



**United Bank for Africa (UK) Limited**

**Pillar 3 Disclosures**

**as at 31 December 2024**

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## 1. Overview

### 1.1 Introduction

The Capital Requirements Regulation ("CRR") and Capital Requirements Directive ("CRD") (together referred to as CRD IV) came into force on 1 January 2014. CRD IV, which is enforced in the UK, together with local implementing rules and guidance, by the Prudential Regulation Authority ("PRA"), has the objective of improving the banking sector's ability to absorb shocks arising from financial and/or economic stress, thus reducing the risk of spill over from the financial sector into the wider economy.

CRD IV also sets out disclosure requirements relevant to banks and building societies under CRR Part Eight. These are known as Pillar 3 disclosures because they complement the minimum capital requirements in Pillar 1 and the supervisory review and evaluation process in Pillar 2. The Pillar 3 disclosures are aimed at promoting market discipline by providing information on risk exposures and the management of those risks.

This document, therefore, comprises the Pillar 3 disclosures on capital and risk management as at 31 December 2024 for United Bank for Africa (UK) Limited ("UBA UK" or "the Bank"). It has the following two principal purposes:

- To provide information on the capital and risk profile of UBA UK; and
- To meet the regulatory disclosure requirements under the Capital Requirements Regulation (EU) No 575/2013 ("CRR"), Part 8 – Disclosure by institutions and the rules of the Prudential Regulation Authority ("PRA") set out in the Public Disclosure section of the PRA Rulebook and as the PRA has otherwise directed. As of 1st January 2022, UK implemented the revised rules on Capital Requirements Regulation 2 ("CRR2") and Capital Requirements Directive V (CRDV).

### 1.2 Background

UBA UK was originally established in 1995 and remains a 100% subsidiary of United Bank for Africa Plc ("UBA" or "Parent"). The Parent is incorporated in Nigeria, quoted on the Nigerian Stock Exchange and is one of the largest financial services groups on the African continent. As at 31 December 2024, the UBA Group had total assets of US\$39billion (NG30.3trillion Nigerian) <sup>1</sup> with a return on equity of 28.1% <sup>2</sup>.

UBA has a large footprint across the globe operating in 20 African countries: Benin, Burkina Faso, Cameroon, Congo Brazzaville, Democratic Republic of Congo, Cote d'Ivoire, Gabon, Ghana, Guinea, Kenya, Liberia, Mali, Mozambique, Nigeria, Senegal, Sierra Leone, Tanzania, TChad, Uganda and Zambia. UBA also has a presence in the United States of America, France and the United Arab Emirates. UBA is the only African bank with a deposit taking license in the USA, and in 2022 secured a Category 4 license to operate in the United Arab Emirates.

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<sup>1</sup> [UBA-2024-AR-Reviewed-13042025.pdf](#)

2. [PowerPoint Presentation](#)

UBA UK received authorisation to commence wholesale banking operations on 19 March 2018. It is authorised by the Prudential Regulatory Authority ("PRA") and regulated by both the PRA and the Financial Conduct Authority ("FCA").

UBA UK has no retail activity and is focused mainly on providing financial services to international and sub-Saharan African banks, wholesale corporations, institutions, and international organizations. The Bank is principally involved in financing trade flows between the UK and Africa by advising and confirming letters of credit, providing trade loans and foreign currency services. UBA UK extends its product offerings to UBA Plc and other subsidiaries within the UBA Group, and continues to receive support, financial and otherwise, from the Group.

The Bank complies with Basel III, as implemented through the Capital Requirements Directive IV and more specifically by Regulation (EU) 575/2013 as amended. Basel III is based on a 'three pillars' approach:

a) **Pillar 1:** Minimum capital requirements

The Bank follows a simplified approach to Pillar 1 as follows:

- **Credit risk (Standardised Approach):** Regulatory capital requirements are calculated by multiplying the value of the Bank's exposure by a standardised risk weight. The risk weight is determined by the credit rating of the counterparty, the type of counterparty and exposure type.
- **Operational risk (Basic Indicator Approach):** Regulatory capital is calculated at 15% of the average gross operating income over the previous 3 years.
- **Market risk (Standardised Position Risk Requirement):** The main components are foreign currency positions, and the regulatory capital is calculated by applying a Standardised Position Risk Requirement to total foreign currency positions.

b) **Pillar 2:** Supervisory review process

Under Pillar 2 of the Basel III requirements, UBA UK undertakes a self-assessment of its internal capital requirements under the Internal Capital Adequacy Assessment Process ("ICAAP"). The PRA supplements this with its Supervisory Review and Evaluation Process ("SREP") to determine whether the additional capital under Pillar 2 is adequate.

c) **Pillar 3:** Market disclosure and discipline

The Bank is required to make certain disclosures to encourage market transparency and discipline. The aim is to allow market participants to assess key information on the Bank's capital, risk exposures and risk assessment processes.

### 1.3 Policy

This document has been prepared in accordance with the requirements of BIPRU, Chapter 11. Disclosures are on a standardised basis unless otherwise stated.

The disclosures contained in this document cover both qualitative and quantitative requirements in accordance with the requirements of the Capital Requirements Regulations.

## **1.4 Frequency and Reference Date**

The Directors, having taken into account the size and complexity of the Bank's operations, believe that an annual disclosure is appropriate. The frequency of disclosure will be reviewed should there be a material change in any approach used for the calculation of capital, business structure or regulatory requirements. UBA UK does not currently meet any of the indicators included within EBA Guidelines Title VIII – considerations regarding the need to assess the disclosure of information more frequently than annually. The capital position of UBA UK remained consistently strong throughout 2024 and there have been no changes to the relevant characteristics of the Bank's business (such as scale of operations, range of activities, presence in different countries, involvement in different financial sectors, and participation in international financial markets and payment, settlement and clearing systems) to impact the position. This document, in conjunction with the 31 December 2024 Annual Report and Accounts (available on the Bank's website), represents the Bank's annual public Pillar III disclosure for the financial year ended 31 December 2024.

## **1.5 Location and Verification**

These disclosures have been reviewed by the Executive Management Committee ("ExCo") and approved by the UBA UK Board on November 27<sup>th</sup>, 2025. The disclosures are not subject to external audit except where they are also included as accounting disclosure requirements in the Bank's Annual Report and Accounts.

The report is available on the UBA UK website at <https://www.ubauk.com/financial-reports/> or by request.

## **2. Risk Management Objectives and Policies**

### **2.1 Risk Appetite**

Risk management is focused on the needs of the Bank's stakeholders with particular emphasis on customers. Products and services are primarily focused on the following markets and segments:

- Correspondent Banking: Providing services to banks in Africa to facilitate trade finance and treasury services.
- Government: Providing services to African governments, parastatals and other state enterprises.
- Corporates: Providing trade finance services including letters of credit, loans, bill discounting, foreign exchange and payments.
- Embassies, Multilaterals and Development Organisations (EMDOs): Providing banking and treasury services to qualifying EMDO clients who are dealing with and in Africa and require a pan- African Bank to support their projects and donor flows.

Risk appetite is a top-down articulation of the quantum of risk that the UBA UK Board of Directors ("Board") is prepared to accept in relation to the Bank's business strategy. This Risk Appetite is articulated by the Bank in the Risk Appetite Statement which is reviewed and approved annually by the Board. UBA UK's Risk Appetite forms a central tenet of the Bank's strategic plan.

Exposures and other risks are monitored on an ongoing basis for adherence to these disclosures.

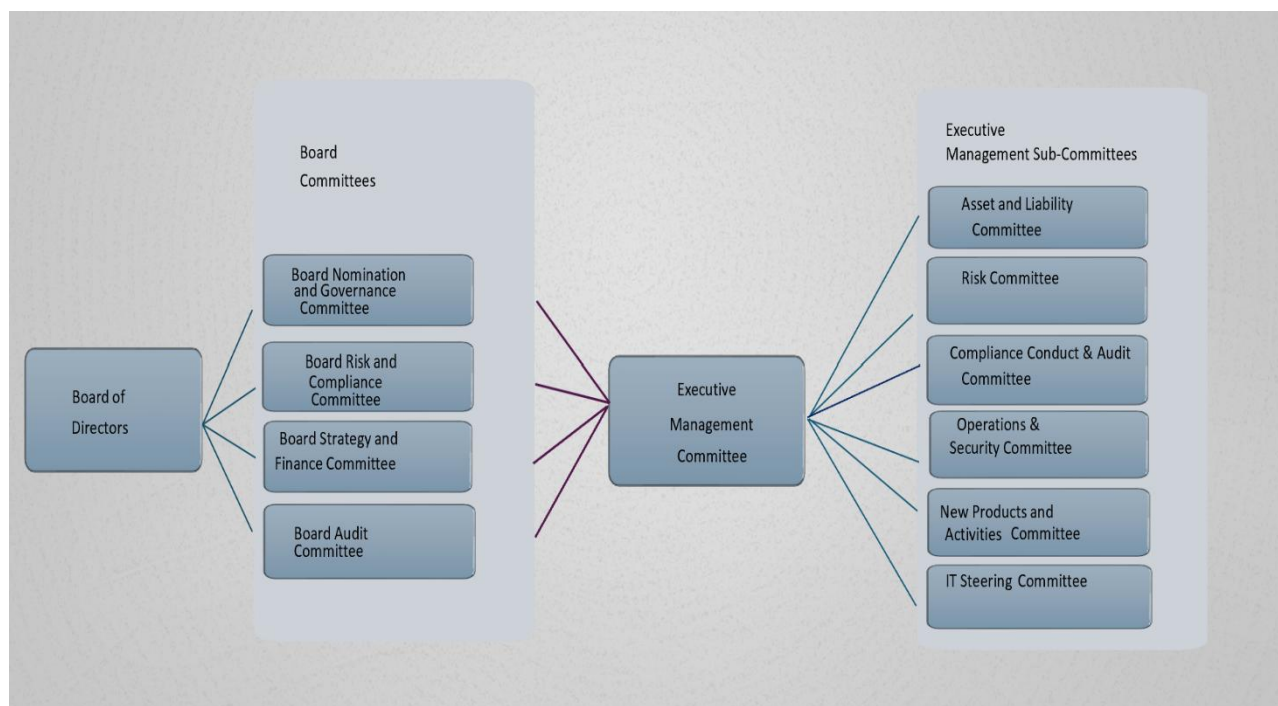
## **2.2 Risk Governance Structure**

The Bank's overall approach to risk governance is articulated in its Risk Management Framework which is reviewed and approved annually by the Board.

The Board is ultimately accountable for determining the Bank's strategic direction and its risk appetite, overall management, and for establishing and monitoring the effectiveness of its corporate governance framework. Membership of the Board consists of eight Non-Executive Directors ("NED") (four of which are Independent Non-Executive Directors ("INED")) and one Executive Director who is the Managing Director/Chief Executive Officer. The Chairman of the Board does not act as the Bank's Managing Director/Chief Executive Officer. As at 31 December 2024, some Board members held a directorship with commercial institutions other than the Bank and the UBA Group. No individual director holds more than either (i) 1 executive and 2 non-executive directorships, or (ii) 4 non-executive directorships in a commercial organisation.

The Board meets at least on a quarterly basis and more frequently should the need arise. Day to day management responsibilities are delegated to ExCo, which comprises of the Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Risk Officer, Head of Compliance and MLRO, Head of Human Resources and the Head of Legal and Company Secretary who is both an ExCo member and the committee Secretary.

The Board and ExCo are supported by several Board and Management Committees. All Board Committees, except the Board Strategy and Finance Committee ("BSFC"), are chaired by an INED. A summary of the Governance structure is provided below. Formal Board and Management committees Terms of Reference are maintained centrally and any changes are approved by the Board.



The main roles and responsibilities of the committees shown in the diagram above are as follows:

**A. Board Committees**

**a) Board Risk and Compliance Committee (“BRCC”)**

The BRCC comprises 2 Independent Non-Executive Directors, and 2 Non-Executive Directors. The Committee considers all areas of risk management including amongst others credit, operational, market, liquidity risks and cybersecurity, and oversees the Bank’s Compliance function. In addition, the Committee oversees the production of risk related governance analysis, e.g., Internal Capital Adequacy Assessment Process (“ICAAP”), Internal Liquidity Adequacy Assessment Process (“ILAAP”), Recovery Plan and the Resolution Pack, stress testing, new products, and overdue / watch-listed accounts. The Committee also considers matters relating to Conduct, Internal Controls and Business Risks. It meets at least four times per year.

**b) Board Nomination and Governance Committee (“BNGC”)**

The BNGC comprises 2 Independent Non-Executive Directors and 2 other Non-Executive Directors. The Committee considers all governance-related matters, remuneration and staffing, appointments and nominations, performance and training. It reviews the composition of the Board and engages a broad set of qualities and competencies when recruiting to the Board, which enables it to discharge its duties effectively. The Committee also enhances the Bank’s governance through a continuing assessment of the approach to corporate governance and maintenance of the highest standards of conduct and ethics. It meets at least four times per year.

**c) Board Strategy and Finance Committee (“BSFC”)**

The BSFC comprises 3 Non-Executive Directors, 1 Independent Non-Executive Directors and 1 Executive Director. The Committee considers the development and implementation of the Bank’s strategic business plan, the financial position and results, systems and infrastructure needs, outsourced functions and insurance cover. It meets at least four times per year.

**d) Board Audit Committee (“BAC”)**

The BAC comprises 4 Independent Non-Executive Directors and 1 Non-Executive Director. The BAC is responsible for monitoring the integrity of the financial statements, monitoring and reviewing the effectiveness of the Bank’s internal financial control and the Bank’s internal and external audit functions and reviewing and monitoring the External Auditor’s independence and objectivity and the effectiveness of the audit process. The BAC is comprised of 5 (five) directors and is chaired by an INED. It meets at least four times per year.

**B. MANAGEMENT COMMITTEES**

**a) Executive Management Committee (“ExCo”)**

ExCo is responsible for carrying out the day-to-day management of the business and operational strategies established by the Board. The ExCo recommends the policies, objectives and strategy of the Bank to the Board for approval and ensures that the Bank is managed in accordance with the agreed policy framework, strategy and risk appetite, and in a sound, prudent and ethical manner in accordance with all relevant laws, regulations and guidance. ExCo is chaired by the CEO and meets fortnightly.

**b) Risk Committee (“RC”)**

The RC is the primary management risk oversight body covering amongst others, credit, counterparty, operational, market, liquidity, capital, people and technology (including cybersecurity) risks. It also monitors key risk indicators, the operational risk events register, approves counterparty and country credit reviews, product programs and reviews early warning indicators. The RC is chaired by the CRO and meets monthly.

**c) Asset & Liability Committee (“ALCO”)**

ALCO has overall responsibility for managing the Bank’s balance sheet within the defined risk/return parameters set by the Board. It considers the changing global economic outlook, reviews the various portfolios and positions, stress test results, capital adequacy, liquidity, operational risk events, regulatory and systems issues, as well as pipeline deals and the impact on the balance sheet. The ALCO is chaired by the CEO and meets monthly.

**d) Compliance Conduct & Audit Committee (“CCAC”)**

CCAC reviews regulatory developments, the status of due diligence reviews, the compliance monitoring program, gifts and hospitality, financial crime, conduct and regulatory responsibilities and audit matters. It ensures good compliance management to protect the Bank from reputational damage, financial loss and/or regulatory penalties. Furthermore, the Committee is responsible for overseeing the Bank’s prevention of money laundering, terrorism financing, proliferation financing, sanctions, bribery and corruption tax evasion including oversight of the whistle blowing framework, and Internal Audit. The CCAC

is chaired by the Head of Compliance and MLRO and meets monthly.

**e) New Products & Activities Committee (“NPAC”)**

NPAC considers new product papers and activities as required from time to time. It ensures that new products are within the Bank's strategic business plan and risk appetite, that systems and controls are in place, and that products meet customers', regulatory and conduct requirements. The Committee is chaired by the CRO and meets as and when required.

**f) Operations and Security Committee (“SC”)**

The SC reports to the EXCO and has been delegated the responsibility for Operational Resilience and the overall security environment within the Bank. This includes:

Development, monitoring compliance and enforcement of Security related policies and procedures including the Business Continuity Policy, Information Security policy and standards covering the safeguards and controls over the computer systems e.g. logical access, maintenance, backups, virus protection, etc; Premises procedures covering access to the premises, offsite storage facilities, emergency and fire alarms, staff accesses within the building, etc; Personnel procedures. e.g. defining the level of references required, exit procedures, etc. SC is chaired by the CTO.

**g) IT Steering Committee (“SteerCo”):**

The SteerCo reports to EXCO and is responsible for overseeing and monitoring contact with relevant external parties in connection with operational matters including without limitation, law enforcement agencies, information service providers, telecoms companies, security advisors etc, Providing advice to management on significant operational issues, Project Post Implementation Reviews, developing Bank level IT strategies and plans that ensure the cost-effective application and management of IT systems and resources throughout the organization. SteerCo is chaired by the CFO.

## **2.3 Three Lines of Defence**

UBA UK's risk management framework is based on “three lines of defence model”. Under this model, responsibility and accountability for risk management resides with all levels within the Bank:

- First Line of Defence (the business) – Provides management assurance by identifying risks and changes in risk circumstances, suggesting corrective actions, implementing controls and reporting on progress. Primary responsibility for day-to-day management and monitoring of risk lies with all staff according to the scope of their direct responsibilities. Department heads are accountable for risk management in their respective businesses and functions. Risk owners for each risk type are listed in the Bank's Risk Register.
- Second Line of Defence (oversight) – Provides oversight over business processes and risks and comprises the risk controllers, e.g. Risk, Compliance, Legal and Finance functions, various committees and management. The risk controllers are responsible for implementing policies

and the oversight, monitoring, reporting and management of risks according to the scope of their responsibilities. These responsibilities cut across the Bank and are not constrained by functional boundaries. Risk controllers for each risk type are listed in the Bank's Risk Register.

- Third Line of Defence (independent assurance providers). These comprise of the outsourced Internal Audit function and the in-house Internal Audit, Controls and Governance Assurance (ICGA), who both report to the BAC. UBA UK's Internal Audit function is outsourced to a professional firm which provides independent and objective assurance on the overall effectiveness of the Bank's risk management framework. The Head of ICGA provides oversight and accountability over day-to-day internal audit activities within the Bank. The BAC monitors the effectiveness of internal controls and ensures the independence of the "third line" activities.
- Further independent assurance is provided by the Bank's external auditors and the UBA Group Auditors, who both report to the BAC.

### 3. Overview of risk weighted exposure amounts.

An overview of UBA UK risk-weighted exposure amounts is provided in the following table.

**Template UK OV1 – Overview of risk weighted exposure amounts**

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements	
		2024	2023	2024	2023
1	Credit risk (excluding CCR)	105,700,585	97,656,476	8,456,047	7,812,518
2	Of which the standardised approach	105,700,585	97,656,476	8,456,047	7,812,518
6	Counterparty credit risk - CCR	-	-	-	-
7	Of which the standardised approach	-	-	-	-
15	Settlement risk	-	1,211,754	-	96,940
20	Position, foreign exchange and commodities risks (Market risk)	1,771,830	2,617,390	141,746	209,391
21	Of which the standardised approach	1,771,830	2,617,390	141,746	209,391
23	Operational risk	51,917,843	26,446,513	4,153,427	2,115,721
UK 23a	Of which basic indicator approach	51,917,843	26,446,513	4,153,427	2,115,721
29	<b>Total</b>	<b>159,390,258</b>	<b>127,932,133</b>	<b>12,751,221</b>	<b>10,234,571</b>

#### 4. Key Metrics

The UBA UK key metrics are provided in the following table. Additional details on relevant metrics are provided in the forthcoming sections in this report.

##### Key metrics

		2024	2023
	<b>Available own funds (amounts)</b>		
1	Common Equity Tier 1 (CET1) capital	78,168,563	60,900,368
2	Tier 1 capital	78,168,563	60,900,368
3	Total capital	78,168,563	60,900,368
	<b>Risk-weighted exposure amounts</b>		
4	Total risk-weighted exposure amount	159,390,258	127,932,133
	<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>		
5	Common Equity Tier 1 ratio (%)	49.04	47.60
6	Tier 1 ratio (%)	49.04	47.60
7	Total capital ratio (%)	49.04	47.60
	<b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b>		
UK 7a	Additional CET1 SREP requirements (%)	8.06	8.06
UK 7d	Total SREP own funds requirements (%)	16.06	16.06
	<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>		
8	Capital conservation buffer (%)	2.50	2.50
9	Institution specific countercyclical capital buffer (%)	0.50	0.20
11	Combined buffer requirement (%)	3.00	2.70
UK 11a	Overall capital requirements (%)	20.39	21.17
12	CET1 available after meeting the total SREP own funds requirements (%)	32.98	31.54
	<b>Leverage ratio</b>		
13	Total exposure measure excluding claims on central banks	483,630,135	626,525,876
14	Leverage ratio excluding claims on central banks (%)	16.16	9.72
	<b>Liquidity Coverage Ratio</b>		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	110,851,365	100,502,936
UK 16a	Cash outflows - Total weighted value	125,691,341	175,678,323
UK 16b	Cash inflows - Total weighted value	94,268,506	131,758,742
16	Total net cash outflows (adjusted value)	31,422,835	43,919,581
17	Liquidity coverage ratio (%)	352.77	228.83
	<b>Net Stable Funding Ratio</b>		
18	Total available stable funding	122,954,356	138,256,344
19	Total required stable funding	67,305,335	90,321,851
20	NSFR ratio (%)	182.68	153.07

## 5. Capital Resources

The table below details the total capital resources of the Bank as at 31 December 2024. The Bank's Own Funds entirely consist of Common Equity Tier 1 (CET1) capital. The adjustments made to the capital base to comply with regulatory rules are shown under the regulatory capital adjustments section of the table below.

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
	\$'000	\$'000
<b>OWN FUNDS</b>		
Common Equity Tier 1 capital		
Share capital	72,246	72,246
Share premium account	201	201
Accumulated gains /(losses)	7,293	(8,480)
FVOCI reserve	(430)	(3,224)
Total capital per statutory accounts	79,310	60,743
Regulatory capital adjustments		
Intangible assets	(1,425)	(1,616)
Unaudited gains / (losses)	-	14,435
IFRS 9 transitional adjustments	442	1,881
Additional valuation adjustments	(159)	(108)
Total CET1 capital after transitional adjustments	78,169	60,900
Total own funds	78,169	60,900

### 5.1 Leverage Ratio

The leverage ratio was introduced, as part of the Basel III reforms, to provide a simple, transparent, non-risk-based ratio intended to limit the build-up of leverage in the banking sector.

The leverage ratio is calculated as the ratio of Tier 1 capital to the exposure values of assets. Assets are disclosed on a gross basis and are not reduced by credit risk mitigation. Banks not in scope of the PRA leverage ratio minimum capital requirements are expected to maintain a minimum leverage ratio of 3.25%. As shown below, the leverage ratio is conservative and remained relatively stable throughout the year.

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
	\$'000	\$'000
<b>LEVERAGE RATIO</b>		
Total assets per statutory accounts	469,702	611,657
Off balance sheet commitments <sup>1</sup>	12,955	8,600
Regulatory adjustments	531	4,388
Total exposure measure	483,188	624,645
Institutions	168,557	91,770
Corporate	119,575	391,934
Central government and central banks	111,985	82,570
Multilateral development banks	-	0
Retail	-	0
Public sector entity	11,711	1,419
Other exposures	60,419	53,298
Off balance sheet commitments <sup>1</sup>	12,955	8,600
Assets deducted	(1,572)	(3,067)
Exposure value of assets	483,630	626,526
CET 1 capital	78,169	60,900
Leverage ratio	16.16%	9.72%

<sup>1</sup> after Credit Conversion Factor (CCF)

## **6. Capital Adequacy**

### **6.1 Capital Management**

Regulatory capital is calculated in accordance with the requirements of the CRR. The Bank always holds sufficient capital resources to support its risk assets and business strategy both in normal trading conditions and in times of stress. Capital adequacy is considered during the budgeting and planning process and thereafter is monitored on an ongoing basis. Regulatory capital requirements are formally reviewed by the Board at least quarterly.

In assessing the adequacy of its capital, the Bank considers its business plans and risk appetite to ensure the capital is sufficient for the risks to which the Bank is exposed.

The Bank regularly reports its capital adequacy to the regulators with capital adequacy ratios remaining comfortably above minimum requirements.

### **6.2 Internal Capital Adequacy Assessment Process**

On an annual basis, or more frequently if required, the Bank prepares an ICAAP which is an internal assessment of the Bank's risk profile and its capital needs, designed to address the capital requirements under Pillar 2 of the Basel framework. The ICAAP identifies the risks associated with the business plan and highlights additional capital or management actions that would be put in place in respect of each risk. Detailed stress tests are performed that consider the effect of these risks and the outputs of the stress tests are carefully reviewed. A reverse stress test scenario is designed to determine which combination of stress factors would cause UBA UK's business model to become unviable. Management and the Board have input into the stress models and the final ICAAP is challenged and subjected to comprehensive review before approval by ExCo and the UBA UK Board. UBA UK uses the ICAAP as a mechanism for keeping capital requirements under ongoing review both to ensure compliance with regulatory requirements but also to understand the risk and capital implications of any changes to the strategy.

Specifically, it uses the ICAAP for three primary purposes:

- Capital planning;
- For identifying risks inherent within the business model; and
- To assist in the management and mitigation of those risks on an ongoing basis.

### **6.3 Regular Stress Testing**

The Bank performs regular stress tests on its capital adequacy and liquidity positions under a range of sensitivities and scenarios. The variables cover relevant risks to which the Bank is exposed and include both macro-economic and firm-specific scenarios, and they are regularly updated to assess the impact on the Bank's risk profile, capital resources and liquidity.

Liquidity stress tests are performed daily. In addition, periodic ad-hoc stress tests are performed as required by executive management or ALCO.

Detailed results of stress tests are presented to ALCO, including the impact of the stress scenario on the Bank's liquidity and capital requirements, capital resources, profitability and future strategy.

As part of its risk management process, and in line with regulatory requirements, the Bank carries out reverse stress testing. This is a process that identifies the point at which the Bank's business model becomes unviable and the scenarios and circumstances which might cause this to occur are identified.

#### 6.4 Pillar 1 Minimum Capital Requirement

The Pillar 1 capital amount is comprised of Credit Risk Capital using the Standardised approach, Market Risk Capital using the Position Risk Requirement for Foreign Exchange, and Operational Risk Capital using the Basic Indicator approach. The table below sets out the aggregate Pillar 1 minimum Capital Resource Requirement:

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
	\$'000	\$'000
<b>PILLAR 1 MINIMUM CAPITAL REQUIREMENT</b>		
Credit risk	8,456	7,813
Settlement risk	-	97
Market risk	142	209
Operational risk	4,153	2,116
Minimum Capital Resource Requirement	12,751	10,235
Total own funds	78,169	60,900
Excess of own funds over minimum capital requirement	65,417	50,666

The following table illustrates the total minimum capital requirement for credit risk, after credit risk mitigation, as calculated using the Standardised Approach at 8% of total risk weighted assets:

	Year ended 31 Dec 2024		Year ended 31 Dec 2023	
	Risk Weighted Assets	8% own funds requirement	Risk Weighted Assets	8% own funds requirement
<b>EXPOSURE CLASSES</b>	\$'000	\$'000	\$'000	\$'000
Institutions	38,466	3,077	16,749	1,340
Corporates	35,971	2,878	49,264	3,941
Central government and central banks	7,350	588	24,724	1,978
Multilateral development banks	-	-	-	-
Collective investment undertakings	-	-	-	-
Public sector entity	11,711	937	1,419	114
Retail	0	-	0	0
Other	12,204	976	5,500	440
<b>Total</b>	<b>105,701</b>	<b>8,456</b>	<b>97,656</b>	<b>7,813</b>

## **7. Risk Measurement, Mitigation and Reporting**

Risk is inherent in the Bank's business activities. The Bank has processes and controls to identify, measure, assess, monitor, manage and report each risk. The most significant risks are credit risk (including concentration risk), market risk (mainly currency and interest rate risk), operational risk and liquidity risk. In addition to these risks, the Bank is also exposed to other risks including Strategic Risk, Regulatory Risk, Conduct Risk and Reputational Risk. The significant risks are detailed below:

### **7.1 Credit Risk**

Credit risk is the risk of loss arising from the inability or failure of a counterparty to meet its contractual obligations on due date. This risk arises when the Bank extends finance or enters into obligations on behalf of a counterparty.

Credit exposures are managed by means of robust lending standards, credit policies and practices as well as diversified and balanced client, industry sector, and country risk limits. Risk appetite limits are set to withstand stressed conditions during the credit cycle. Concentrations that may arise are managed within the credit risk framework. Credit mitigation techniques, including collateral and set-off, are used to manage credit risk.

The Credit Risk Management Policy and procedures include details on processes, lending authorities, large exposures, concentration risks and the use of external credit ratings and collateral.

#### **a) Credit Risk Management**

The business units are responsible for day-to-day credit risk management with oversight by the Risk Department, the RC and the BRRCC. The primary responsibilities are to:

- Implement and maintain a credit risk management framework, systems and policies complemented by a risk modelling and stress testing framework. Changes to the framework and policies are approved by the relevant risk committees.
- Ensure consistency and alignment to credit appetite, adherence to credit risk policies and procedures, risk acceptance criteria, single obligor limits, and risk reporting.
- Consider, approve or decline all new credit applications and annual reviews within delegated authority, ensuring that the relevant policies and procedures have been followed.
- Review of the overall credit risk portfolio, the actual positions versus limits and risk acceptance criteria.
- Review of any past due and non-performing exposures, provisions and impairments, assess whether such provisions are adequate, and recommend appropriate recovery strategies and actions.

#### **b) Credit Risk Assessment**

This process involves an analysis of the ability of a borrower to meet its repayment and other obligations and collateral may be taken to provide additional comfort.

The Master Rating Scale adopted by UBA UK is articulated in the Credit Risk Management Policy, which provides information on how the rating scale maps to the regulatory credit quality steps and the long-term ratings scales as employed by the benchmark external credit ratings agencies. These ratings are tracked via Fitch Alerts, with adjustments being updated monthly into the Banks core systems.

Country risk is separately assessed, and exposure limits are set based mainly on economic and political criteria. Approved counterparty limits, country limits, facility and collateral documentation must be completed before drawdown on approved facilities is permitted. Facilities for related entities are assessed and monitored on a group basis for determining credit and large exposure limits. Credit risk mitigation techniques may be used to reduce concentration risks.

### c) Credit Risk: Standardised Approach

Capital requirements for credit risk exposures are calculated using the Standardised Approach.

In cases where credit quality is weighted using prescribed credit quality steps, these bands are mapped to ratings provided by External Credit Assessment Institution ("ECAI"). Ratings from ECAIs will usually be available for the following exposure classes:

- Central Government and Central Banks.
- Multilateral Development Banks.
- Financial Institutions.

The table below provides details of exposure amounts by exposure class:

EXPOSURE CLASSES	Year ended 31 Dec 2024		Year ended 31 Dec 2023	
	Risk Weighted Assets \$'000	8% own funds requirement \$'000	Risk Weighted Assets \$'000	8% own funds requirement \$'000
Institutions	38,466	3,077	16,749	1,340
Corporates	35,971	2,878	49,264	3,941
Central government and central banks	7,350	588	24,724	1,978
Multilateral development banks	-	-	-	-
Collective investment undertakings	-	-	-	-
Public sector entity	11,711	937	1,419	114
Retail	-	-	-	-
Other	12,204	976	5,500	440
<b>Total</b>	<b>105,701</b>	<b>8,456</b>	<b>97,656</b>	<b>7,813</b>

The table below shows the distribution of exposures by geographical location.

GEOGRAPHICAL REGION	Year ended	Year ended 31
	31 Dec 2024	Dec 2023
	\$'000	\$'000
Africa	157,830	452,180
Western Europe	220,684	94,162
Northern America	107,644	86,645
Middle East	3,176	-
Others	2,867	121
Australia and New Zealand	2,150	15
Eastern Asia	1,792	121
<b>Total</b>	<b>496,143</b>	<b>633,246</b>

The Bank extends credit facilities to rated and unrated counterparties. Investment grade exposures include high quality liquid assets and money market placements with well rated financial institutions. Exposure amounts for each credit quality category are:

ECAI RATING	Year ended 31 Dec 2024		Year ended 31 Dec 2023	
	Exposure value before credit risk mitigation	Exposure value after credit risk mitigation	Exposure value before credit risk mitigation	Exposure value after credit risk mitigation
	\$'000	\$'000	\$'000	\$'000
AAA to AA-	176,168	176,168	123,436	123,436
A+ to A-	126,607	126,607	63,214	63,214
BBB+ to B-	-	-	-	-
BB+ to BB-	0	-	-	-
B+ to B-	175,547	33,979	436,677	58,557
CCC+ and below	4,923	4,923	4,418	4,418
Unrated	12,898	12,898	5,501	5,501
Past due items	-	-	-	-
<b>Total</b>	<b>496,143</b>	<b>354,575</b>	<b>633,246</b>	<b>255,126</b>

Pillar 3 Disclosures

The table below shows the residual maturity breakdown of the Bank's exposure classes at 31 December 2024:

<b>Year ended 31 Dec 2023</b>						
<b>EXPOSURE CLASSES</b> (amounts in \$'000)	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Undated</b>	<b>Total</b>
Institutions	73,506	18,264	-	-	-	91,770
Corporates	125,610	240,567	19,069	23,888	-	409,135
Central government and central banks	-	-	-	-	-	0
Multilateral development banks	42,849.76	-	-	-	-	42,850
Collective investment undertakings	-	-	-	-	-	0
Public sector entities	-	-	5,500.82	-	-	5,501
Retail	-	-	-	1,419	-	1,419
Other	-	13,893.92	20,324	48,352	-	82,570
<b>Total</b>	<b>241,966</b>	<b>272,726</b>	<b>44,894</b>	<b>73,660</b>	<b>-</b>	<b>633,246</b>
<b>Year ended 31 Dec 2024</b>						
<b>EXPOSURE CLASSES</b> (amounts in \$'000)	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 5 years</b>	<b>Undated</b>	<b>Total</b>
Institutions	88,826	50,506	29,225	-	-	168,557
Corporates	57,862	56,522	12,346	18,755	-	145,485
Central government and central banks	40,884	26,995	29,595	14,511	-	111,984.67
Multilateral development banks	-	-	-	-	-	-
Collective investment undertakings	48,685	-	-	-	-	48,685
Public sector entities	-	-	-	11,711	-	11,711
Retail	-	-	-	-	-	-
Other	-	-	9,720	-	-	9,720
<b>Total</b>	<b>236,257</b>	<b>134,024</b>	<b>80,886</b>	<b>44,977</b>	<b>-</b>	<b>496,143</b>

\*no items are Past due

#### **d) Credit Risk Mitigation**

The Bank has in place various techniques to reduce credit risk to minimize potential loss, the most common of these is performing an assessment of the borrower to service the proposed level of borrowing without distress. However, the main source of risk mitigation has been collateral received in the form of cash. The Bank ensures that risk mitigations must be legally enforceable and effective in the relevant jurisdictions. Netting is not considered a form of credit risk mitigation unless, where permitted, such as for appropriately documented foreign exchange transactional relationships, this allows obligation in favour of the Customer and the Bank to be settled on a net rather than a gross basis.

#### **e) Expected Credit Loss (“ECL”)**

The ECL framework, under IFRS 9, requires banks to recognise a loss allowance at an amount equal to the 12-month ECLs for those financial instruments where there had been no significant increase in credit risk since initial recognition, and a lifetime ECL where a significant increase in credit risk had been witnessed or where the financial instrument is credit impaired.

The measurement of ECL allowance for all financial assets at amortised cost, assets at fair value through other comprehensive income (“FVOCI”), commitments and guarantees is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of judgements are also required in applying the accounting requirements for measuring ECL. These include:

- Determining criteria for significant increase in credit risk. The RC will review and recommend reclassification of Stage 2 and Stage 3 ECL. There is a rebuttable presumption that the credit risk has increased significantly if contractual principal payments are more than 30 days past due; this presumption shall be applied unless the Bank has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.
- Choosing appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios. The Bank calculates a base scenario, two downside scenarios and one upside scenario for stress testing purposes. In line with the IFRS 9 requirements, the Bank's policy recommends a weighted average approach to computing the ECL.

At the beginning of the year, UBA UK held in its investment portfolio a Republic of Ghana Eurobond, with notional value of US\$5m. Following the Eurobond default, in 2023, this exposure was reclassified as Stage 3 in line with our ECL policy and IFRS9 requirements.

Ghana subsequently successfully concluded a debt exchange for its fifteen outstanding non-performing Eurobonds and exchanged them for five new bonds.

In October 2024, the Government of Ghana withdrew the Ghana 0 04/07/25 Bond (Old Bond) in the Amortised Cost portfolio and replaced with the issuance of two separate bonds with new maturities Ghana 0 07/03/26 (US\$0.2m) and Ghana 1.5 01/03/37 (US\$4.4m) (New Bonds). The Bank assessed these new instruments as meeting the criteria for purchased or originated credit impaired “POCI”

recognition. The new bonds now being credit impaired, restructured and outside the Bank's risk appetite were assessed and accounted for using FVOCI (previously - amortised cost).

The total ECL provisions at the point of restructuring was US\$2.3m which is 54% of the total exposure.

The difference between the fair value of the new instruments and the carrying amount of the old bonds is recognised as a net loss on derecognition of the investment security.

Since their initial recognition, the Bank observed significant increase in the credit risk of the following asset, now classified as Stage 2. A scenario-based approach is used when calculating the respective ECL:

- Ecobank (Nigeria)

At the beginning of 2024, the Bank maintained US\$6.0m investment in a Eurobond issued by Ecobank Nigeria, maturing in Feb-26. Following two credit downgrades by FITCH, from "B-" to "CCC+" in Feb-24, and subsequently to "CCC-" in Jul-24, the Bank sold US\$2.95m and reduced its investments to US\$3m at the end of the year).

- Arab Republic of Egypt

In Q4 2024, the Bank exited its position in the sovereign Eurobond issued by the Arab Republic of Egypt, with a carrying amount of US\$8.0m after considering ECL of \$1.2m.

Potential escalation of various regional conflicts was seen a key risk to the Egyptian economy and the issuer's credit worthiness. Moreover, the Bank does not benefit from the insights and other advantages it has in other African countries, particularly those countries with UBA Group presence. As such, the Bank's investment into this Stage 2 asset was exited, with a corresponding gain on the sale of the investment security recognised in the profit or loss account (US\$0.86m).

## **7.2 Market Risk**

Market risk is the risk that changes in market conditions may adversely impact the value of assets, liabilities or earnings and covers four main areas:

- Interest rate risk;
- Foreign currency risk;
- Commodity position risk; and
- Equity position risk.

The objective of market risk management is to ensure market risk exposures remain within acceptable parameters, whilst earning a return.

Market risk in UBA UK comprises interest rate risk and currency risk and is Banking Book only.

### **a) Interest Rate Risk**

The value of assets and liabilities can change as a result of changes in market interest rates. Interest rate sensitivity analysis is performed based on a parallel shift in interest rates of 200 basis points in

either direction to determine the impact on balance sheet values and net income.

The table below summarises the impact on income of a 200-basis point increase or decrease in the interest rates for all exposures as at 31 December 2024, if all other variables remain constant, in line with FSA017.

Year ended 31 Dec 2024	200 basis point increase	200 basis point decrease
	(545)	715
Year ended 31 Dec 2023	200 basis point increase	200 basis point decrease
	(1,029)	1,139

## b) Foreign Currency Risk

Foreign exchange exposure arises from foreign currency balances including nostro accounts, bonds, trade loans and collateral. The Bank's policy is to match the currencies and assets and liabilities where possible and to take forward cover where foreign currency exposures are material. The Board sets limits for the net open position monitored by Treasury.

The table below gives details of the net foreign currency exposures and the impact of a 5% increase and decrease in exchange rates.

Source Market risk template C22.00

Year ended 31 Dec 2023 (amounts in \$'000)	EUR	GBP	Other currencies	Total
Net Foreign Currency Exposure	185	2,370	63	2,617
Impact of 5% increase in US\$ exchange rate	9	118	3	131
Impact of 5% decrease in US\$ exchange rate	-9	-118	-3	-131

Year ended 31 Dec 2024 (amounts in \$'000)	EUR	GBP	Other currencies	Total
Net Foreign Currency Exposure	(600)	1,733	39	1,171
Impact of 5% increase in US\$ exchange rate	-30	87	2	59
Impact of 5% decrease in US\$ exchange rate	30	-87	-2	-59

Historical volatilities together with forward looking assumptions are used when performing sensitivity analysis on net foreign currency exposures.

## c) Commodity Position Risk

This risk arises from adverse changes in commodity prices. The Bank currently is not exposed to commodity price risk.

## d) Equity Position Risk

This risk arises from adverse change in the price of stocks and shares. The Bank currently is not exposed to equity price risk, either directly or indirectly.

### 7.3 Liquidity Risk

Treasury, as first line of defense, manages the Bank's liquidity to ensure that all funding obligations and commitments can be met when due. The ALCO has an oversight over management liquidity. In addition, the regulators set minimum liquidity parameters which are monitored. The policy of the Bank is to match the maturities and currencies of assets and liabilities as far as practicable.

Liquidity ratios are set out below. The Liquidity Cover Ratio ("LCR") is the ratio of High-Quality Liquid Assets ("HQLA") to net cash outflows over the next 30 days. The Net Stable Funding Ratio ("NSFR") is the ratio of available funding to required funding over the next 12-months.

<b>RATIOS</b>	<b>Year ended 31 Dec 2024</b>	<b>Year ended 31 Dec 2023</b>	<b>Minimum requirement</b>
Liquidity Coverage Ratio	353%	229%	100%
Net Stable Funding Ratio	183%	153%	100%

The Bank utilises the Cash flow maturity ladder (PRA110) to assess short- term risks, cash flow mismatches and liquidity cliffs. A comprehensive annual review of liquidity requirements is performed through ILAAP.

### 7.4 Operational Risk

Operational risk is defined as "the risk of monetary loss resulting from inadequate or failed internal processes, people and systems or from external events". The impact can be financial or non-financial, including customer detriment, reputational damage or adverse regulatory ramifications.

Operational Risk within UBA UK is managed using an evaluate, respond and monitor approach.

- Evaluate – Identify and assess the different operational risks that UBA UK is exposed to, how they are assessed and how the risk exposure is measured.
- Respond – Detail the Bank's approach to managing operational risk, including the design and implementation of mitigation, establishing risk appetite and the delegation of authorities.
- Monitor – Set out how the operational risk profile is reported, overseen, escalated and managed to ensure that risk exposures remain within approved risk appetite.

A strong risk culture effectively communicated to all staff is a key component of effective operational risk governance. This includes a culture of support from top management to encourage the reporting of operational risk incidents, including losses and near misses.

All staff have a responsibility to manage operational risks to within the Bank's risk appetite in their departments and UBA UK's operational risk governance relies on three lines of defence model.

## 8. Asset Encumbrances

An asset is considered encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

As at 31 December 2024, none of the Bank's assets were encumbered.

## **9. Remuneration Policy**

The overarching principle of the Bank's approach to remuneration is to strike a fair and reasonable balance between incentivising and retaining employees and meeting the expectations of the shareholder, whilst remaining competitive in the UK market.

The Remuneration Policy seeks to align employee behaviours to the Bank's core values and ensure the Bank meets its commitment to equal pay, gender pay and non-discrimination.

Regulatory requirements are followed including the Remuneration Code (SYSC 19D) and Pillar 3 Disclosures on Remuneration under BIPRU 11.

The Bank is classified as a proportionality Tier 3 firm under the PRA Supervisory Statement SS2/17 which sets out the disclosures required under the Remuneration Code. As such, the Bank has adopted a proportionate approach to remuneration, dis-applying certain provisions where appropriate in line with FCA guidance. Regulatory changes are closely monitored to ensure compliance and best practice.

### **9.1 Setting the Remuneration Policy**

The BNGC is responsible for the implementation and annual review of the Remuneration Code. Governance of all remuneration matters lies with the BNGC, which oversees the Remuneration Policy and remuneration of Senior Management and employees as well as the Executive and the Non-Executive Directors of the Board. The final recommendations are ratified by the Board of Directors.

The BNGC meets every quarter and comprises of 2 Non-Executive Directors and 2 Independent Non-Executive Directors. The Non-Executive Directors are regarded as being independent and possess the necessary skills to exercise the appropriate judgement. The CEO and the Head of Human Resources attend BNGC meetings by invitation. Other Board Members, senior employees or external advisors are also invited to attend meetings, as and when required.

Independent consultants are not used for the determination of Remuneration Policy.

### **9.2 Pay and Performance**

The Bank's Remuneration Policy reflects the objectives of good corporate governance as well as supporting Bank strategy. It aims to provide a comprehensive package that is aligned and relevant to the external market, the requirements of the job role as well as affordability consideration. Whilst pay is linked to performance criteria, individual targets are not solely based on sales targets and both financial and non-financial criteria, including conduct, are set and agreed in advance with regular performance reviews undertaken.

A discretionary bonus plan is in place for the benefit of employees. Payments are aligned to the overall Bank and individual performance in a way that reflects the Bank's short-and long-term strategy. All bonuses are paid in cash through the payroll. This bonus plan is regularly reviewed

and updated to ensure rewards are consistent with expected values and behaviours. This includes incentives to promote risk management, organisational performance, appropriate conduct and individual accountability.

Bonus awards under the scheme qualify as “variable remuneration” as defined in the Code. Guaranteed bonuses are not part of the Bank’s current discretionary bonus arrangements.

The Code requires that banks identify relevant senior executives and material risk takers and designate them as material risk takers. As a Tier 3 firm, the Bank adhered to relevant prescribed remuneration rules pursuant to CRD V.

The table below sets out the remuneration awards that have been made to Identified Staff - classified as being all Senior Management Function holders (12); and other Material Risk Takers (16), as at 31 December 2024.

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
	No of Staff	Remuneration Type		No of Staff	Remuneration Type	
		Fixed £'000	Variable £'000		Fixed \$'000	Variable £'000
Senior Management	12	1,777	217	8	1,658	134
Material Risk Takers	16	1,374	70	9	1,144	120
<b>Total</b>	<b>28</b>	<b>3,151</b>	<b>287</b>	<b>17</b>	<b>2,802</b>	<b>254</b>

Variable remuneration was paid out in the period considered. The Bank is required to complete an annual High Earners Return to the FCA to advise them of staff whose remuneration is over €1m. The Bank does not have any staff who qualify as high earners under the FCA definition and therefore a nil return has been submitted for 2024.

A summary of staff categories and their roles as of 31 December 2024 is shown below:

	Year ended 31 Dec 2024		Year ended 31 Dec 2023	
	No of staff	%	No of staff	%
Customer Facing	10	16%	8	14.50%
Control	24	38%	22	40%
Support	29	46%	25	45.50%
<b>Total</b>	<b>63</b>	<b>100%</b>	<b>55</b>	<b>100%</b>