities of the Group are mainly the provision of investment banking services, asset management, securities trading and trusteeship.

iv. All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment

Financial assets measured at amortised cost such as loans receivables (note 18.1) and trade receivables (note 23) will be subject to the impairment provisions of IFRS 9. The Group will recognize a loss allowance on its receivables on the basis of expected credit losses (ECLS). The Group expects to apply the simplified approach to recognise 12 month expected credit losses for its trade receivables as required or permitted by IFRS 9. In general, the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for trade receivables and will increase the amount of loss allowance recognised in the financial statement.

2.2.2 IFRS 15 Revenue from Contracts with Customers

(Effective for annual periods beginning on or after 1 January 2018)
IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- IAS 18 Revenue;
- IAS 11 Construction Contracts;
- IFRIC 13 Customer Loyalty Programmes;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 18 Transfers of Assets from Customers; and
- SIC 31 Revenue-Barter Transactions Involving Advertising Services.

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new Revenue Standard introduces a 5-step approach to revenue recognition and measurement:

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Far more prescriptive guidance has been introduced by the new Revenue Standard:

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time.

- Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

Extensive disclosures are also required by the new Standard.
In April 2016, the IASB issued Clarifications to IFRS 15 in response to feedback received by the IASB | FASB Joint Transition Resource Group for Revenue Recognition, which was formed to address potential issues associated with the implementation of IFRS 15 and the US GAAP equivalent, ASC topic 606. The Clarifications to IFRS 15 clarified the following areas:

- Identifying performance obligations: by providing illustrative factors for consideration in assessing whether the promised goods or services are distinct;

- Principal versus agent considerations: by clarifying that an entity should assess whether it is a principal or agent for each distinct good or service promised to the customer, and by amending and reframing the indicators to assess whether an entity is a principal or agent; and
- Licensing application guidance: in determining whether the license grants customers a right to use the underlying Intellectual property ('IP') (which would result in point in time revenue recognition) or a right to access the IP (which would result in revenue recognition over time), an entity is required to determine whether (i) its ongoing activities are expected to significantly change the form or the functionality of the IP or (ii) the ability of the customer to obtain benefit from the IP is substantially derived from or dependent upon those activities.

Many entities across different industries will likely be affected by IFRS 15 (at least to a certain extent). In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes.

IFRS 15, together with the clarifications thereto issued in April 2016, is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application (for example, 1 January 2018 for an entity with a 31 December year-end). The Clarifications to IFRS 15 also introduces additional practical expedients for entities transitioning to IFRS 15 on (i) contract modifications that occurred prior to the beginning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented.

Apart from providing more extensive disclosures on the Group's revenue transactions, the directors do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Group.

2.2.3 IFRS 16 Leases

(Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

- IAS 17 Leases;
- IFRIC 4 Determining whether an Arrangement contains a Lease;
- SIC-15 Operating Leases – Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Identification of a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and
b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease. In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosures are also required by the new Standard Due to the prominence of leasing transactions in the economy, many entities across different industries will be affected by IFRS16.

In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes. IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

The directors of the Group do not anticipate that the application of IFRS 16 in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any lease agreements as at the reporting date.

2.2.4 Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

(Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   i. the original liability is derecognised;
   ii. the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   iii. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply.

The directors of the Group do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments

3.2.5 Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

(Effective for annual periods beginning on or after a date to be determined)

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

- Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

  In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

2.2.6 Amendments to IAS 40 Transfers of Investment Property

(Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The directors of the Group do not anticipate that the application of IAS 40 in the future will have a significant impact on the

Group's consolidated financial statements as the Group does not have any investment properties as at the reporting date.

2.2.7 Annual Improvements to IFRSs 2014 – 2016 Cycle

(Effective for annual periods beginning on or after 1 January 2018)

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below. The package also includes amendments to IFRS 12 Disclosure of Interests in Other Entities, which is effective for annual periods beginning on or after 1 January 2017.

Standard	Subject of amendment	Details
IFRS 1 First time Adoption of International Financial Reporting Standards	Deletion of short term exemptions for first time adopters	The amendments delete certain short-term exemptions in IFRS 1 because the reporting period to which the exemptions applied have already passed. As such, these exemptions are no longer applicable.
IAS 28 Investments in Associates and Joint Ventures	Measuring an associate or joint venture at fair value	The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The directors of the Group do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

3.2.8 IFRIC 22 Foreign Currency Transactions and Advance Consideration

(Effective for annual periods beginning on or after 1 January 2018)

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non- monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements. This is because the Group already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

3 Summary of significant accounting policies

The principal accounting policies adopted by the Group in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Going concern

These financial statements have been prepared on the going concern basis. The group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out by the group to ensure that there are no going concern threats to the operation of the group.

3.2 Basis of preparation

The Group's consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

3.2.1 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value

3.2.2 Statement of Compliance

The Consolidated and Separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

The Consolidated & Separate financial statements comply with the requirement of the International Financial Reporting Standard, Companies and Allied Matters Act CAP C20 LFN 2004, Investment and Securities Act Cap S127 LFN 2004, the Financial Reporting Council Act 2011 to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

3.3 Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

(a) Subsidiaries

The consolidated and separate financial statements incorporate the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities.

All the facts of a particular situation are considered when determining whether control exists. Control is usually present when an entity has:

- power over more than one-half of the voting rights of the other entity;
- power to govern the financial and operating policies of the other entity;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its separate financial statements, the company accounts for its investment in subsidiaries at cost.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

(b) Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over these policies. Significant influence is generally demonstrated by the Group holding in excess of 20%, but less than 50%, of the voting rights.

The Group's share of results of the associate entity is included in the consolidated income statement. Investments in associates are carried in the statement of financial position at cost plus the Group's share of post-acquisition changes in the net assets of the associate. Investments in associates are reviewed for any indication of impairment at least at each reporting date. The carrying amount of the investment is tested for impairment, where there is an indication that the investment may be impaired.

When the Group's share of losses or other reductions in equity in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting policies of the Group. Unrealised gains and losses on transactions are eliminated to the extent of the Group's interest in the investee. Losses may provide evidence of impairment of the asset transferred in which case appropriate allowance is made for impairment.

In the separate financial statements of the Company, investments in associates are stated at cost less accumulated impairment losses, if any.

3.4 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making this judgement, the Directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. The Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

Accordingly, the Group applies the guidance as set out in IFRS 3R on common control transactions. The assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS.

The Group incorporates the results of the acquired businesses only from the date on which the business combination occurs.

3.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Naira, which is the Group's presentation and functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial value instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income. Non-monetary items that are measured under the historical cost basis are not retranslated.

3.6 Income taxation

(a) Current income tax

Income tax payable (receivable) is calculated on the basis of the applicable tax law Nigeria and is recognised as an expense (income) for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – are recognised in the statement of financial position and measured in accordance with their assigned category

3.7.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The Directors determine the classification of its financial instruments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

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

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments at fair value through profit or loss'. Interest income and expense and dividend income and expenses on financial assets at fair value through profit or loss are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(ii) Those that the Group upon initial recognition designates as available for sale; or

(iii) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as investment securities that there was no ready market for tradeable. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and receivables.

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's Directors have the positive intention and ability to hold to maturity, other than:

(i) Those that the Group upon initial recognition designates at fair value through profit or loss;
(ii) Those that the Group designates as available for sale; and
(iii) Those that were initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

(d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement in 'Other operating income' when the Group's right to receive payment is established.

(e) Recognition

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

3.7.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value), financial liabilities at amortised cost and hedging derivatives. Financial liabilities are derecognised when extinguished.

Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments at fair value through profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from corporates or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

3.7.3 Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

3.7.4 Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

3.7.5 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE) and broker quotes from Bloomberg and Reuters."

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in the notes.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, the Directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

3.7.6 De-recognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.8 Reclassification of financial assets

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

The group may reclassify a financial instrument when its intentions and the characteristics of the financial instrument changes.

3. 9 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously."

3.10 Revenue recognition

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

"Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

(c) Dividend income

Dividends are recognised in the income statement in "Dividend income" when the entity's right to receive payment is established

3.11 Impairment of financial assets

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cashflows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  i. adverse changes in the payment status of borrowers in the portfolio;
  ii. national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

These characteristics are relevant to the estimation of future cash flows for groups of such financial assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognised using the effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss.
The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is

recognised using an allowance account and recognised in the Income Statement.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. Where such evidence exists, the cumulative gain or loss that has been previously recognised directly in equity is removed from equity and recognised in the Income Statement. Reversals of impairment of equity shares are not recognised in the Income Statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the Income Statement.

3.12 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment test are performed on assets when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

3.13 Property, Plant and Equipment

(a) Recognition and measurement

All property, plant and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

(b) Subsequent cost

Subsequent expenditures 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 item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

(c) Depreciation

Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Useful lives
Motor vehicles	4 years
Office equipment	5 years
Furniture & fittings	5 years
Computer hardware & equipment	5 years
Building	40 years
Leasehold improvements	Over shorter of the useful life of item or lease period

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review on an annual basis to take account of any change in circumstances. When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

Payments in advance for items of property and equipment are included as Prepayments in "Other Assets" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

(d) De-recognition

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

3.14 Intangible assets

(a) Computer software
Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.
- Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 5 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b) Impairment of tangible and intangible assets excluding goodwil
At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the assets or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of tangible and intangible assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a tangible or intangible asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the tangible or intangible asset's recoverable amount. The carrying amount of the tangible or intangible asset will only be increased up to the amount that it would have been had the original impairment not been recognised. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which the Directors monitor the return on investment on assets.

3.15 Employee benefits

(a) Short-term employee benefits
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the company has a present or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be reliably estimated.

(b) Post-employment benefits
Defined contribution plan
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(C) Termination benefits
Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the group has made an offer encouraging voluntary

redundancy, it is possible that the offer will be accepted and the number of acceptances can be estimated reliably.

3.16 Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.18 Share capital

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

(b) Dividend on ordinary shares

Dividend on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholders.

Dividend for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

Dividend proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act Cap C20 LFN 2014.

3.19 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the company by the weighted average number of shares outstanding during the period.

3.20 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

3.21 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

3.22 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

3.23 Investment Properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.24 Related party transactions

Transactions with related parties are conducted and recorded at arms' length and disclosed in accordance with IAS 24 "Related party disclosures".

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=000	=N=' 000
4	**Investment Income**				
	Fixed deposits	4,732,675	4,036,807	590,807	353,250
	Investments securities	232,552	2,919	-	-
		4,965,227	**4,039,726**	**590,807**	**353,250**
5	**Fees and Commission Income**				
	Financial advisory fees	778,482	1,219,439	808,732	1,219,439
	Other fees and charges	1,034,984	760,182	-	-
		1,813,466	**1,979,622**	**808,732**	**1,219,439**
6	**Net Interest Margin**				
	Interest income on managed funds	8,216,981	8,874,947	-	-
	Interest expense on managed funds	(8,073,465)	(8,234,628)	-	-
		143,516	**640,319**	**-**	**-**
7	**Other Income**				
	Dividend on equity investment	264,094	464,395	9,548	6,740
	Other interest income	-	681	-	-
	Miscellaneous income	1,610,403	1,860,902	1,072,847	821,917
		1,874,497	**2,325,978**	**1,082,395**	**828,657**
8	**Net gains from financial assets held for trading**				
	Net gain on equity securities	30,384	-	-	-

This relates to fair value changes on trading portfolio

9 Dividend income from subsidiaries

This represents interim dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group.

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
10	**Personnel Expenses**				
	Staff cost	1,554,017	1,259,101	450,168	419,187
	Contributions to defined contribution plans	14,950	15,348	5,533	5,868
		1,568,967	**1,274,449**	**455,701**	**425,055**
11	**Other Operating Expenses**				
	Other premises and equipment costs	18,420	9,049	1,191	1,719
	Auditors remuneration	36,000	36,000	12,000	12,000
	Professional fees	405,903	467,233	136,127	93,475
	Travel and accommodation	72,034	21,355	33,355	12,071
	Business development	94,702	76,022	17,348	25,648
	Insurance	23,185	26,749	6,573	7,663
	General admin expenses	342,017	138,864	98,977	82,056
	Advertisement and branding	18,919	31,031	9,606	4,999
	Donations	100,000	150,000	10,668	50,000
	AGM/Dividend processing expenses	115,012	63,885	38,337	21,295
	Share register fee	19,508	17,610	6,503	5,870
	Rent and Rates	125,860	95,803	40,300	30,708
	Directors fees and other allowances	29,141	28,841	9,614	9,547
	Subscription	13,356	26,649	6,340	12,125
	Printing and Stationary	10,025	6,282	5,734	2,243
	Office running expenses	10,180	6,011	5,906	924
	Business entertainment	1,747	847	629	426
	Fines and penalties (note 36)	3,855	-	2,895	-
	IT license and maintenance fee	8,402	26,550	2,801	8,850
	Training and conference	25,205	10,893	11,142	4,807
		1,473,471	**1,239,674**	**456,044**	**386,427**

12 **Impairment losses**

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
	Impairment loss on trade receivables and other assets (note 23.1)	158,978	33,511	19,925	-
	Impairment loss on loans and receivables (note 18.2)	60,061	-	-	-
		219,040	**33,511**	**19,925**	-
13	**Income tax expense**				
	Excess dividend tax	720,000	-	-	-
	Income tax	153,562	211,679	153,562	89,295
	Minimum tax	10,979	14,702	-	-
	Education tax	25,112	26,789	12,547	18,487
	Technology tax	75,544	110,039	35,320	61,779
	Current Tax on Income for the Year	**985,197**	**363,209**	**201,429**	**169,561**
	Deferred tax charge- temporary difference	200,328	-	200,328	-
	Tax on Profit on Ordinary Activities	**1,185,525**	**363,209**	**401,757**	**169,561**

Notes To The Financial Statements

		Group		Company	
		2017 =N=' 000	2016 =N=' 000	2017 =N=' 000	2016 =N=' 000
13.1	**Reconciliation of effective tax to statutory tax rate**				
	Profit before tax	**5,547,829**	**6,366,735**	**3,876,079**	**4,638,327**
	Tax at statutory Company Income Tax rate of 30%	1,664,349	2,029,116	1,162,824	1,391,498
	Effect of income that is exempt from tax	(3,401,947)	(1,802,736)	(945,716)	(4,402,203)
	Effect of non-deductible expenses	54,258	-	31,720	3,100,000
	Capital allowances absorbed	655,841	-	(96,266)	-
	Education tax	25,112	26,789	12,547	18,487
	Information technology development levy	75,544	110,039	35,320	61,779
	Deferred tax charge arising during the year	200,328	-	200,328	-
	Others (Excess dividend tax/ minimum tax reconciliation	1,912,040	-	-	-
	Income tax expense recognised in P or L	**1,185,525**	**363,209**	**401,757**	**169,561**
	Effective tax rate	**21.37%**	**5.70%**	**10.37%**	**3.66%**
14	**Current tax liabilities**				
	1 January	1,826,166	2,175,137	1,173,397	1,380,996
	Charge for the year	985,197	363,208	201,429	169,561
	Tax paid	(548,939)	(716,578)	(311,517)	(377,161)
	31 December	**2,262,424**	**1,821,768**	**1,063,309**	**1,173,397**

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended, while Education Tax is based on Education Tax Act CAP E4 LFN 2004.

		2017 =N=' 000	2016 =N=' 000	2017 =N=' 000	2016 =N=' 000
15	**Deferred tax**				
15.1	**Deferred tax assets:**				
	– Deferred tax assets to be recovered after more than 12 months	465,955	656,967	134,039	334,367
15.2	**Deferred tax liabilities**				
	– Deferred tax liability to be recovered after more than 12 months	219	219	-	-

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
16	**Earnings Per Share**				
	Basic Earnings Per Share				
	Basic earnings attributable to shareholders (N'000)	4,362,304	6,913,221	3,474,322	5,994,856
	Number of ordinary shares in issue ('000)	6,000,000	6,000,000	6,000,000	6,000,000
	Basic earnings per share (kobo)	**73**	**115**	**58**	**100**
17	**Cash and Cash Equivalents**				
	Cash and balances with banks	229,271	1,953,504	54,533	649,927
	Money market placements	24,851,783	19,501,176	2,949,325	2,803,764
		25,081,054	**21,454,680**	**3,003,858**	**3,453,691**

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisitions, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months".

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
18	**Financial Assets**				
18.1	**Loan and Receivables**				
	Bonds (note 18.1.1)	-	26,808,724	-	-
	Commercial paper (note 18.1.2)	17,111,587	11,979,979	17,111,587	11,979,979
	Loans	8,915,140	9,188,334	6,892,773	6,709,985
		26,026,727	47,977,037	24,004,360	18,689,964
	Impairment allowance on loans and receivables (note 18.2	(60,061)	-	-	-
	Net loans and receivables	**25,966,666**	**47,977,037**	**24,004,360**	**18,689,964**

18.1.1 The group's investments in bonds were reclassified during the year to Held to Maturity instruments. They were further reclassified to Available for Sale as the group invoked the tainting rule of IAS 39 after disposing a significant portion of those investments classified as Held to Maturity.

18.1.2 The commercial paper represents investments in a discounted note for a period of 60 months while the loan facility is indexed to LIBOR for a period of 24 months.

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
18.2	**Impairment on Loans and Receivables**				
	1 January	-	-	-	-
	Charge for the year	60,061	-	-	-
	31 December	**60,061**	-	-	-

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
18.3	**Financial Assets - Available for Sale**				
	Treasury bills	3,077,111	9,388,480	-	-
	Bonds	30,791,479	13,573,864	-	-
	Equity- Quoted	1,938,066	2,218,626	100,039	100,039
	Equity- Unquoted	2,636,581	2,638,762	-	-
	Mutual funds	3,616,070	3,070,659	612,690	-
		42,059,307	30,890,392	712,729	100,039
	Fair value change (note 31.1)	(1,525,512)	(2,691,957)	71,261	(43,875)
		40,533,795	**28,198,435**	**783,990**	**56,164**
18.4	**Financial Assets - Held to Maturity**				
	Treasury Bills	3,064,160	20,984,872	1,819,168	1,448,144
	Federal Government Bonds	150,710	-	-	-
	State Government Bonds	10,932,630	11,607,151	492,722	486,799
	Corporate Bonds	6,545,437	8,535,421	2,149,363	2,149,363
		20,692,937	**41,127,445**	**4,461,253**	**4,084,306**

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
18.5	**Financial Assets - Held for Trading**				
	Equity - quoted	51,280	-	-	-
19	**Investment in associate**				
	At 1 January	-	2,266,396	-	1,650,000
	Disposal of investment	-	(2,266,396)	-	(1,650,000)
	At 31 December	-	-	-	-

In 2016, the company disposed of its 50% stake in UBA Metropolitan Life Insurance Limited. The sale resulted in a profit of N1.526billion (note 19.1).

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
19.1	**Gain on disposal of associate**				
	Proceeds on disposal	-	3,176,090	-	3,176,090
	Cost of investment	-	(2,266,396)	-	(1,650,000)
		-	**909,694**	-	**1,526,090**

Notes To The Financial Statements

20	Investment in subsidiaries	Date of Investment	Holding	Value	Country
	United Capital Securities Limited (formerly UBA Securities)	2006	100%	100,000	Nigeria
	United Capital Assets Management Limited (formerly UBA Asset Management)	2013	100%	500,000	Nigeria
	United Capital Trustees Limited (formerly UBA Trustees)	2013	100%	300,000	Nigeria
				900,000	

20.1 Other information on subsidiaries

(i) United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. It is also a registered dealing member of NASD OTC Plc and FMDQ OTC Plc. This enables the Company to deal in over-the-counter Equity and Fixed Income Securities. The Company provides services such as securities dealing, receiving agents to new issues, stockbrokers to primary issues, designated adviser to SME's and equity portfolio management services.

(ii) United Capital Assets Management Limited is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as investment advisers, funds and portfolio managers.

(iii) United Capital Trustees Limited is a leading provider of Trust services such as debenture trust, bond trusteeship to corporate and sub-sovereign issuers of public debt instruments and trustees to collective investment schemes.

20.2 Non-controlling interest of subsidiaries

The group does not have any non-wholly owned subsidiaries that have material non-controlling interest.

20.3 Significant restrictions

The group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of any member of the Group other than those resulting from the subsidiaries' supervisory frameworks. Disclosures on liquidity, capital adequacy and credit risk were disclosed in the enterprise risk management.

21	Property, Plant and Equipment Group	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
	Cost				
	1 January, 2017	66,311	289,606	123,219	479,136
	Additions	17,829	180,196	9,572	207,597
	Disposals	-	(78,033)	-	(78,033)
	31 December, 2017	84,140	391,769	132,791	608,700
	Accumulated depreciation				
	1 January, 2017	46,486	179,945	81,771	308,201
	Additions	10,895	66,925	16,209	94,029
	Disposals	-	(41,686)	-	(41,686)
	31 December, 2017	57,381	205,184	97,980	360,545
	Net book value				
	31 December 2017	**26,759**	**186,585**	**34,811**	**248,155**
	31 December 2016	**19,827**	**109,662**	**41,448**	**170,937**

Notes To The Financial Statements

Company	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost				
1 January, 2017	37,071	104,618	58,963	200,652
Additions	9,616	128,585	6,390	144,591
Disposals	-	(40,760)	-	(40,760)
31 December, 2017	46,687	192,443	65,353	304,483
Accumulated depreciation				
1 January, 2017	20,190	44,957	30,248	95,395
Additions	8,854	41,833	12,457	63,144
Disposals	-	(22,248)	-	(22,248)
31 December, 2017	29,044	64,542	42,705	136,291
Net book value				
31 December 2017	**17,643**	**127,901**	**22,648**	**168,192**
31 December 2016	**16,881**	**59,661**	**28,715**	**105,257**

22 Intangible Assets
Purchased Software

	Group =N=' 000	Company =N=' 000
Cost		
1 January 2017	52,969	52,969
Additions	14,225	4,756
31 December 2017	67,194	57,725
Accumulated amortisation		
1 January 2017	30,308	30,308
Additions	12,150	11,041
31 December 2017	42,458	41,349
Net book value		
31 December 2017	**24,736**	**16,376**
31 December 2016	**22,661**	**22,661**

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
23	**Trade Receivables & Prepayments**				
	Trade debtors	325,659	63,631	90,586	48,412
	Interest receivable	810,648	377,375	750,227	76,072
	Prepayments	285,891	201,409	38,007	8,538
	Accrued income	701,636	1,340,713	700,240	756,756
	Other receivables	365,925	636,907	554,729	118,202
	WHT receivable	575,184	229,067	496,250	145,974
	Deposit for investment	17,442,934	16,747,500	16,942,934	16,747,500
	Other assets	3,613,469	2,414,461	-	-
		24,121,346	**22,011,062**	**19,572,973**	**17,901,458**
	Impairment on trade receivables(note 23.1)	(590,363)	(926,264)	(201,617)	(533,935)
		23,530,983	**21,084,798**	**19,371,356**	**17,367,523**
23.1	**Impairment on Trade Receivables**				
	1 January	926,266	1,024,099	533,935	645,665
	Provision no longer required	(494,881)	(131,344)	(352,242)	(111,730)
	Arising during the year	158,978	33,509	19,924	-
	At 31 December	**590,363**	**926,264**	**201,617**	**533,935**
24	**Managed Funds**				
	Fixed income notes	50,599,707	54,525,885	-	-
	Trust funds	2,737,110	1,984,229	-	-
	Sinking Funds	15,225,529	43,802,392	-	-
	Payable on trust accounts	1,929,742	366,547	-	-
		70,492,088	**100,679,053**	**-**	**-**

Sinking Funds are funds managed by Trustees on behalf of State Governments. The funds are invested in fixed income instruments for liquidity purposes in order to meet bond holders' obligations as they become due.

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
25	**Other borrowed funds**				
	1 January	34,833,121	16,144,955	35,433,121	13,704,523
	Loan from commercial bank (note 25.1)	19,090,553	17,874,450	19,090,553	17,874,450
	Revaluation	697,068	8,268,558	97,068	8,268,558
	Repayment during the year	(13,208,065)	(7,454,842)	(13,208,065)	(4,414,410)
	At 31 December	**41,412,677**	**34,833,121**	**41,412,677**	**35,433,121**

25.1 Loans from commercial bank represent different facilities with floating interest rates indexed to Libor for a period of sixty (60) months with maturity ranging from 1 month to 32 months. The loans are collaterized by negative pledge.

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
26	**Other liabilities**				
	Bank overdraft	58,439	-	58,439	-
	Creditors and accruals	2,367,007	1,494,978	1,120,820	705,411
	Customers deposit	2,598,555	2,946,878	-	-
	Other current liabilities	1,310,272	4,679,011	629,241	905,174
		5,661,473	**9,120,866**	**1,808,500**	**1,610,585**

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
27	**Share Capital**				
	The share capital comprises: Authorised - 6,000,000,000 Ordinary shares of N0.5 each	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
	Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**
28	**Share Premium**				
	At 31 December	**683,611**	**683,611**	**683,611**	**683,611**
29	**Retained Earnings**				
	At 1 January	13,246,277	8,433,057	6,729,746	2,834,890
	Transfer from profit or loss account	4,362,304	6,913,221	3,474,322	5,994,856
	Dividend paid during the year	(3,000,000)	(2,100,000)	(3,000,000)	(2,100,000)
	At 31 December	**14,608,581**	**13,246,278**	**7,204,066**	**6,729,746**

On 17 March 2017, a total dividend of 50 kobo per share (N3 billion), was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to the 2016 financial year.

In respect of the current year, The Directors are proposing a dividend of 35k per share (total dividend N2.1 billion). This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

30 Dividend from subsidiaries

30.1 This represents interim dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group, made up as follows:

	Group		Company	
	2017	2016	2017	2016
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Dividend from subsidiaries	-	-	**2,400,000**	**3,100,000**

Notes To The Financial Statements

		Group		Company	
		2017	2016	2017	2016
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
30.2	**Dividend Receivable from Subsidiaries**				
	At 1 January	-	-	3,572,652	2,921,616
	Dividend declared during the year	-	-	2,400,000	3,100,000
	Receipt during the year	-	-	(3,572,652)	(2,448,964)
	At 31 December	**-**	**-**	**2,400,000**	**3,572,652**
31	**Other Reserves**				
	Fair value reserves	(1,525,512)	(2,691,957)	71,261	(43,875)
31.1	**Fair Value Reserves**				
	At 1 January	(2,691,957)	(1,696,117)	(43,875)	(57,853)
	Arising during the year	1,166,445	(995,840)	115,136	13,978
	At 31 December	**(1,525,512)**	**(2,691,957)**	**71,261**	**(43,875)**

32 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures as well as key management personnel.

32.1	**Identity of related parties**	**Relationship**	**%**
	United Capital Asset Management Limited	Subsidiary	100
	United Capital Trustees Limited	Subsidiary	100
	United Capital Securities Limited	Subsidiary	100

32.2 Key management personnel

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of United Capital Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as certain key management and officers.

32.3 Remuneration of key personnel

Aggregate remuneration paid to key management staff during the year is as follows:

	Group		Company	
	2017	2016	2017	2016
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Salaries & wages	255,000	208,658	105,000	127,775
Defined contribution plans	4,845	3,965	2,804	3,412
	259,845	**212,623**	**107,804**	**131,187**
32.4 Other Information on Key Management Personnel				
Emoluments:				
Chairman	7,308	7,308	1,827	1,827
Other Directors	21,532	21,532	5,383	5,383
	28,840	**28,840**	**7,210**	**7,210**
Fees	5,500	5,500	1,375	1,375
Other Emoluments	23,340	23,340	5,835	5,835
	28,840	**28,840**	**7,210**	**7,210**
The total number of Directors were:	6	6	6	6

Notes To The Financial Statements

32.5	The number of persons employed (excluding Directors)in the company during the period was as follows:	83	81	11	11

32.6 The table below shows the numbers of employees of the company that earned over N1,000,000 in the year and which fell within the bands stated below:

	Group		Company	
	Number 2017	Number 2016	Number 2017	Number 2016
N2,000,000 - N5,999,999	44	42	4	3
N6,000,000 - N7,999,999	9	7	3	2
N8,000,000 - N9,999,999	8	7	1	2
N10,000,000 and above	22	25	3	4
	83	**81**	**11**	**11**

32.7 Transactions with related companies
The following are the transactions and balances arising from dealings with subsidiaries of United Capital group during the year.

	Relationship	2017 =N=' 000	2016 =N=' 000
Placements			
United Capital Asset Management Limited	Subsidiary	157,180	-
Account receivables			
United Capital Trustees	Subsidiary	43,115	-
United Capital Asset Management Limited	Subsidiary	49,089	4,067
Account payable			
United Capital Securities Limited	Subsidiary	89,387	129,779

33 Principal subsidiaries
The financial statements of the Group include the operation of the following subsidiaries:

Company	Place of Incorporation	Primary Business Operation	% Held
United Capital Asset Management Limited	Nigeria	Portfolio Management	100%
United Capital Trustees Limited	Nigeria	Trusteeship	100%
United Capital Securities Limited	Nigeria	Securities Trading	100%

34 Contingent liabilities

One of the group's subsidiaries, United Capital Securities Limited is involved in litigations for which possible liabilities amounted to N55 million as at 31 December 2017 (2016: N235 million). No provision has been made in the financial statements in respect of this as the Directors are of the opinion that none of the cases is likely to have material adverse effect on the company and the group.

35 Capital/ financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the group have been taken into account in the preparation of the financial statements. There are no commitments for capital expenditure authorised by the Directors but not provided for in these financial statements as at 31 December, 2017.

36 Contraventions

The group paid fines totalling N3.85 million for various contraventions by its subsidiaries during the year. Details of fines paid and the contravention are detailed below:

United Capital Plc was fined the sum of N2,895,000 by the Securities and Exchange Commission for non-filing of quarterly use of proceeds for a transaction for which the entity acted as an issuing house.

United Capital Asset Management was fined the sum of N460,000 for deviating from the asset allocation of the entity's mutual funds

United Capital Trustees was directed by the Securities and Exchange Commission to pay the sum of N500,000.00 as fine for non-compliance with the asset allocation stipulation in the trust deed for a fund for which the entity was the sole trustee.

37 Events after reporting date

There were no events after the reporting date requiring adjustment of, or disclosure in, these financial statements

Financial Risk Management

Financial Risk Management

4.1 Introduction and Overview

Three Lines of Defense Model:

The group adopts the 3 lines of defense model. Reporting lines reinforce the segregation of duties and independence within the model:

	Functions	Responsibilities
1st Line of Defense	Business Line and Legal Entity Management	As the point of contact, they have primary responsibility for risk management. The process of assessing, measuring and controlling risks is on-going and integrated in the day-to-day activities of the business through business and risk frameworks set by the second line of defence.
2nd Line of Defense	Consists of specialist roles: Finance function; Risk management function; Legal function; the governance and assurance functions (excluding internal audit)	The second line of defense functions are responsible for setting frameworks within the parameters set by the Board; and report to the board governance committees. They implement the group's risk management framework and policies, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defense.
3rd Line of Defense	Internal Audit	They set the internal audit framework and provide an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the Audit & Governance committee.

2. Risk Categories

The risk types that the group is exposed to within its business operations are defined below. The definitions are consistent with the group's risk culture and language.

2.1 Credit Risk

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:

Counterparty risk: The risk of credit loss to the Group as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the group as they fall due. This risk type has three components:

i. Primary credit risk: The exposure at default arising from lending and related investment product activities (including their underwriting).

ii. Pre-settlement credit risk: The exposure at default arising from unsettled forward and derivative transactions. This risk arises from the default of the counterparty to the transaction and is measured as the cost of replacing the transaction at current market rates.

iii. Issuer risk: The exposure at default arising from traded credit and equity products (including the primary market issue underwriting of these products).

Settlement risk: Settlement is the exchange of two payments or the exchange of an asset for a payment. Settlement risk represents the risk of loss to the Group from settling a transaction where value is exchanged, but where the group may not receive all or part of the counter value.

Credit concentration risk: The risk of loss to the group as a result of excessive build-up of exposure to, among others, a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions

2.2 Country Risk

The Group defines country risk to include cross-border risk. Country risk is the risk of loss arising where political or economic conditions or events in a particular country inhibit the ability of counterparties resident in that country to meet their financial obligations. Country risk events may include sovereign defaults, banking or currency crises, social instability and governmental policy changes or interventions such as expropriation, nationalization and asset confiscation. Transfer and convertibility risk (such as exchange controls and foreign debt moratoria) represent an important element of cross-border country risk.

2.3 Liquidity Risk

Liquidity risk arises when the Group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, and/or can only do so on materially disadvantageous terms. This may arise when counterparties who provide the Group with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid

Liquidity risk encompasses both funding liquidity risk and asset liquidity risk:

i. Funding liquidity risk (also referred to as cash-flow risk) is defined as the risk that a financial institution will be unable to raise the cash necessary to roll over its debt; to fulfil the cash, margin, or collateral requirements of counterparties; or to meet capital withdrawals.

ii. Asset liquidity risk (also referred to as market or trading liquidity risk) results from a large position size forcing transactions to influence the price of securities. This is managed by establishing position limits on assets (especially assets that are not heavily traded).

2.4 Market Risk

Market risk is the exposure to an adverse change in the market value, earnings (actual or effective) or future cash flows of a portfolio of financial instruments (including commodities) caused by adverse movements in market variables such as equity, bond and commodity prices; currency exchange and interest rates; credit spreads; recovery rates and correlations; as well as implied volatilities in these variables.

2.5 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes business risk, information and legal risk; but excludes reputational risk.

Business risk: is the risk of loss, due to operating revenues not covering operating costs and is usually caused by:

- inflexible cost structures;
- market-driven pressures, such as decreased demand, increased competition or cost increases;
- group-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

It includes strategic risk, which is the risk that the Group's future business plans and strategies may be inadequate to prevent financial loss or protect the Group's competitive position and shareholder value.

2.6 Reputational Risk

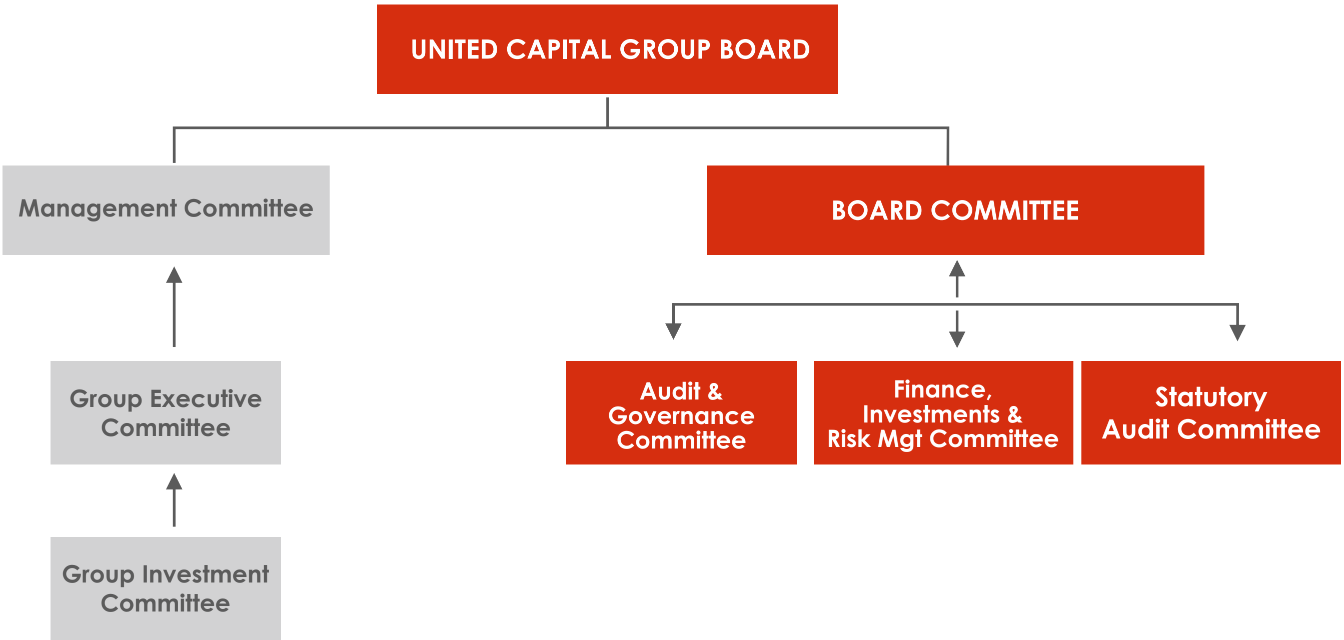
Reputational risk results from damage to the group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

3. Risk Management Framework

3.1 Governance Structure

Strong independent oversight is in place at all levels throughout the group. The risk governance structure is based on the principle that each line of business is responsible for managing the risks inherent in its business, albeit with appropriate corporate oversight. In support of this framework, business risk policies are approved to guide each line of business for decisions regarding the business' risk strategy, policies as appropriate and controls.

Risk management reports independently of the lines of business to provide oversight of group-wide risk management and controls, and is viewed as a partner in achieving appropriate business risk and reward objectives. Risk Management coordinates and communicates with each line of business through the group executive committee and business line governance committees. The chief risk officer (Head, Risk Management) is a member of the business line governance committees (which also has the business line chief executive officer as a member).



3.2 Risk Governance Process

The Group has established a practical risk governance process that relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at Group level with participation by the senior executives of the Group in all significant risk matters. This also supports the effectiveness of the three lines of defense system as business line managers are kept abreast of inherent and emerging risks related to their respective business lines.

The governance committees are a key component of the risk management framework. They have clearly defined mandates and authorities, which are reviewed regularly. Board committees meet at least quarterly to review business strategies and ongoing achievement of risk and business objectives. This is achieved by means of formal reporting by respective business and governance units within the group; as well as interviews/testimonials from key senior business and support executives.

Management committees meet at least monthly to review the business environment, execute strategy revalidation, and are focused on measuring, monitoring and managing risk. The Group Investment Committee is charged with the asset/liability management, as well as ongoing capital and liquidity risk management of the Group and individual business entities; as well as the review and risk analysis of investment and/or new product/business proposals from business units (either due to the type of product/investment or the size/risk profile of the transaction). All approvals are executed in line with clearly defined authority levels (e.g. new business product/service lines must be approved by the

Board on recommendation of the Finance, Investments and Risk Management committee).

Business line governance committees are constituted in line with the nature and risk of specific business activities. Business (line) risk framework/policies defined by the Group Risk Management function may prescribe the establishment of a business line governance committee to guide the strategy/operation of specific business lines (for instance: proprietary trading activities). Business line governance committees typically have membership from independent research, risk management, internal control and business line managers. These committees typically meet weekly (or as otherwise defined in specific business risk policy). Business risk frameworks define the risk appetite for the specific business lines amidst capital allocated for the business operation. In aggregate, the group seeks to maintain a low-moderate risk appetite.

The Board establishes and maintains oversight of the group's risk appetite by:

i. Providing strategic leadership and guidance;
ii. Reviewing and approving annual budgets and forecasts, under both normal and stressed conditions, for the group and each business unit; and
iii. Regularly reviewing and monitoring the group's risk performance through quarterly board reports.

The Group's ERM framework stipulates the following terms which have specific meaning within the group and guide risk management considerations:

i. Residual risk: the leftover risk exposure after implementation of mitigation efforts and controls
ii. Risk appetite: the amount or type of residual risk that the Group is prepared to accept to deliver on its financial/business objectives. It reflects the capacity to sustain losses and continue to meet obligations as they fall due, under both normal and a range of stress conditions.
iii. Risk tolerance: the maximum amount or type of risk the group is prepared to tolerate above stipulated risk appetite levels for short periods of time (based on the understanding that management action is taken to get back within risk appetite).
iv. Risk capacity: the maximum amount of risk the group is able to support within its available financial resources
v. Risk profile: the amount or type of risk the group holds at a specific point in time
vi. Risk tendency: is defined as a forward-looking view of the anticipated change in the group's risk profile as a result of portfolio effects and/or changes in economic conditions. Changes in economic conditions may either be in the form of formally approved macroeconomic stress scenarios or ad-hoc stress scenarios models

The Group runs a Group Shared Service operations process supported by an Enterprise Resource Platform system. Risk Management is supported by risk technology and operations functions that are responsible for building the information technology infrastructure used to monitor and manage risk group-wide and at respective business line and entity levels. Risk Management has oversight of all risk types (excluding Legal risk which is managed by the Legal and Compliance; and Reputational Risk which is under the oversight of the Group Chief Operating Officer).

3.3 Credit Risk Management

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. The group may be exposed to credit risk arising primarily from trading activities (including debt securities), settlement balances with market counterparties, available for sale assets and reverse repurchase lending agreements. Other sources include wholesale credit to large corporate and institutional clients (on a restrictive basis).

Credit risk management is overseen by the group risk management function and implemented within the lines of business; with oversight by the management and board committees. The group's credit risk management governance consists of the following objectives:

- Establish a robust risk policy and control framework
- Maintain a strong culture of responsible investing
- Identify, assess and measure credit risk across the group, from the level of individual securities and counterparties;

up to aggregate portfolio holdings
- Define, implement and continually re-evaluate business risk appetite under actual and scenario conditions
- Monitoring and managing credit risk across individual exposures and all portfolio segments
- Assigning and ensuring adherence to agreed controls
- Ensure there is independent, expert analysis of credit risks; and their mitigation

Risk Identification and Measurement

The Group is exposed to credit risk through its capital and money market activities and advisory services businesses. Risk Management works in partnership with the business segments in identifying and aggregating exposures across all lines of business.

The Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with IFRS.

To measure credit risk, the Group employs several methodologies for estimating the likelihood of obligor or counterparty default. In the year under review, credit risk exposure was quantified on the basis of both adjusted exposure and absolute exposure. External credit ratings are considered in evaluating probability of default. The enterprise risk management framework recognizes credit ratings from Basel recognized External Credit Assessment Institutions (ECAI) and Agusto & Co. Ltd. External ratings are often internally adjusted for prudence. The Group regularly validates the performance of ratings and their predictive power with regard to default events.

Primary credit risk arising from debt exposure is measured in accordance with the accounting value for outstanding exposure, including applicable accrued interest and gross of any specific credit impairments, and a measure of the expectation of additional exposure which may arise at default. Debt portfolios are structured to have an investment grade profile.

Wholesale credit risk exposure, where it exists, is monitored regularly at an aggregate portfolio, industry and individual counterparty basis with established concentration limits that are reviewed and revised, as deemed appropriate by group investment committee, at least on an annual basis. Industry and counterparty limits, as measured in terms of exposure and economic credit risk capital, are subject to stress-based loss constraints. Management of the Group's wholesale credit risk exposure is accomplished through a number of means including: stringent loan underwriting and credit approval process; as well as collateral and other risk-reduction techniques. Wholesale credit exposure are at a minimum reviewed and approved at the level of the group investment committee

Pre-settlement risk is measured on a potential future exposure basis, taking into account implicitly the liquidity and explicitly the volatility of the reference asset or price of the instrument or product and the tenor of the exposure. Instruments that give rise to issuer credit risk are measured as primary credit risk

Settlement risk is measured on a notional basis, assuming that the counter value will not be received. The daily settlement profile for the counterparty concerned is the aggregate of all settlements due by the counterparty on that date, either on a gross or net basis, depending on whether the underlying transaction agreements include netting or not.

Credit risk analysis as at 31 December, 2017

Group	AAA N'000	AA N'000	A N'000	BBB N'000	Not rated N'000	Carrying amount N'000
Cash and cash equivalents	-	-	25,022,615	-	-	25,022,615
Treasury bills	6,141,271	-	-	-	-	6,141,271
Federal government bonds	11,738,921	-	-	-	-	11,738,921
State government bonds	-	-	12,069,095	-	-	12,069,095
Corporate bonds	-	-	24,612,240	-	-	24,612,240
Loans and receivables	-	-	-	-	25,966,666	25,966,666
Other assets	-	-	-	-	23,530,983	23,530,983
Total	**17,880,192**	**-**	**61,703,950**	**-**	**49,497,649**	**129,081,791**

Company	AAA N'000	AA N'000	A N'000	BBB N'000	Not rated N'000	Carrying amount N'000
Cash and cash equivalents	-	-	2,945,419	-	-	2,945,419
Treasury bills	1,819,168	-	-	-	-	1,819,168
Federal government bonds	-	-	-	-	-	-
State government bonds	-	-	492,722	-	-	492,722
Corporate bonds	-	-	2,149,363	-	-	2,149,363
Loans and receivables	-	-	-	-	24,004,360	24,004,360
Other assets	-	-	-	-	19,186,920	19,186,920
Total	**1,819,168**	**-**	**5,587,504**	**-**	**43,191,280**	**50,597,952**

Risk Monitoring and Management

The Group employs the use of internal exposure limits to its counterparties. Money market counterparties are selected on using a set of criteria that includes an investment grade credit rating and a systemic risk relevance based on a benchmark hurdle rate. Exposure limits are assigned on the basis of the counterparty assessment based on these selection criteria.

The Group has developed policies and practices that are designed to preserve the independence and integrity of the approval and business decision-making process to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels.

The framework establishes credit approval authorities, concentration limits, risk-rating methodologies, and portfolio review parameters. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries, geographies and countries.

Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position based on objective evidence of impairment.

Risk Reporting

To enable monitoring of credit risk and effective decision making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to the management committees; and board committee at least quarterly. Stress testing is important in measuring and managing credit risk in the Group's business portfolios. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Group. In conjunction with independent research, the risk management function considers economic scenarios (and parameters underlying those scenarios) which may lead to credit migration, changes in counterparty liquidity and/or solvency states and the potential losses from credit exposures. During the period under review, credit exposures are considered on the basis of absolute loss exposure impact.

3.4 Country Risk Management

Country risk is the risk that a political, economic or sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers related to a country.

The Financial Investment and Risk Management (F.I.R.M) committee is responsible for the management of country risk across the Group. The F.I.RM committee delegates the functional oversight of country risk management to the group executive committee. The group risk management function maintains oversight of country risk exposures and reports to the group executive committee monthly and the F.I.RM committee on a quarterly basis.

Risk Identification and Measurement

The Group country risk governance standards incorporate the use of external ratings from qualifying External Credit Assessment Institutions (ECAIs). Country risk exposure management is based on country, sovereign and business environment risk assessment. Exposure in countries qualifying as medium and high risk countries is subject to increased analysis and monitoring.

Country exposures are generally measured by considering the group's risk to an immediate default of the counterparty or obligor, with zero recovery. Where required, the group seeks to incorporate country risk mitigation via methods like co financing with multilateral institutions; political and commercial risk insurance; transaction structures to mitigate transferability and convertibility risk (such as collateral, collection and margining deposits outside the jurisdiction in question)

Risk Monitoring and Control

Group risk management in conjunction with independent research employs the use of surveillance tools for early identification of potential country risk concerns. Country ratings and exposures are actively monitored and reported on a regular basis based on an assessment of potential risk of loss associated with a significant sovereign, political, social, or economic crisis

3.5 Liquidity Risk Management

Liquidity risk management is intended to ensure that the Group has the appropriate amount, composition and tenor of funding and liquidity to support its assets.

The primary objectives of effective liquidity management are to ensure that the Group's legal entities are able to operate in support of client needs and meet contractual and contingent obligations under both normal and stressed market conditions; as well as to maintain debt ratings that enable the Group to optimize its funding mix and liquidity sources at minimal cost.

United Capital manages liquidity and funding using a centralized Treasury approach in order to actively manage liquidity for the group as a whole, monitor exposure and identify constraints on the transfer of liquidity within the Group; and maintain the appropriate amount of surplus liquidity as part of the group's overall balance sheet management strategy.

Risk Identification and Measurement

In the context of the Group's liquidity management, Treasury is responsible for:

- Measuring, managing, monitoring and reporting the Firm's current and projected liquidity sources and uses; Managing funding mix and deployment of excess short term cash

In addition, in conjunction with the group risk management function, Treasury is also responsible for:

- Understanding the liquidity characteristics of the Firm's assets and liabilities;
- Defining and monitoring group-wide and legal entity liquidity strategies and contingency funding plans;
- Liquidity stress testing under a variety of adverse scenarios;
- Defining and addressing the impact of regulatory changes on funding and liquidity.

The Group adopts a three pronged approach to its liquidity risk management process which aligns strategies to liquidity risk categories. The Group recognizes three categories of liquidity risk - short-term, structural, and contingent liquidity risk. These three liquidity risk management categories are governed by a comprehensive internal governance framework to identify, measure and manage exposure to liquidity risk

Treasury, in conjunction with the Group risk management, is responsible for business activities governing the implementation of the group's liquidity management process:

Category	
Short term liquidity risk management	■ Monitor daily cash-flow requirements ■ Manage intra-day liquidity positions ■ Monitor repo and bank funding shortage levels ■ Manage short term cash-flows ■ Manage daily foreign currency liquidity ■ Provide guidance on fund taking rates in conformity with longer term and contingent liquidity requirements (as informed by the management committees)
Structural liquidity risk management	■ Identify and manage medium to long term liquidity mismatches ■ Ensure a structurally sound balance sheet ■ Manage long term cash-flows ■ Determine and apply behavioural profiling to investor portfolios (in conjunction with asset portfolio managers) ■ Preserve a diversified funding base ■ Assess foreign currency liquidity exposures ■ Establish liquidity risk appetite
Contingency liquidity risk management	■ Establish and maintain contingency funding plans ■ Monitor and manage early warning liquidity indicators ■ Ensure regular liquidity stress tests and scenario analysis ■ Establish liquidity buffer levels in conformity with anticipated stress events ■ Convene liquidity crisis management committees (as required) ■ Ensure diversification of liquidity buffer portfolios

Risk Monitoring and Control

Monitoring and reporting entails cash flow measurement and forecasting for the next day, week, biweekly, month, quarter, half-year and yearly as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected receivable date of the financial assets.

Foreign Currency Liquidity Risk Management

The group maintains active monitoring and management of foreign currency assets and liabilities using suitable indicators to consistently track changes in market liquidity and/or exchange rates. In general, uncovered or unmatched or un-hedged FX positions is restricted.

Funding
The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and loan markets. The Group places considerable importance on the Sinking fund portfolio and other managed funds from both Trusteeship and wealth management business.

The Group employs a diversified funding strategy to fund its balance sheet which incorporates a coordinated approach to accessing capital and loan markets (where necessary). Funding markets are evaluated on an ongoing basis to ensure appropriate group funding strategies are executed depending on the market, competitive and regulatory environment. Concentration risk limits are used within the group to ensure that funding diversification is maintained across products, sectors, geography and counterparties.

Non-derivative financial liabilities and assets held for managing liquidity risk
Presented in the table below are the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table below, are the contractual undiscounted cash flow and the assets held for managing liquidity risk.

Group – 31 December, 2017

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 3 years	> 3 years	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Money market placements	2,067,735	16,690,623	5,035,467	1,057,958	-	-	24,851,783
Bond	-	-	-	2,483,384	17,466,781	28,470,091	48,420,256
Treasury bills	1,820,835	153,894	1,241,826	2,924,716	-	-	6,141,271
Other assets	-	-	-	-	16,942,934	-	16,942,934
Loans and receivables	-	-	-	-	24,004,360	-	24,004,360
Total	**3,888,570**	**16,844,517**	**6,277,293**	**6,466,058**	**58,414,075**	**28,470,091**	**120,360,604**
Liabilities							
Borrowings	-	-	-	-	41,412,677	-	41,412,677
Funds under management	3,177,347	15,008,721	4,078,802	5,832,091	15,422,735	26,972,392	70,492,088
Total	**3,177,347**	**15,008,721**	**4,078,802**	**5,832,091**	**56,835,413**	**26,972,392**	**111,904,765**
Assets	3,888,570	16,844,517	6,277,293	6,466,058	58,414,075	28,470,091	120,360,604
Liabilities	3,177,347	15,008,721	4,078,802	5,832,091	56,835,413	26,972,392	111,904,765
Liquidity gap	**711,223**	**1,835,797**	**2,198,490**	**633,968**	**1,578,662**	**1,497,699**	**8,455,839**

Company – 31 December, 2017

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1 - 3 years	> 3 years	Total
Assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Money market placements	-	2,945,419	-	-	-	-	2,945,419
Bond	-	-	-	-	1,522,500	1,119,585	2,642,085
Treasury bills	1,819,168	-	-	-	-	-	1,819,168
Other assets	-	-	-	-	16,942,934	-	16,942,934
Loans and receivables	-	-	-	-	24,004,360	-	24,004,360
Total	**1,819,168**	**2,945,419**	**-**	**-**	**42,469,794**	**1,119,585**	**48,353,966**
Liabilities							
Borrowings	-	-	-	-	**41,412,677**	-	41,412,677
Total	**-**	**-**	**-**	**-**	**41,412,677**	**-**	**41,412,677**

Assets	1,819,168	2,945,419	-	-	42,469,794	1,119,585	48,353,966
Liabilities	-	-	-	-	41,412,677	-	41,412,677
Liquidity gap	**1,819,168**	**2,945,419**	**-**	**-**	**1,057,117**	**1,119,585**	**6,941,289**

Stress Testing
Liquidity stress tests are intended to ensure sufficient liquidity for the Group under adverse scenarios. Stress tests are considered in the formulation of the group's funding plan and assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and market and idiosyncratic stress.

Liquidity stress tests assume all of the group's contractual obligations, as well as estimates of potential non-contractual and contingent outflows are met and also take into consideration varying levels of access to unsecured and secured funding markets.

Credit Ratings
The cost and availability of financing are influenced by the group's credit ratings. Reductions in these ratings could have an adverse effect on the group's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the group. Accordingly, the group places due emphasis on maintaining and improving its credit rating.

Credit ratings are dependent on multiple factors including the sovereign rating, capital adequacy levels, quality of earnings, credit exposure, our risk management framework and funding diversification. The group's F.I.RM committee ensures proper monitoring of these parameters and their possible impact on our credit rating as part of the group's liquidity risk management and contingency planning considerations.

3.6 Market Risk Management

Market risk is the exposure to an adverse change in the market value of portfolios and financial instruments caused by a change in their market prices.

The Group's exposure to market risks is categorized as follows:

- Market risk in trading activities: trading activities which may comprise market making, arbitrage and proprietary trading. These activities are primarily carried out within the Group's securities trading business
- Interest rate risk on the balance sheet: this refers to risks inherent in the different re-pricing characteristics of balance sheet assets and liabilities. These may include re-pricing risk, basis risk, yield curve risk, and optionality risk.
- Equity investments on the balance sheet: this refers to risks resulting from price changes in listed and unlisted equity investments carried on the Group's balance sheet. These investments are typically classified as Available for Sale (AFS).
- Foreign currency risk: The Group may be exposed to foreign currency risk as a result of foreign-denominated cash exposures and accruals.

In managing market risks, the Group risk management function works in close partnership with the lines of business, including Treasury, to identify and monitor market risks throughout the Group. The Group's market risk management practices seek to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance, and provide transparency of the Group's market risk profile to Executive Management and the Board of Directors. This involves:

- Establishing a market risk management framework
- Independent measurement, monitoring and control of business line and group wide market risk in accordance to approved risk limits
- Qualitative risk assessments and stress tests

Risk Identification and Measurement
The risk management function articulates market risk management framework and specific business (line) risk frameworks that guide each line of business in the management of the market risks within its unit. The risk management function also responsible for independent oversight of each line of business to ensure that all material market risks are appropriately identified, measured, monitored and managed in accordance with framework guidelines approved.

The Group risk management function uses various metrics, both statistical and non-statistical, to measure and manage market risks including: value-at-risk; stop-loss triggers; stress tests; back-testing; and specific business unit portfolio and product controls.

Value-at-risk, a statistical risk measure, is used to measure the potential loss from adverse market moves under normal market conditions. Historical VaR simulation is used specifically for market risk under normal conditions. Where adopted historical VaR is be based un-weighted historical data for the previous 12 months, a holding period of one day and a 99% confidence level. Daily VaR estimates are converted to a ten-day holding period. Expected shortfall is quantified to counteract the limitations of VaR.

Stop-loss triggers are used to protect the profitability of trading desks, and refer to cumulative or daily trading losses that prompt a review or close-out of positions in trading portfolios.

Specific business unit portfolio and product controls are market risk controls applied to specific business units. These may include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers, price validation and balance sheet substantiation. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

In recognition of the unpredictability of markets, stress testing is adopted to provide an indication of the potential losses that could occur under extreme market conditions and where longer holding periods may be required to exit positions.

Stress tests carried out by the Group include individual market risk factor testing, combination of market risk factor testing, combination of market factors per trading desk and combinations of trading desks. The testing considers both historical market events and hypothetical forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Interest rate risks in trading and non-trading portfolios are quantified using both earnings- and valuation-based measurement techniques. This is monitored at least on a monthly basis by the group investment committee.

Interest rate sensitivity analysis as at 31 December, 2017

Group	Value as at 2017	1% higher	1% lower
	N'000	N'000	N'000
Treasury Bills	6,141,271	6,202,684	6,079,858
Federal Government bonds	11,738,921	11,856,310	11,621,532
State Government bonds	12,069,095	12,189,786	11,948,404
Corporate bonds	24,612,240	24,858,362	24,366,118
	54,561,527	**55,107,142**	**54,015,912**

Company	Value as at 2017	1% higher	1% lower
	N'000	N'000	N'000
Treasury Bills	1,819,168	1,837,360	1,800,976
Federal Government bonds	-	-	-
State Government bonds	492,722	497,649	487,795
Corporate bonds	2,149,363	2,170,856	2,127,869
	4,461,253	**4,505,866**	**4,416,640**

Foreign currency risk exposure may arise as a result of foreign-denominated cash exposures, foreign-denominated accruals, the translation effect on the Group's net assets in foreign operations, and foreign-denominated debt. The finance/treasury function maintains oversight of aggregate foreign currency risk exposure, taking into account naturally offsetting risk positions and managing the Group's residual risk. In general, the Group's policy is not to ordinarily hold significant open FX exposures on the balance sheet. The risk management function conducts foreign currency sensitivity tests to monitor potential impact from rate movements in the FX markets.

Foreign currency sensitivity analysis as at 31 December, 2017

Group	Value as at 2017	1% higher	1% lower
	$'000	$'000	$'000
Money market placement	3,540	3,576	3,505
Commercial paper	52,451	52,975	51,926
Loan to customers	22,000	22,220	21,780
Trade receivables	55,000	55,550	54,450
Corporate Bonds	6,061	6,122	6,000
Mutual Funds	250	253	248
Borrowings	129,451	130,745	128,156
	268,753	**271,440**	**266,065**

Company	2017 $'000	1% higher $'000	1% lower $'000
Money market placement	2,290	2,313	2,267
Commercial paper	52,451	52,975	51,926
Loan to customers	22,000	22,220	21,780
Trade receivables	55,000	55,550	54,450
Corporate Bonds	5,000	5,050	4,950
Mutual Funds	150	152	149
Borrowings	129,451	130,745	128,156
	266,342	**269,005**	**263,678**

The Group's market risk management process ensures disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilization of risk capital.

Equity risk
The Group holds investments in listed and unlisted securities. Listed equity securities (quoted on the Nigerian Stock Exchange) is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

Risk Monitoring and Control
Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Group takes into consideration factors such as market volatility, asset liquidity and accommodation of client business and management experience.

Limits may also be allocated within the lines of business, as well at portfolio level. Limits are established by risk management. Limits are reviewed regularly and updated as appropriate, with any changes approved by appropriate governance committees and risk management.

3.7 Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Operational risk is inherent in each of the group's businesses and support activities. Operational risk can manifest itself in various ways, including errors, fraudulent acts, business interruptions, inappropriate behaviour of employees, or vendors that do not perform in accordance with their arrangements. These events could result in financial losses, including litigation and regulatory fines, as well as other damage to the Group, including reputational harm.

To monitor and control operational risk, the Group maintains an overall framework that includes strong oversight and governance, comprehensive policies and processes, consistent practices across the lines of business, and enterprise risk management tools intended to provide a sound and well controlled operational environment. The framework includes:

- Ownership of the risk by the businesses and functional areas
- Monitoring and validation by internal control officers
- Oversight by independent risk management
- Independent review by Internal Audit

The goal is to keep operational risk at appropriate levels, in light of the Group's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

In order to strengthen focus on the Group's control environment and drive consistent practices across businesses and functional areas, the group established a group shared service operational platform in the financial year. Critical to the effectiveness, efficiency and stability of this operating environment is the deployment and implementation of suitable technology leveraging an Enterprise Resource Platform. In addition, the Group has invested in the development of business continuity plans, systems and capabilities to ensure resilience and stability of our business operations in the face of unforeseen disruptions.

The Group's approach to operational risk management is intended to identify potential issues and mitigate losses by supplementing traditional control-based approaches to operational risk with risk measures, tools and disciplines that are risk-specific, consistently applied and utilized Group-wide. Key themes are transparency of information, escalation of key issues and accountability for issue resolution. The Group has a process for monitoring operational risk event data, which permits analysis of errors and losses as well as trends. Such analysis, performed both at a line of business level and by risk event type, enables identification of the causes associated with risk events faced by the businesses.

Internal Audit utilizes a risk-based program of audit coverage to provide an independent assessment of the design and effectiveness of key controls over the Group's operations, regulatory compliance and reporting. This includes reviewing the operational risk framework, the effectiveness of the internal control environment, and the loss data-collection and reporting activities.

Business and Strategic risks are governed by the Group Executive Committee - which is ultimately responsible for managing the costs and revenues of the group, and the board.

Financial Crime Control

Financial crime includes fraud, money laundering, violent crime and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties. The Group will not condone any instance of financial crime and where these instances arise, the group takes timely and appropriate remedial action.

Financial crime control is defined as the prevention and detection of, and response to, all financial crime in order to mitigate economic loss, reputational risk and regulatory sanction. This function is anchored by the Group's compliance, operations, internal control and internal audit functions.

3.8 Reputational Risk

Reputational risk results from damage to the Group's image which may impair its ability to retain and generate business. Such damage may result in a breakdown of trust, confidence or business relationships.

Safeguarding the Group's reputation is of utmost importance. Each business line, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. The impact of such risks is considered alongside financial or other impacts.

Matters identified as a reputational risk to the Group are reported to the Group Chief Operating Officer and Head, Business Assurance; if required, the matter will be escalated to group executive committee.

Should a risk event occur, the Group's crisis management processes are designed to minimize the reputational impact of the event. This includes ensuring that the Group's perspective is fairly represented.

3.9 Capital Management

The Group's capital management approach is driven by its strategic and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. Capital management practices are designed to ensure that the group and its legal entities are capitalized in line with the risk profile, economic capital needs and target ratios approved by the board. Capital is managed under a seven-year sustainability framework which ensures the adequacy of regulatory capital despite seven consecutive years of allocated economic capital depletion.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve.
- Tier 2 capital: qualifying subordinated loan capital, preference shares, collective impairment allowances, and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

	2017 N'000	2016 N'000
Tier 1 capital		
Share capital	3,000,000	3,000,000
Share premium	683,611	683,611
Retained earnings	14,608,581	13,246,278
Total qualifying for Tier 1 capital	**18,292,192**	**16,929,889**
Tier 2 capital		
Fair value reserve	(1,525,512)	(2,691,957)
Other borrowings	41,412,677	35,433,121
Total qualifying for Tier 2 capital	**39,887,165**	**32,741,164**
Total regulatory capital	**58,179,357**	**49,671,053**

Statement of Value Added

	Group				Company			
	2017		2016		2017		2016	
	=N=' 000	%	=N=' 000	%	=N=' 000	%	=N=' 000	%
Gross earnings	8,915,487		9,000,955		4,881,934		5,501,346	
Operating expenses - Local	(1,473,472)		(1,239,675)		(456,044)		(386,427)	
VALUE ADDED	**7,442,015**	**100**	**7,761,280**	**100**	**4,425,890**	**100**	**5,114,920**	**100**
Applied as Follows:								
To Pay Employees:								
Salaries and other benefits	1,568,967	21	1,274,449	16	455,701	10	425,055	8
To Pay Government:								
Taxes	985,197	13	363,209	5	376,154	5	169,561	3
Retained for Future Replacement of Assets and Expansion of Business:								
- Deferred tax	200,328	3	-	-	200,328	5	-	-
- Depreciation	106,180	1	86,587	1	74,185	2	51,537	1
- Impairment loss	219,040	3	33,509	-	19,925	0	-	-
- Profit for the year	4,362,304	59	6,003,525	77	3,474,322	79	4,468,766	87
	7,442,015	100	**7,761,280**	100	**4,425,890**	100	**5,114,920**	100

Value added represents the additional wealth which the company has been able to create on its own and employees' efforts. The statement shows the allocation of that wealth between the employees, government and that retained by the company for the future creation of more wealth.

Financial Summary - Group

	2017	2016	2015	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
ASSETS					
Cash and cash equivalents	25,081,054	21,454,680	72,736,383	31,795,597	29,203,619
Financial assets:					
- Held for trading	51,280	-	-	-	173,137
- Loan and receivables	25,966,666	47,977,037	30,856,189	21,152,276	8,851,121
- Available for sale	40,533,795	28,198,435	10,548,229	9,035,439	10,573,206
- Held to maturity	20,692,937	41,127,445	23,163,229	27,525,589	26,724,634
- Investment in property	-	-	270,000	270,000	-
Investments in associates	-	-	2,266,396	1,928,952	1,809,382
Property and equipment	248,155	170,937	158,703	232,950	160,718
Intangible assets	24,736	22,661	31,069	33,603	28,399
Trade and other receivables	23,530,983	21,084,798	3,418,928	2,791,601	1,728,241
Deferred tax assets	465,955	656,967	656,967	521,449	224,607
TOTAL ASSETS	**136,595,561**	**160,692,959**	**144,106,095**	**95,287,456**	**79,477,064**
LIABILITIES					
Bank overdraft	-	-	2,973,552	-	-
Managed Funds	70,492,088	100,679,053	109,105,099	67,035,403	62,476,554
Other borrowed funds	41,412,677	34,833,121	16,144,955	14,479,289	5,325,524
Other liabilities	5,661,478	9,120,866	3,286,581	3,173,303	2,238,861
Current tax liabilities	2,262,424	1,821,768	2,175,137	1,522,835	1,054,634
Deferred tax liabilities	219	219	219	219	219
TOTAL LIABILITIES	**119,828,881**	**146,455,028**	**133,685,544**	**86,211,049**	**71,095,792**
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	2,000,000	2,000,000
Share premium	683,611	683,611	683,611	683,611	-
Retained earnings	14,608,581	13,246,277	8,433,057	7,062,582	6,716,234
Other reserves	(1,525,512)	(2,691,957)	(1,696,117)	(1,669,786)	(334,962)
SHAREHOLDER'S FUND	**16,766,680**	**14,237,931**	**10,420,551**	**9,076,407**	**8,381,272**
TOTAL LIABILITIES AND EQUITY	**136,595,561**	**160,692,959**	**144,106,095**	**95,287,456**	**79,477,064**
CONTINGENT LIABILITIES	**-**	**-**	**-**	**14,000,000**	**15,000,000**

Financial Summary - Company

	2017	2016	2015	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
ASSETS					
Cash and cash equivalents	3,003,858	3,453,691	1,289,919	453,597	1,543,308
Financial assets					
- Held for trading	-	-	-	-	-
- Loan and receivables	24,004,360	18,689,964	12,717,488	11,608,222	3,460,321
- Available for sale	783,990	56,164	42,186	53,668	111,080
- Held to maturity	4,461,253	4,084,306	1,714,746	1,314,698	-
Investments in subsidiaries	900,000	900,000	750,000	750,000	750,000
Investments in associates	-	-	1,650,000	1,650,000	1,650,000
Property and equipment	168,192	105,259	99,945	142,284	67,696
Intangible assets	16,376	22,661	31,069	33,603	28,399
Trade and other receivables	19,371,356	17,367,523	729,623	1,543,403	785,482
Dividend receivable from subsidiaries	2,400,000	3,572,652	2,921,616	2,376,407	2,894,974
Deferred tax assets	134,039	334,367	334,367	236,325	-
TOTAL ASSETS	**55,243,424**	**48,586,585**	**22,280,960**	**20,162,207**	**11,291,260**
LIABILITIES					
Other borrowed funds	41,412,677	35,433,121	13,704,523	12,397,952	5,325,524
Other liabilities	1,808,500	1,610,585	734,795	282,924	168,060
Current tax liabilities	1,063,309	1,173,397	1,380,996	711,585	479,830
TOTAL LIABILITIES	**44,284,486**	**38,217,103**	**15,820,314**	**13,392,461**	**5,973,414**
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	2,000,000
Share premium	683,611	683,611	683,611	683,611	-
Retained earnings	7,204,066	6,729,744	2,834,888	3,132,506	3,306,806
Other reserves	71,261	(43,875)	(57,853)	(46,371)	11,041
SHAREHOLDERS' FUND	**10,958,938**	**10,369,480**	**6,460,646**	**6,769,746**	**5,317,847**
TOTAL LIABILITIES AND EQUITY	**55,243,424**	**48,586,585**	**22,280,960**	**20,162,207**	**11,291,260**
CONTINGENT LIABILITIES	**-**	**-**	**-**	**14,000,000**	**15,000,000**

Financial Summary - Group

Statement of Profit and Loss and Other Comprehensive Income

	2017	2016	2015	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Gross earnings	8,915,487	9,000,955	6,153,729	4,676,602	4,573,241
Gross operating expenses	(3,367,658)	(2,634,221)	(3,238,016)	(2,494,227)	(2,103,418)
Share of profit/(loss) of equity accounted investee	-	-	347,950	127,504	164,091
Profit before income tax	**5,547,829**	**6,366,734**	**3,263,663**	**2,309,879**	**2,633,914**
Income tax expense	(1,185,525)	(363,208)	(693,191)	(463,531)	(870,903)
Profit for the year from continuing operations	**4,362,304**	**6,003,526**	**2,570,472**	**1,846,348**	**1,763,011**
Gain from the sale of investment in associate company	-	909,695	-	-	-
Other comprehensive income for the year	1,166,445	(995,840)	(26,331)	(1,334,824)	131,126
Total comprehensive income for the year	**5,528,749**	**5,917,381**	**2,544,141**	**511,524**	**1,894,137**
Earnings per share-basic (kobo)	73	115	43	41	44

Financial Summary - Company

Statement of Profit and Loss and Other Comprehensive Income

	2017	2016	2015	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Gross earnings	4,881,934	5,501,346	3,087,052	2,236,593	4,358,092
Gross operating expenses	(1,005,855)	(863,019)	(1,598,662)	(772,577)	(622,695)
Profit before income tax	**3,876,079**	**4,638,327**	**1,488,390**	**1,464,016**	**3,735,397**
Income tax expense	(401,757)	(169,561)	(586,009)	(138,315)	(469,682)
Profit for the year from continuing operations	**3,474,322**	**4,468,766**	**902,381**	**1,325,701**	**3,265,715**
Gain from the sale of investment in associate company	-	1,526,090	-	-	-
Other comprehensive income for the year	115,136	13,978	(11,483)	(57,412)	11,041
Total comprehensive income for the year	**3,589,458**	**6,008,834**	**890,898**	**1,268,289**	**3,276,756**
Earnings per share-basic (kobo)	**58**	**100**	**15**	**29**	**82**

Notice of AGM

United Capital

NOTICE OF 2018 ANNUAL GENERAL MEETING OF UNITED CAPITAL PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of United Capital Plc will hold at the Lagos Oriental Hotel, 3, Lekki Expressway, Victoria Island, Lagos on Friday March 23, 2018 at 10am in order to transact the following businesses:

ORDINARY BUSINESS

1. To lay before the members the Audited Financial Statements for the year ended December 31, 2017 and the Report of the Directors, Auditors and Audit Committee thereon;

2. To declare a Dividend;

3. To re-elect the following Directors retiring by rotation:
   3.1 Ambassador John Kayode Shinkaiye; and
   3.2 Mr. Adim Jibunoh

   Special notice is hereby given in accordance with Section 256 of the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004, that **Ambassador John Kayode Shinkaiye** had attained the age of Seventy (70) on November 20, 2017 and is standing for re-election.

4. To authorise the Directors to determine the remuneration of the Auditors:

5. To elect members of the Statutory Audit Committee.

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following as an ordinary resolution:

   "That the Director's fees payable to each Non-Executive Director, until further notice, be and is hereby fixed at the sum of **N6,500,000** (Six million five hundred thousand naira only) for the year ending December 31, 2018. Such payments to be effective from January 1, 2018.

7. To consider and if thought fit, pass the following as ordinary resolutions:

7.1 That the Directors be and are hereby authorized to raise capital of up to **N50,000,000,000** (Fifty Billion Naira), whether by way of tenured bonds, notes, commercial papers, debt instruments, or loans in any currency notes by way of a private placement, bond issuance, note issuance, book building, or other methods or a combination of methods and whether in one or more tranches, the pricing and terms of such issuance to be determined by the Directors as they deem appropriate subject to obtaining the approvals of relevant regulatory authorities.

7.2 That the Board be and is hereby authorised to appoint such professional advisers and undertake such other acts as may be necessary or incidental to, and or required for, effecting the objectives set out above.

Dated February 23, 2018

BY ORDER OF THE BOARD

LEO OKAFOR
COMPANY SECRETARY
FRC/2013/NBA/00000002520

NOTES

PROXY

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form must be completed and deposited at the office of the Company's Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos, not later than 48 hours before the time fixed for the meeting.

RIGHT OF SECURITIES' HOLDERS TO ASK QUESTIONS

Securities' Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions must be submitted to the Company on or before March 21, 2018.

NOMINATION TO THE AUDIT COMMITTEE

Pursuant to Section 359(5) of the Companies & Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004 any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination. Such notice shall reach the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commissions Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

DIVIDEND

If the Dividend recommended by the Directors is approved by the members at the Annual General Meeting, Dividend will be paid by March 28, 2018 to the Shareholders whose names appear in the Company's Register of Members at the close of business on March 8, 2018.

CLOSURE OF REGISTER

The Register of Members and Transfer Books will be closed from March 9, 2018 to March 15, 2018 both days inclusive for the purpose of updating the Register of Members.

E-DIVIDEND

Notice is hereby given to all Shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. A detachable application form for e-dividend is attached to this Annual Report to enable all shareholders furnish particulars of their accounts to the Registrar as soon as possible.

E- REPORT

In order to improve delivery of our Annual Report, we have inserted a detachable Form to the Annual Report and hereby request Shareholders who wish to receive the Annual Report of United Capital Plc in an electronic format to complete and return the Form to the Registrars for further processing.

In addition, Annual Reports are available online for viewing and download from our website at **www.unitedcapitalplcgroup.com**

Investment Banking ▪ Asset Management ▪ Securities Trading ▪ Trustee Services

Corporate Information

Directors:

Chika Mordi	–	Chairman
Oluwatoyin Sanni	–	Group Chief Executive Officer
Yoro Mohamed Diallo	–	Independent Director
Adim Jibunoh	–	Non Executive Director
Ambassador John Kayode Shinkaiye	–	Non Executive Director
Emmanuel N. Nnorom	–	Non Executive Director

Executive Management:

Oluwatoyin Sanni	–	Group Chief Executive Officer
Babatunde Obaniyi	–	Ag. Managing Director, Investment Banking
Sunny Anene	–	Managing Director, United Capital Asset Management
Jude Chiemeka	–	Managing Director, United Capital Securities
Tokunbo Ajayi	–	Managing Director, United Capital Trustees

Company Secretary/General Counsel

Leo Okafor

- **RC No** RC 444999
- **FRC No** FRC/2013/00000000001976
- **Registered Office** 57, Marina
  Lagos Island
  Lagos, Nigeria
- **Bankers** United Bank for Africa
  57 Marina
  Lagos Island
  Lagos, Nigeria
- **Auditors** Deloitte & Touche
  Plot GA 1 Ozumba Mbadiwe Avenue,
  Victoria Island
  Lagos, Nigeria

Africa Prudential

e-SHARE REGISTRATION APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.: 7. SEX: MALE FEMALE
8. ALTERNATE MOBILE NO.:
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details."

Signature:________________ Signature:________________

for joint/corporate accounts only

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
10. BENUE STATE GOVERNMENT BOND	
11. CAP PLC	
12. CAPPA AND D'ALBERTO PLC	
13. CEMENT COY. OF NORTHERN NIG. PLC	
14. CSCS PLC	
15. CHAMPION BREWERIES PLC	
16. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNITED CAPITAL NIGERIAN EUROBOND FUND	
48. UNITED CAPITAL WEALTH FOR WOMEN FUND	
49. UNIC DIVERSIFIED HOLDINGS PLC	
50. UNIC INSURANCE PLC	
51. UAC PROPERTY DEVELOPMENT COMPANY PLC	
52. UTC NIGERIA PLC	
53. WEST AFRICAN GLASS IND PLC	

OTHERS: ________________

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential

Affix Current Passport

Write your name at the back of your passport photograph

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company's Name | First Name | Other Name

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Company Seal (*if applicable*)

Signature: ____________________ Signature: ____________________

Joint/Company's Signatories

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
10. BENUE STATE GOVERNMENT BOND	
11. CAP PLC	
12. CAPPA AND D'ALBERTO PLC	
13. CEMENT COY. OF NORTHERN NIG. PLC	
14. CSCS PLC	
15. CHAMPION BREWERIES PLC	
16. CWG PLC	
17. CORDROS MONEY MARKET FUND	
18. EBONYI STATE GOVERNMENT BOND	
19. GOLDEN CAPITAL PLC	
20. INFINITY TRUST MORTGAGE BANK PLC	
21. INVESTMENT & ALLIED ASSURANCE PLC	
22. JAIZ BANK PLC	
23. KADUNA STATE GOVERNMENT BOND	
24. LAGOS BUILDING INVESTMENT CO. PLC	
25. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNITED CAPITAL NIGERIAN EUROBOND FUND	
48. UNITED CAPITAL WEALTH FOR WOMEN FUND	
49. UNIC DIVERSIFIED HOLDINGS PLC	
50. UNIC INSURANCE PLC	
51. UAC PROPERTY DEVELOPMENT COMPANY PLC	
52. UTC NIGERIA PLC	
53. WEST AFRICAN GLASS IND PLC	

OTHERS: ____________________

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

United Capital
RC 444999

PROXY FORM

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND IS TO BE USED AT THE ANNUAL GENERAL MEETING TO BE HELD ON MARCH 23, 2018

I/We...
Being a member/members of UNITED CAPITAL PLC, hereby appoint **..................................

....

....

(block capitals please)

or failing him, the Chairman of the meeting as my/our* proxy to act and vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held on March 23, 2018 at 10am or at any adjournment hereof.

Dated this .... day of 2018

Shareholder's signature:...

NOTE
Please sign this form and deliver or post it to reach the Registrar, Africa Prudential Registrars Plc, 220B Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked)** the name of any person whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

If the shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

	ORDINARY BUSINESS	FOR	AGAINST	ABSTAIN
1.	To lay before the members the Audited Financial Statements for the year ended December 31, 2017 and the Report of Directors, Auditors and Audit Committee thereon.			
2.	To declare a Dividend			
3.	To re-elect Directors: I. Ambassador John Shinkaiye ii. Adim Jibunoh			
4	To authorise the Directors to fix the remuneration of the Auditors.			
5	To elect members of the Audit Committee			
	SPECIAL BUSINESS	**FOR**	**AGAINST**	**ABSTAIN**
6.	That the Director's fees payable to each Non-Executive Director, until further notice, be and is hereby fixed at the sum of **N6,500,000** (Six million five hundred thousand naira only) for the year ending December 31, 2018. Such payments to be effective from January 1, 2018.			
7.	That the Directors be and are hereby authorized to raise capital of up to **N50,000,000,000** (Fifty Billion Naira), whether by way of tenured bonds, notes, commercial papers, debt instruments, or loans in any currency notes by way of a private placement, bond issuance, note issuance, book building, or other methods or a combination of methods and whether in one or more tranches, the pricing and terms of such issuance to be determined by the Directors as they deem appropriate subject to obtaining the approvals of relevant regulatory authorities.			
8.	That the Board be and is hereby authorised to appoint such professional advisers and undertake such other acts as may be necessary or incidental to, and or required for, effecting the objectives set out above			

Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above.

Before posting the above form, please tear off this part and retain it for admission to the meeting

United Capital
RC 444999

ANNUAL GENERAL MEETING
ADMISSION CARD

PLEASE ADMIT THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON MARCH 23, 2018 AT 10 AM AT LAGOS ORIENTAL HOTEL, VICTORIA ISLAND, LAGOS

Name and address of Shareholder

Account Number

Proxy

Shareholder

Please tick ( ) appropriate box before admission to the meeting

LEO OKAFOR
Company Secretary

SIGNATURE...

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

United Capital
Securities

The IN-Telligent Choice

THRIVE

Explore financial frontiers

Open a Thrive account today and expand your horizon.

Features

- Minimum account opening balance of ₦50,000 or an equivalent in stock value
- Daily market reports
- Weekly stock recommendation reports
- Immediate contract notes on transactions
- Online access to stock broking account both in-house and with CSCS
- Timely and efficient execution of mandates
- Share registration services which include: share certificate management, dividend management, transfer of shares and handling of registrars related issues

www.unitedcapitalplcgroup.com/securities **info@unitedcapitalplcgroup.com**

Head Office:
United Capital Plc.
12th Floor, UBA House. 57,
Marina, Lagos, Nigeria.
+234-1-280-7596, +234-1-280-8919.
info@unitedcapitalplcgroup.com

Abuja Investment Centre:
United Capital Plc.
Plot 134, Ahmadu Bello way,
Garki 2 , FCT Abuja, Nigeria.
+234-9-6233039/41.
info@unitedcapitalplcgroup.com

Port-Harcourt Regional Office:
United Capital Plc.
1st Floor, UBA House, 14, Azikiwe Road,
Port-Harcourt, Nigeria.
+234-8-455-6577,+234-704-617-5444.
info@unitedcapitalplcgroup.com

www.unitedcapitalplcgroup.com