2013 ANNUAL REPORT & ACCOUNTS

UNION BANK

Union Bank of Nigeria Plc

Consolidated and Separate Financial Statements
For the year ended 31st December 2013

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Results at a glance

GROSS EARNINGS	PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	PROFIT AFTER TAX
N121.399billion	N3.769billion	N3.836billion

	Group Dec 2013 N' Million	Group Dec 2012 N' Million	Increased/ (Decreased) %	Bank Dec 2013 N' Million	Bank Dec 2012 N' Million	Increased/ (Decreased) %
Major Profit and Loss Account Items						
Gross earnings	121,399	117,212	4	103,225	96,484	7
Profit before tax	3,769	2,872	31	4,201	3,438	22
Profit after tax	3,836	1,187	223	5,121	3,170	62
Earnings per share	32k	24k	33	30k	19k	58
Major Balance Sheet Items						
Deposits from customers	482,706	522,443	(8)	479,956	482,005	0.4
Loans and advances	229,542	160,669	43	210,118	136,982	53
Total Assets	1,002,756	1,015,278	(1)	882,097	886,468	0.5
Total Equity	199,343	179,184	11	187,784	171,671	9

CORPORATE PROFILE

Established in 1917 and listed on the Nigerian Stock Exchange in 1971, Union Bank of Nigeria Plc is one of Nigeria's long-standing and most respected financial institutions. The Bank is a trusted and recognisable brand, with a large base of loyal customers and an extensive network of over 300 branches across Nigeria through which it serves those customers. Union Bank also has a full-fledged subsidiary in London, United Kingdom.

Following banking reforms by the Central Bank of Nigeria, Union Bank, in September 2012, concluded a successful recapitalisation process with the injection of $500 million into the Bank by Union Global Partners Limited *(UGPL)* – a consortium of investors. The investor members of UGPL include African Capital Alliance, ADC African Development Corporation, Corsair Capital, FMO *(the Netherlands Development Finance Company),* Chandler Corporation and Standard Chartered Private Equity. At present, Union Bank is owned 65 percent by UGPL, 20.04 percent by the Asset Management Corporation of Nigeria and 14.96 percent by a diverse group of shareholders.

Having successfully completed its recapitalisation, Union Bank has embarked upon a Transformation Programme aimed at re-establishing the Bank as one of Nigeria's leading banks. Union Bank's Transformation agenda revolves around a number of critical areas including operations, information technology, risk management as well as its overall strategy. Reliability is at the core of the Bank's Transformation aspirations. The Bank's goal is to be a reliable institution - one which delivers the best service possible to its customers and consistently creates value for all its stakeholders.

Union Bank currently operates a group structure with subsidiary and associate companies providing services across a number of sectors including mortgage, insurance, trusteeship, stockbroking, property development and share registration businesses. In line with the Central Bank of Nigeria's Regulation 3 on the Scope of Banking and Ancillary Matters, and the Bank's current plan to focus its resources on core banking functions, Union Bank has commenced the process of divesting its interests in all its subsidiaries and associated companies, with the exception of Union Bank *(UK)* Plc.

Union Bank currently offers a myriad of banking services to both Individual and Corporate clients including Current, Savings and Deposit Account services, Funds Transfer, Foreign Currency Domiciliation, Loans, Overdrafts, Equipment Leasing and Trade Finance. The Bank also offers its customers convenient electronic banking channels and products including Online Banking, Mobile Banking, Bank Cards, ATMs and POS Systems.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the FORTY-FIFTH ANNUAL GENERAL MEETING of Union Bank of Nigeria Plc. will be held in the Grand Ballroom, Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos on Tuesday, 17th June, 2014 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Group Financial Statements for the financial year ended 31st December 2013 together with the reports of the Directors, Auditor, Board Appraiser and Audit Committee.
2. To authorize Directors to fix the remuneration of the Auditor.
3. To elect/re-elect Directors.
4. To elect/re-elect members of the Audit Committee.

SPECIAL BUSINESS

1. To approve the remuneration of Directors.

SPECIAL RESOLUTIONS

2. That the Board of Directors be and is hereby authorized to take all necessary steps to cancel the 37,161,140 ordinary shares of 50 kobo each of its issued and fully paid shares, being the shares inadvertently held by the Company following the acquisition of Union Merchant Bank Ltd in 2005 and subsequently reconstructed and re-allotted pro-rata in 2011.

3. That the Board of Directors be and is hereby authorized to take all necessary steps to raise medium term funding by the issuance of debt instrument(s), tenured bond(s) and/or Tier II Securities or a combination of these financing options, up to a maximum US$750,000,000 *(seven hundred and fifty million US Dollars),* or its equivalent in any currency, on such terms as may be determined by the Board.

4. That subject to obtaining applicable regulatory approval, the Board of Directors be and is hereby authorized to set aside up to 570,693,750 ordinary shares from the Company's unissued ordinary shares, a portion representing three percent *(3%)* of the Company's Authorized Share Capital of 19,023,125,000 ordinary shares to fund an Employee Share Incentive Scheme *("the Share Incentive Scheme")* and to give effect to the Share Incentive Scheme on such terms and subject to such conditions, as the Board may from time to time deem fit.

5. That Pursuant to Sections 106 and 107 of the Companies and Allied Matters Act 2004 *("CAMA"),* the Board of Directors be and is hereby authorised to take all actions and steps regulatory or otherwise, that are considered necessary to reduce the balance on the Company's Share Premium Account by N286,982,000,000 *(Two Hundred and Eighty-Six Billion, and Nine Hundred and Eighty-Two Million Naira),* and the said sum applied as follows:

   i. to the negative Retained Earnings of N272,064,000,000 *(Two Hundred and Seventy-Two Billion, and Sixty-Four Million Naira)* as at 31st December, 2013 for purposes of reducing same to zero (0); and

   ii. to facilitate the Asset Management Corporation of Nigeria's clawback of the Excess Capital of N14,918,000,000 *(Fourteen Billion, Nine Hundred and Eighteen Million Naira),* arising from the injection of the Financial Accommodation Amount of N305,700,000,000 *(Three Hundred and Five Billion, Seven Hundred Million Naira).*

SPECIAL NOTICE

Messrs. Richard Lee Kramer and John Botts who attained the age of seventy (*70*) years on 20th June 2004 and 19th January 2011 respectively, are Directors of the Company and pursuant to the provisions of Section 256 of CAMA, the said Directors shall not vacate their position as Directors, having given the Company notice of their ages on 12th September 2012.

NOTES

(a) **PROXY**
A member of the Company entitled to attend and vote, is entitled to appoint a proxy to attend and vote in its, his or her stead and for that purpose, a proxy form is supplied with the Notice of Meeting. Executed proxy forms should be duly stamped at the Stamp Duties Office and deposited at the office of the Company Registrar, Union Registrars Limited, 2 Burma Road, Apapa, Lagos not less than 48 hours before the meeting.

(b) **AUDIT COMMITTEE**
Any member may nominate a shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination, to the Company Secretary, at least 21 days before the Annual General Meeting.

(c) **CLOSURE OF THE REGISTER OF MEMBERS**
The Register of Members shall be closed from Monday 19th May 2014 to Friday 23rd May 2014 *(both days inclusive)*.

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
Company Secretary
Union Bank of Nigeria Plc
Stallion Plaza
36 Marina
Lagos

Dated this 25th day of April 2014

CORPORATE INFORMATION

Directors

Udoma Udo Udoma	-	*Chairman*
Emeka Emuwa	-	*Group Managing Director*
Adekunle M. Adeosun	-	*Executive Director*
Oyinkansade Adewale	-	*Executive Director/Chief Financial Officer*
Kandolo Kasongo	-	*Executive Director/Chief Risk Officer**
Ibrahim Abubakar Kwargana	-	*Executive Director*
Godson Chukwuemeka Okonkwo	-	*Executive Director***
Mansur Ahmed	-	*Non-Executive Director*
Onikepo Olufunmike Akande	-	*Non-Executive Director*
John Botts	-	*Non-Executive Director*
Richard Burrett	-	*Non-Executive Director*
Richard Lee Kramer	-	*Non-Executive Director*
James Macarthur	-	*Non-Executive Director****
Douglas Munatsi	-	*Non-Executive Director*
Cyril Odu	-	*Non-Executive Director*
Adeyemi Osindero	-	*Non-Executive Director*
Dickie Agumba Ulu	-	*Non-Executive Director*

* *Appointed on 16th August, 2013*
** *Appointed on 5th November, 2013*
*** *Resigned with effect from 26th February, 2014*

Company Secretary

Somuyiwa Adedeji Sonubi
FRC/2013/NBA/00000002061

Registered office

Union Bank of Nigeria Plc
Stallion Plaza
36 Marina
Lagos

Auditors:

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

Registrar & Transfer Office

Union Registrars Limited
2, Burma Road
Apapa
Lagos

BOARD OF DIRECTORS

CHAIRMAN	Udoma Udo Udoma
GROUP MANAGING DIRECTOR	Emeka Emuwa
DIRECTORS	Adekunle Mickey Adeosun
	Oyinkansade Adewale *(Mrs)*
	Mansur Ahmed
	Onikepo Akande *(Mrs)*, OON
	John C. Botts
	Richard Burrett
	Kasongo Kandolo
	Richard Lee Kramer
	Ibrahim Abubakar Kwargana
	James Macarthur
	Douglas Tawanda Munatsi
	Cyril Odu
	Chukwuemeka Okonkwo
	Adeyemi Osindero
	Dickie Agumba Ulu
COMPANY SECRETARY	Somuyiwa Adedeji Sonubi

EXECUTIVES & ADVISERS

GROUP MANAGING DIRECTOR	Emeka Emuwa	
EXECUTIVE DIRECTORS	Adekunle Mickey Adeosun	*Commercial& Retail Bkg (South) and Consumer Bkg*
	Oyinkansade Adewale *(Mrs)*	*Chief Financial Officer*
	Kasongo Kandolo	*Chief Risk Officer*
	Ibrahim Abubakar Kwargana	*Commercial & Retail Bkg (North) and Public Sector*
	Chukwuemeka Okonkwo	Corporate, Int'l & Investment Bkg & Treasury
HEAD, IT & OPERATIONS	Luxhman Jayarantne	
GENERAL MANAGERS	Lateef O. Dabiri	*Central Operations*
	David T. Isiavwe	*Internal Audit*
	Umar A. Momoh Jimoh	*Commercial& Retail Bkg (North) & Public Sector*
	Kingsley U. Ulinfun	*Commercial& Retail Bkg (South)*
DEPUTY GENERAL MANAGERS	Olabode G. Abikoye	*Corporate/Commercial Agribusiness*
	Joyce Adekoya	*Credit Risk Management*
	Funwa O. Akinmade	*Retail Liabilities*
	Kaonen Adekola Ali	*MD/CE, UBUK Plc*
	Peter N. Aliogo	*Comm.& Retail Banking (South)*
	Kunle Ball	*Zonal coordinator (Abuja II)*
	Fatai Babatunde Baruwa	*E-Business*
	Omolola Cardoso	*Group Corporate Strategy & Business Transformation*
	Paulinus A. Chima	*Zonal coordinator (Enugu)*

	Ogochukwu Ekezie-Ekaidem	*Corporate Affairs/Corporate Communications*
	Stella N. Emmanuel	*Retail Credit*
	Mike O. Hunder	*Quality Assurance*
	Mike B. Iyela	*Human Resources*
	Segun I. Lamidi	*Central Operations*
	Abigail Duopama-Obomanu	*Branch Coordination*
	Adedayo A. Olaiya	*Value Chain Banking*
	Anthony O. Olufidipe	*Special Products*
	Abayomi S. Oluyomi	*Treasury*
	Folorunsho E. Orimoloye	*Information Technology*
	Vivian U. Osian *(Mrs)*	*Branch Coordination*
	Morayo Oyeleke	*Human Resources*
	Maurice A. Phido	*Specialized Markets*
	Gbola Sokoya	*Compliance*
ASSISTANT GENERAL MANAGERS	Olanireti Abimbola *(Mrs)*	*Internal Control*
	Taiwo O. Adeneye	*Treasury Operations*
	Winnie A. Atawodi *(Mrs)*	*Zonal Coordinator (Abuja I)*
	Olugbenga A. Babatunde	*Information Technology*
	Adebola I. Badmus	*Zonal Coordinator (Ikeja II)*
	Olusegun A. Edun	*Credit Risk Management*
	Abel N. Enechaziam	*Commercial & Retail Bkg (South)*
	Yvonne O. Ezekiel	*Human Resources*
	Alaba O. Fagun	*General Services*
	Abdulkadir A Jaafaru	*Zonal Coordinator (Jos)*
	Banji Jimoh	*Zonal Coordinator (Lagos Island I)*
	Pearl C. Kanu *(Mrs)*	*Acting MD/CE Union Homes Savings & Loans Plc.*
	Agatha M. Mbanefo	*Customer Care*
	Rose K. Nwayo *(Mrs)*	*Internal Audit*
	Jim I. Imonde	*Zonal Coordinator (PH I)*
	Babatunde S. Olagbaju	*Credit Portfolio Mgt & Regulatory Compliance*
	Morenike Arinola Olabisi	*CBG, Food & Beverages*
	Gbolahan Ogundipe	*Foreign Operations*
	Uche Olowu	*CBG-Energy (upstream/oil services)*
	Francis Onwuemele	*Zonal Coordinator (Apapa I)*
	Ifeanyi C. Opara	*CBG-Energy (Downstream, Int'l/ Regional oil)*
	Ayo Sunday Osunbunmi	*Group Corporate Strategy & Business Transformation*
	Yejide O. Runsewe	*Zonal Coordinator (Ibadan)*
	Abdulrazak Salau	*Zonal Coordinator (Maiduguri)*
	Rabiu Fagge Tata	*Zonal Coordinator (Abuja Main)*
	Baba Tijjani	*Union Bank (UK) Plc.*
	Pekun M. Tonade	*Information Technology*
	Maria N.E. Udoh	*Zonal Coordinator (Uyo)*
	George I. Udoh	*Zonal Coordinator (PH II)*
	Joseph O. Umeh Esq	*Zonal Coordinator (Onitshal)*
SOUTH AFRICA REP OFFICE	Femi Okanlawon	
HEAD, CORPORATE AFFAIRS & CORPORATE COMMUNICATIONS	Ogochukwu Ekezie-Ekaidem	

Udoma Udo Udoma
Chairman

Adekunle Mickey Adeosun
Executive Director

Oyinkansade Adewale
Executive Director

Kandolo Kasongo
Executive Director

John C. Botts
Director

Richard Burret
Director

Richard Kramer
Director

James Macarthur
Director

Emeka Emuwa
Group Managing Director

Ibrahim Abubakar Kwargana
Executive Director

Chukwuemeka Okonkwo
Executive Director

Mansur Ahmed
Director

Onikepo Akande
Director

Douglas Tawanda Munatsi
Director

Cyril Akporuere Odu
Director

Yemi Osindero
Director

Dickie Agumba Ulu
Director

CHAIRMAN'S STATEMENT

Introduction
Distinguished shareholders, members of the Board of Directors, Ladies and Gentlemen, it is my pleasure to welcome you to the 45th Annual General Meeting *(AGM)*. I hereby present the annual report for the financial year ended December 2013. In doing so, I will commence by providing an overview of the 2013 global and domestic economy as well as the banking industry's regulatory environment within which the group operated.

The Global Economy
The International Monetary Fund (IMF) estimates that the global economy grew by 3% in 2013, and global activity strengthened during the second half of the year, mostly driven by increase in inventory demand in developed economies.

Advanced economies experienced 1.3% growth in 2013.

In emerging market economies, we saw 4.7% growth, with Sub-Saharan Africa growing 5.1%. Export rebound was the main driver, as domestic demand generally remained restrained, except in China, which grew at a rate of 7.7%. Financial conditions tightened following the U.S. tapering announcements in May 2013, although capital flows remained fairly resilient.

Fortunately, there are indications that a self-sustaining recovery has begun in high-income countries. Stronger growth in these countries is expected to boost demand for exports of developing countries thereby leading to gradual growth acceleration.

Across the globe, two key trends are emerging – the global balance of economic power shifting from the developed economies towards the emerging ones; and a modest recovery, signaling a turning point for the first time in five years.

The Nigerian Economy
The Nigerian economy continued to experience strong growth in 2013 – GDP grew by 6.9% *(up from 6.6% in 2012)* - above global and regional average growth rates. The non-oil sector remained the major driver of economic growth, with agriculture being the key contributor with approximately 43%. Other key drivers within the non-oil sector include wholesale and retail trade and services. In addition, the Government initiated reforms in key sectors such as power, agriculture and transport, which are expected to accelerate economic growth.

For the first time since 2007, inflation rate remained within single digits throughout the year, ranging between 7.7% and 9.8%, and eventually closing the year at 8%.

International crude oil prices maintained an average of $110.6 per barrel during the year. NIBOR rates declined by 183bps, year on year, to 11.1% across maturities in December 2013 due to improved market liquidity from AMCON bond redemption at year end.

Nigeria's external reserves ended the year at $43.6 billion, a decrease from $44.2 billion recorded at the end of 2012. Subsequently, the Excess Crude Oil account witnessed a major decline to close the year with less than $2.5 billion, compared to $11.5 billion at the end of 2012. The Central Bank of Nigeria *(CBN)* sold about $27 billion at the currency auctions in a bid to defend the Naira and the exchange rate in the interbank market closed at N159.98/US$1 in December 2013.

Despite some strong economic indicators, Nigeria presents some real operating challenges. Infrastructure in the country is poor and investment in this area has been slow and tedious. The impact of infrastructure deficiencies is evident in the bottlenecks experienced by average Nigerians in their daily pursuits, businesses seeking cost and process efficiencies; and corporations seeking to innovate. Power supply is epileptic and therefore represents significant costs for businesses. Despite recent privatization in power generation and distribution, substantial capital is required to retrofit these assets to deliver the much needed change in power supply across the country.

Security in the North East remains a difficult challenge for the government and continues to destabilize economic progress in affected areas. The crisis continues to generate negative perceptions, distracting government and other stakeholders from advancing the real economic and development agenda for the country.

The Banking Industry

In 2013, the regulatory environment governing the Nigerian banking industry was characterized by policy changes aimed at supporting the fiscal tightening stance adopted by the CBN. Key changes made within the year include:

- Increase in Cash Reserve Ratio *(CRR)* for banks on public sector deposits to 50% from 12%
- Reduction in Commission on Turnover *(COT)* from N5 to N3 per mille
- Increase in interest on savings to a minimum of 30% of Monetary Policy Rate *(MPR)*
- Increase in AMCON sinking fund levy from 0.3% to 0.5% of total assets in June 2013
- Replacement of Wholesale Dutch Auction System *(WDAS)* by Retail Dutch Auction System *(RDAS)*, with an imposed limit of $250,000 as maximum weekly sales to curtail currency speculation to Bureau de change *(BDC)* by authorized dealers in October 2013

However, MPR, Liquidity Ratio and CRR on other deposits remained at 12%, 30% and 12% respectively.

The combined effect of these regulatory changes had significant impact on the operating landscape of banks and consequently their bottom-line. The CRR hike forced banks to revisit their portfolio and asset-liability management strategies and in certain cases led to the collapse of discount houses where exposures were significant.

Our Bank

Transformation Program

In December 2013, Union Bank finalized its three year strategy, which provides a clear direction for our future growth, in line with the ongoing transformation program. Union Bank aspires to be a highly respected provider of quality banking services, and to achieve this, the bank has identified six core areas which are pivotal to its success – the quality of our customer experience, our client base, our talent, our banking platform, our professional standards, and the quality of our earnings.

For successful implementation and monitoring of these initiatives, the bank established a dedicated transformation team to drive and monitor the implementation priorities, staffed with highly skilled personnel, with overall support and buy-in from senior management.

Execution of our strategy will ensure continuous revenue and profit growth, which will ultimately grow shareholder value, and thus adequately positioning UBN to regain its position as one of the leading banks in Nigeria.

Changes in Group Structure

In compliance with CBN's Regulation 3 on the Scope of Banking Activities and Ancillary Matters, which restricts Nigerian banks to operating as commercial, merchant or specialized banks, UBN has commenced the divestment of interests in its non-banking subsidiaries and will operate as an international commercial bank going forward. UBN will retain its investment in Union Bank *(UK)* Plc.

Financial Performance in 2013

Notwithstanding operating regulatory and economic challenges, Union Bank experienced modest growth in 2013. Building on the return to profitability in 2012, Profit Before Tax *(PBT)* for the Bank increased by 22% to N4.2 billion from N3.4 billion in 2012, while PBT for the Group increased 31% to N3.8 billion *(from N2.9 billion in 2012).* Gross earnings for the Bank increased by 7% to N103 billion *(from N96 billion)* while the Group performance increased 4% to N121 billion. Return on Equity (ROE) stood at 2.8% for the Bank and 2.1% for the Group.

For the Bank, operating expenses reduced by 20% to N57 billion from N71 billion in 2012, Group operating expenses also reduced by 18% to N60 billion, which is a result of cost optimization measures undertaken in 2013. Given the ongoing transformation program, the Bank took one-time restructuring costs of N7.8 billion, while other restructuring costs were N2.9 billion; totaling N10.7 billion versus zero in 2012.

Total assets of the Group and Bank stood at N1,003 billion and N882 billion respectively. The Bank experienced accelerated growth in its loan portfolio, with a 55% increase to N231 billion from N149 billion in 2012, while the Group's gross loans grew by 30% to N249 billion in 2013. NPL ratio for both Bank and Group also improved to about 5.9% which is evidence of the Bank's commitment to improving loan book quality and accelerating loan growth. However, customer deposits for the Bank slightly declined by 0.4% to N480 billion while the Group figure decreased by 7.5% to close at N483 billion.

Shareholders' Funds for the Bank increased 9% to N188 billion while the Group position increased 10% to N192 billion. Our capital adequacy ratio stood at 25%, well above CBN's minimum requirement of 15% for international banks.

Even though the Bank saw some profitability growth, no dividend has been declared for the financial year ended December 31 2013 due to the large deficit in the retained earnings account. Sections 379(5), 380(b) and 386 of the Companies and Allied Matters Act require the Bank to make whole any deficit in the revenue reserves before dividends can be made.

Board Changes

During the year under review, Mr. James Macarthur, representing the Chandler Corporation *(a member of Union Global Partners Limited),* stepped down as a Non-Executive Director at the Bank. On behalf of the board, I would like to thank Mr. Macarthur for his contributions to Union Bank during his tenure. Following his departure, we welcome Mr. Ian B. Clyne to the Board as a Non-Executive Director.

In addition, two Executive Directors joined the Board - Mr. Kandolo Kasongo, as Executive Director/Chief Risk Officer, and Mr. Chukwuemeka Okonkwo as Executive Director Corporate, International and Investment Banking.

With these additions, we have further strengthened the range of oversight and governance competencies within the Board.

Awards and Recognitions

In the course of the year, the Bank received a number of awards and recognitions including:

- CBN Award for Effective Participation in CBN Development Financing in Enugu State *(Enugu Zone)*
- The Best Deposit Money Bank *(DMB)* Supporting the Products and Schemes of the CBN Development Finance Department *(Ilorin Zone)*

Our continuous commitment to the development and growth of the agriculture sector was also rewarded as we continue to support agriculture financing across the country. Agriculture-related awards received in 2013 include:

- The Best Participating DMB in Agricultural Credit Guarantee Scheme Fund *(ACGSF)* in Ebonyi State *(Enugu Zone)*
- The Best Bank in Agricultural Loan Recovery (Minna Zone)

The CBN also presented awards to three customers of the Bank including:

- National Farmer of the Year *(Fishery Category)*
- National Farmer of the Year for *(Arable Crops Category)*
- The Best SME *(SME category)*

Outlook for 2014

Our focus for 2014 will be on executing our strategic priorities and delivering on our growth targets for the year while navigating a challenging operating and regulatory environment. In 2014, real GDP is expected to grow by 7.4% according to the IMF. With the recently concluded GDP rebasing exercise, Nigeria, with GDP of $510 billion, is now the largest economy in Africa and 26th in the world; the exercise also revealed the improved diversity of our economy. The growth and expansion of major industries in the Nigeria present an opportunity to increase our asset base, which should lead to growth in earnings and profitability. Some of the recent developments which present opportunities include:

- Recent privatization of the power sector
- Further divestment by IOCs of onshore assets to indigenous oil and gas companies
- Import substitution program and export expansion plans leading to growth in local manufacturing *(agriculture reforms, automotive policy, etc.)*
- CBN financial inclusion initiative leading to retail sector growth

To exploit these opportunities effectively, our business segments including retail, commercial and corporate, supported by ongoing transformation priorities across people, technology and processes will be critical in 2014.

Conclusion

On behalf of the Board of Directors, I would like thank our shareholders who have shown commitment and loyalty to the Bank, as well as, our customers and employees. I am particularly encouraged by the ongoing support of all of our stakeholders as we implement our strategy.

Leveraging on our rich heritage and extensive distribution network, coupled with the ongoing transformation program and strong leadership team, I believe we are well positioned to realize the Group's full growth potential as one of the leading banks in Nigeria.

Thank you.

Senator Udoma Udo Udoma

GROUP MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,
It is my pleasure to welcome you to the 45th Annual General Meeting *(AGM)*. I plan to provide an overview of our performance for the financial year ended December 31 2013 and preview our priorities in 2014.

In 2013, our bank had two main priorities. The first was to improve the bank's efficiency by addressing operational challenges and implementing cost optimization initiatives. Our second priority was to develop a medium term strategy which clearly outlines a roadmap to realizing our ambition to be a highly respected provider of quality banking services. I am pleased to say that we made considerable progress on these priorities. Our cost optimization programs have yielded direct impact on our bottom line as you will see from our financial performance for 2013. In line with our strategic direction, the bank began divestment of our portfolio companies *(with the exception of Union Bank (UK) Plc)*. While bringing us in compliance with the Central Bank of Nigeria's Regulation on the Scope of Banking Activities & Ancillary Matters, these divestments will also enable us focus on our core banking priorities and further consolidate our efforts to regain our position as a leading commercial bank in Nigeria.

Although the Nigerian economy experienced strong growth in 2013, we operated within a challenging environment largely driven by infrastructural challenges and major regulatory changes affecting the banking industry. These changes largely impacted banks' operations and financial performance to which Union Bank was no exception.

Consequently, we experienced modest growth from our 2012 year end position. Gross earnings for the Bank and Group increased by 7 percent and 4 percent to N103 billion and N121 billion respectively. Operating expenses dipped 20 percent, for the Bank, and 18 percent, for the Group, to N57 billion and N60 billion respectively. As a result of the ongoing transformation programme, the Bank took a one-time restructuring cost which totaled approximately N11 billion. Notwithstanding the restructuring costs, the bank maintained profitability as Profit Before Tax *(PBT)* for the Bank increased by 22 percent to N4.2 billion from N3.4 billion in 2012, while PBT for the Group increased 31 percent to N3.8 billion.

Our total assets for the year were N1,003 billion and N882 billion for Group and Bank respectively. A key priority for us in 2013 was a clean-up of our loan book. We experienced strong growth in our loan portfolio with the Bank's loan book growing 55 percent to N231 billion from N149 billion in 2012. The Group's loan portfolio also grew by 30 percent to N249 billion in 2013. NPL ratio for the Group showed considerable improvement to 5.9 percent from 17.4 percent in 2012.

Looking forward to 2014, our focus will be on executing key elements of our strategy which will reflect in our business performance for the year. Our customer experience is critical to our success and we will continue to improve our operational and service effectiveness to allow us become competitive in the industry.

Our key priorities for 2014 will include:

- Enforcement of our redesigned banking model to focus on retail, commercial and corporate business segments
- Optimization of our branch network which would see over 60 branches in key locations upgraded in order to adequately serve our customers
- Increased customer touch points via electronic platforms *(ATMs, POS, Mobile and Online Banking, Bank of the Future branches)* which will simplify our customer banking experience
- Upgrade of our bank-wide Information Technology *(IT)* infrastructure to enhance service delivery and increase reliability
- Roll-out of a revitalized brand that reflects our strategy and renewed positioning
- Completion of divestment process from portfolio companies to ensure core focus on our commercial banking business

The Management team and I are unwaveringly committed to delivering on these priorities in 2014. I would like to thank you, our Shareholders, for your continued support so far on this transformation journey, as well as all our staff for their hard work throughout 2013 and so far in 2014.

Thank you.

Emeka Emuwa

DCSL Corporate Services Limited
235 Ikorodu Road
Ilupeju
P. O. Box 965, Marina
Lagos, Nigeria

Tel: +234 1 2717817
Fax: +234 1 2717801
www.dcsl.com.ng

Abuja Office:
4th Floor, Bank of Industry Building
Central Business District
Abuja, Nigeria
Tel: +234 9 4614902-5

Port-Harcourt Office:
15 Emeyal Street, GRA
Phase II, Port Harcourt

RC NO. 352393

May, 2014

REPORT OF THE EXTERNAL CONSULTANTS ON THE EVALUATION OF THE BOARD OF DIRECTORS OF UNION BANK NIGERIA PLC FOR THE YEAR ENDED 31 DECEMBER 2013

In line with the provisions of **Section 5.4.6** of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria ("the Code"), DCSL Corporate Services Limited was appointed as external consultants to carry out an evaluation of the Board of Directors of Union Bank Nigeria Plc. (the Bank) for the period ended 31st December 2013. The essence of the evaluation was to ascertain, in line with the provisions of the Code, the appropriateness of the structure and composition of the Board, assess the performance of the Board with respect to its responsibilities, as well as an assessment of individual members' competencies and performance.

The Board has a responsibility to put in place structures, policies and processes that will ensure the Bank's sustainability. As Consultants, our responsibility is to draw conclusions on the effectiveness of these structures, policies and processes based on our review of the Board's activities and performance during the year ended December 2013 and as outlined in our letter of engagement dated 28th January 2014. Following our review, we have provided details of our findings, highlighted areas of improvement, reviewed status of previous year recommendations and made recommendations aimed at further improving the performance of the Board of its oversight functions.

At the conclusion of the evaluation exercise, we are of the opinion that the Board has substantially complied with the provisions of the Code. The Board of Union Bank of Nigeria Plc is composed of Directors with the relevant skills and competencies and of an appropriate mix in terms of relevant experience. The Board operates an efficient Committee system that sees each Director effectively participating in Board Committees. It has also complied significantly with the recommendations made during the previous Board evaluation exercise by codifying Board Committee Charters, finalizing a Strategic Plan for the Bank in line with **Sections 5.4.2 and 5.4.4** of the Code and also finalizing the Bank's Enterprise Risk Management Framework.

We however note that the Board is yet to appoint two independent directors as provided by **Section 5.3.6** of the Code and as previously recommended and we recommend compliance. We also reiterate our recommendation that the Board should finalize the Succession Plan for the Executive Management and expedite the processes towards putting in place a documented policy on Corporate Social Responsibility.

We have also recommended the development of a formal Induction Programme for new Directors as well as a continuous Training plan for Directors.

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

Yours faithfully,
For: DCSL Corporate Services Ltd

Bisi Adeyemi
Managing Director

CORPORATE SOCIAL RESPONSIBILITY

CSR in Union Bank is an integral part of the wealth creation process with enhanced competitiveness in business while the value of wealth creation to society is fully maximized. The Bank has done this for close to a century, carving a niche for itself and building strong goodwill along the way.

From business growth, healthcare improvement, infrastructure development, security support, educational up-grade, sports enhancement to community projects assistance, Union Bank's CSR initiatives remain legendary and continue to give back to society in varied forms. Our CSR thrust is anchored on five pillars:

- Education
- Healthcare
- Safety and Security
- Sports Development and wellbeing
- Humanitarian support & beautification

Union Bank passionately believes in the business axiom that every corporate citizen should identify with the aspirations of the community in which it operates, and be responsive to the people in the areas of genuine and clear needs. It, therefore, acknowledges its responsibility to the Nigerian society, generally by contributing to its development and enrichment.

Education

Knowing the importance of information technology in educational development, the Bank has been very supportive in equipping tertiary institutions with information and communication technology *(ICT)* infrastructure. Over 30 tertiary institutions in the country *(both State-owned and Federal-owned Polytechnics and Universities)* have benefitted from its educational project in the last 10 years.

At various times, the Bank made substantial financial contributions to the Federal University Dutse, University of Nigeria Nsukka, Ahmadu Bello University, Federal University of Technology Minna, Lagos Business School in addition to donating complete libraries, computer equipment and books worth several millions of naira to colleges, institutions and even to primary and secondary schools nationwide.

For five years, the Bank funded the endowment of three professorial chairs for Banking and Finance, Agriculture and Computer Technology at the Federal Universities of Akure, Owerri and Minna respectively, in commemoration of its 70th anniversary in 1987. The three universities equally received substantial sums annually to boost their Banking and Finance, Agriculture and Computer Technology programmes during the period.

Healthcare

In the healthcare sector, the Bank has, on its own, built and/or contributed immensely in building several medical centres and clinics nationwide such as the Health Centre at the University of Benin, Edo State, and the Sickle Cell Centre, Idi-Araba, Surulere, Lagos State. It also renovated the Doctors' Lounge at the Lagos University Teaching Hospital (LUTH).

It had presented various medical equipment worth several millions of naira to the Child Care Trust, meant to enhance the execution of the then First Lady, late Chief *(Mrs)* Stella Obasanjo's programme for transmitted diseases infection in Africa *(ICASA 2005)*.

Furthermore, the Bank had supported health institutions in the country in various ways such as the donation of a Toyota Hilux security vehicle to the Lagos University Teaching Hospital *(LUTH)*, Idi-Araba.

Apart from providing these clinics with necessary medical and engineering equipment, the Bank regularly supports/sponsors campaigns aimed at improving health and healthy living e.g. cancer care, heart campaigns and the fight against HIV aids. The Bank had also saved the lives of many Nigerians from all manners of life threatening ailments including heart, kidney, liver and spinal cord diseases.

Safety and Security

In keeping with its policy of being its brother's keeper, the Bank has a robust fire-fighting outfit to assist in combating fire incidents within the Lagos metropolis.

As a practical demonstration of its commitment to this course, the Bank committed a huge sum of money to acquire a state of the art fire-fighting and rescue equipment, known as CCS Bronto Skylight F42 HDT *(Heavy Duty Truck)* with aerial ladder platform, the first-of-its kind in sub-Saharan Africa.

The equipment, which is rated as the best in Lagos State and Nigeria has the capacity to ascend heights over 42 metres. The exploits of this equipment in averting several fire disasters testify to the foresight and vision of the Board and Management of the Bank.

The Bronto has been used successfully to put out fire and rescue occupants of strategic buildings on Lagos Island and its environs with the largest skyscrapers in the country. Specifically, NICON House, UBA House, NPA House and the PHCN Building were rescued from fire destruction by the Bank's fire-fighters with the aid of the equipment. Over 35 towers in Lagos with varying degrees of fire out-breaks have been saved by the sheer visionary investment in this strategic equipment by the Bank.

Aside from the bronto, the Bank donated five Toyota Hilux double cabin security vans to the Lagos State Police Command.

With the donation of the security vehicles, the Bank blazed the trail of being the first of its kind in the history of the command. A very appreciative Mr. Mike Okiro, then Commissioner of Police commented that, *"the initiative to donate security vehicles to the Lagos State Police Command is the first of its kind in the history of the command and indeed, a novel phenomena in the banking system"*.

Sports Development

In the area of sports development, Union Bank has a reputation of being one of the most consistent and most dependable contributors to the development of sports in Nigeria.

The involvement of the Bank in organized sports dates back to the 50s when Barclays Bank DCO encouraged healthy sporting competitions among its staff members. Friendly games of football, table tennis and hockey enjoyed first at the branch offices and later, at bigger meets in regional *(now BDC)* competitions have always been supported and encouraged by the Bank.

It is quite clear that the Bank has been motivated in these sporting activities by its sense of responsibility and a wholesome commitment to the well-being of its staff, customers and even the Nigerian public. In 2005, the Bank set another pace yet to be matched by competition, with the commissioning of its re-modeled ultra-modern, multi-purpose sports club with facilities for football, hockey, basketball, table tennis, billiards, squash, tennis, swimming and a fully equipped gymnasium, among others.

It is the only Bank that has established a sports complex that matches international standard and the first to establish football, basketball *(men)* and hockey teams, of which the first two participate in the respective national leagues. In addition, the Bank financed the construction of a modern basketball pavilion at the University of Nigeria, Nsukka, Enugu State and renovated Union Bank Tennis Court at Enugu Sports Club. It has made substantial financial contributions towards the sponsorship of golf, table tennis and lawn tennis tournaments as well as supporting schools and States in numerous sporting activities.

It has always and continues to support the Nigeria Special Olympics, an NGO catering for the diverse needs of special persons with various disabilities. This is part of the Bank's policy which encourages challenged persons to demonstrate their limitless potentials despite all odds.

Humanitarian support/beautification

Union Bank has given financial assistance to various charity organisations like the Pacelli School for the Blind, Wesley Schools I & II for the Deaf, several orphanages, Old People's Homes and development centres for children with special needs. It also made substantial donations to crisis ridden areas in a bid to alleviate the suffering of the citizenry. For instance, the flood victims in flood ravaged states, the earthquake victims in Haiti republic, the victims of religious riots in Jos as well as the petrol tanker disaster victims in Gombe all benefitted from the Bank's generosity. Similarly, the Bank had in the last five years consistently sponsored the May Ball of the Nigerian Society for the Blind, given the Paiko Roundabout in Minna, Niger State a facelift with a total renovation and assisted the Lady Mechanic Initiative in acquiring land for its permanent workshop site for the training and empowerment for young ladies in mechanical skills acquisition.

The Bank has demonstrated its Corporate Social Responsibility through sponsorships and donations to social clubs, chambers of commerce and industry, professional bodies, youth empowerment programmes, government agencies, non-governmental organizations *(NGO),* humanitarian causes, telecom/technology-based programmes, to mention a few.

SUBSIDIARIES, ASSOCIATES, AFFILIATES

Union Bank of Nigeria PLC is a financial group, with subsidiaries and associate companies specialising in banking, mortgages, insurance, trusteeship, stock brokerage, property development, courier service, venture capitals/SME financing and discount house business.

There are nine subsidiary companies and three associates. Subsidiary companies are companies in which the Bank has direct or indirect controls; holding a majority of the shares of the company, amounting to more than 50% holding.

Associate companies on the other hand are companies in which the Bank has a significant equity.

A. BANKING

UNION BANK UK Plc

Union Bank UK plc (UBUK), ranked No.1 UK bank for 4-year Average Profit Before Tax Growth for two years consecutively, 2012 and 2013, is a wholly owned subsidiary of Union Bank of Nigeria Plc. It commenced trading as a UK Bank on 4th October, 2004, following receipt of authorisation from Financial Services Authority (FSA). Before then, it operated as a branch of Union Bank and provided services to the Bank's international business oriented customers for over 25 years.

UBUK offices are located at 14-18, Copthall Avenue, in the heart of the city of London, the world's leading centre for international trade and finance from where it provides unrivalled banking services to customers doing business from and into Nigeria and other West African countries. It has a Representative Office located on the 2nd floor, Plot 1668B Oyin-Jolayemi Street, Victoria Island, Lagos, Nigeria.

Its correspondent banking network provides global reach for customers engaged in international business as it opens the door to worldwide trade with comprehensive services needed to maximise international opportunities and minimise risks.

Its products include:

Letters of Credit
Bid and Performance Bonds
Guarantees
Import and export finance
Foreign exchange and treasury services
Personal and business banking
Pre-paid Mastercard
International payments and money transfers
Correspondent banking
Commercial lending and project finance
Personal lending subject to status
Structured Finance
Buy-to-Let mortgages

UBUK is also a two-time winner of the Deutsche Bank US dollar STP Excellence Award in 2011 and 2012 consecutively.

The management team is headed by Dr Adekola Ali, Managing Director/Chief Executive Officer.

SOUTH AFRICA REPRESENTATIVE OFFICE (SARO)

South Africa Representative Office was established in 1996 in Johannesburg, South Africa (SA) as part of the bank's vision of extending its international representing and to avail South African business with its knowledge of the business terrain and boundless opportunities available in Nigeria.

The Representative Office is more or less an advertisement window for the bank to exhibit our capability and strength to compete and collaborate with foreign banks that dominate South Africa in terms of service delivery and product availability.

The benefits of the Representative Office are as follows:

- Increased International visibility of South Africa and the SA sub-region.
- Easy access and contract with international banks and manufacturing companies with operations in South Africa.
- Opportunity to advise Head Office of new banking developments and products in South Africa.
- Identification of viable business opportunities and linking of potential trade and investment partners.
- Facilitation of exploratory visits for business and investment in Nigeria and South Africa by arranging appointments with relevant organizations in both countries.
- Managing all existing clients' relationships.
- Marketing of products and services of Union Bank and those of the subsidiaries.

Mr. Olufemi Okanlawon is in charge of the office.

B. CAPITAL MARKETS

UNION CAPITAL MARKETS LIMITED*

Union Capital Markets Limited was incorporated as a direct subsidiary of Union Merchant Bank Limited on 21st December, 1999 as Union Stockbrokers Limited and licensed by the Securities and Exchange Commission as well as the Nigerian Stock Exchange to deal in shares and stocks on all floors of the Exchange.

The name of the Company was subsequently changed to Union Capital Markets Limited on 9th January, 2006 following the acquisition of Union Merchant Bank Limited by Union Bank of Nigeria Plc, a consequence of the consolidation exercise in the banking industry. Thus, the Corporate Finance department of Union Merchant Bank Limited along with the human capital resources responsible for over thirty (32) public offers handled and culminating in winning of best Issuing House awards for two (2) consecutive years, was fused with Union Stockbrokers Limited to form Union Capital Markets Limited and its scope of operation expanded to a non-bank investment banking outfit.

As a key player in the capital markets and registered with the Securities and Exchange Commission and the Nigerian Stock Exchange, the Company offers the following major products and services:

- Capital Markets: Raising of funds for corporations, governments and MDAs through equities and fixed income securities, derivatives, placement and underwriting.
- Financial Advisory: Mergers, Acquisitions, Divestitures, Structured Products, Capital Structures, Valuation, Due Diligence
- Stockbrokerage/Nominee Services: Trading on behalf of third parties in equities, fixed income, mutual funds and nominee services.
- Assets/Funds Management: Pension Funds, HNIs, Portfolio Management, Hedging and Restructuring.
- Principal Investment Activities: Proprietary Trading in equities, fixed incomes, derivatives and money markets.
- Research: Company/Industry Research, Economics, Investment Strategy, Modelling, Market Analysis.

UNION REGISTRARS LIMITED
Union Registrars Limited is Nigeria's premier share registration company, starting as a department of Barclays Bank DCO West Africa in 1959 and incorporated as a distinct corporate entity in 2003.

The Company has extensive experience in; managing capital issues, setting up shareholders' and bondholders' registers, administering corporate actions and delivering Investor Relation Services on behalf of over forty (40) client companies.

Union Registrars Limited also deploys a robust technology and human capital base, spread over a Twelve (12) branch network across the six (6) sub-regions of Nigeria, to deliver these services efficiently.

Mr. Babatunde Ayeni is the Managing Director/Chief Executive/Registrar

UNION TRUSTEES LIMITED
Union Trustees Limited (UTL) formerly known as Barclays (Nig) Nominees Ltd was incorporated in 1966. The company, a wholly owned subsidiary of Union Bank of Nigeria Plc is duly licensed and registered by the Securities and Exchange Commission as Trustees, Fund/Portfolio Managers. UTL has an authorized share capital of N1billion and a paid-up share capital of N600million.

A pioneer in trusteeship business in Nigeria, Union Trustees continues to play a significant role in the sector within the country, with expertise in Bond Trusteeship, Security Trusteeship, Private Trust services and several other trust arrangements.

The company's Board of Directors consists of seasoned and experienced professionals under the chairmanship of Mrs. Oyinkan Adewale, Executive Director/ Chief Financial Officer, Union Bank of Nigeria PLC, and Mrs. Oluseyi Olufunke Aiyepola as the Managing Director/Chief Executive.

C. MORTGAGE AND PROPERTY

UNION HOMES SAVINGS & LOANS PLC*
Union Homes Savings and Loans Plc, the mortgage banking subsidiary of Union Bank of Nigeria Plc, was incorporated in 1992 with an authorised share capital of N50million and this has since increased to N10 billion with paid up capital of N3.9 billion. In May 1994, the Primary Mortgage Institution (PMI) was granted an operating license, and in August of the same year, it commenced full mortgage banking operations at its head office and premier branch located at 153 Ikorodu Road, Onipanu, Lagos.

Since 1995, Union Homes has opened 27 branches in several parts of the country including Lagos, Kano, Abuja, Ibadan and Port Harcourt, etc.

Union Homes has been collaborating with state governments to develop viable housing projects for workers in their respective states. It had also floated a hybrid Real Estate Investment Scheme (REITs) which is the first of its kind in Nigeria. The Trust is aimed at stimulating and sustaining Mass home ownership at different levels of income brackets by making mortgages accessible to millions of Nigerians and in the long run, bringing down the cost of funds to beneficiaries of mortgage loans.

The company was listed on the Nigerian Stock Exchange on April 24, 2006 and investors have been trading in the stock. The company won the prestigious Stock Exchange President's Merit Award in 2006 and 2007. It has 50% investment in the equity of Saffer Union (West Africa) Limited, a company which operates with Distribution and Warehousing Network Limited, Johannesburg, South Africa in selling housing related materials in the joinery, plumbing and sanitary sectors.

The company has Mrs. Pearl Kanu as its Ag. Managing Director/Chief Executive.

UBN PROPERTY COMPANY LIMITED
UBN Property Company Limited is a limited liability company which has been in operation since 2003 and is owned by Union Bank Plc., Union Homes Savings & Loans Plc., Union Assurance Company Ltd and other individuals

The principal activity of the company is real estate management and its services include construction and sales of residential and commercial property for both corporate and private clients. In addition the company offers other real estate services which include property management, valuations and real estate development consulting.

The company currently manages properties belonging to the parent company Union Bank Plc., its subsidiaries and affiliated companies.

Engr. Oluwatosin Osikoya, Managing Director/Chief Executive, leads the company's management team.

D. INSURANCE

UNION ASSURANCE COMPANY LIMITED
Union Assurance Company Limited, an Associate of Union Bank of Nigeria Plc, was registered as an insurer on November 18, 1993 and commenced business in 1998. It is Nigeria's first bank-owned underwriting firm.

Its shareholding spreads among Union Bank, institutional investors, high networth individuals and other individual shareholders. It is licensed to write both life and non-life insurance business and its financial services include bonds, money-in-transit, cash-in-transit, etc.

Union Assurance has in its employment some of the best professionals from various fields, all engaged in core competencies that add value to overall output, while a change management has re-engineered the businesses processes and people culture, bringing about competitive advantages.

With an authorized share capital of N10 billion and shareholders' funds in excess of N5 billion, the company provides customized and efficient risk management solutions, which support business growth, individuals and groups.

Union Assurance as part of its strategic change process is implementing a cutting edge IT-enabled business solution made up of process automation and integrated insurance software extending to the web. The system will enable customers and brokers access services online. Other IT deliverables include electronic funds transfer system and Micro Insurance services enabled by mobile technologies and POS systems.

The company has 23 branches nationwide, with seven Representative Offices and scores of agency offices across Nigeria.

Mr. Godwin Odah, leads the management team as the Managing Director/Chief Executive.

UBN INSURANCE BROKERS LIMITED*
UBN Insurance Brokers Limited is a subsidiary of Union Trustees Limited and a member of the Union Bank Group. UBN Insurance Brokers Limited was incorporated with the name First Universal Insurance Brokers Limited in 1992, a wholly owned subsidiary of UTB Trustees Ltd and a member of the then UTB Plc commenced full operations in 1993 having been duly licensed by the National Insurance Commission (NAICOM)

Following the acquisition of the then UTB Plc by UBN Plc, the Company's name was changed from First Universal Insurance Brokers Limited to UBN Insurance Brokers Limited in 2009. UBN Insurance Brokers Limited as a member of the Nigerian Council of Registered Insurance Brokers (NCRIB), is

committed to ensuring that all risk exposure of the group, valued customers and insuring public are adequately covered at no extra cost and that losses whenever they occur are speedily settled by insurers.
UBN Insurance Brokers Limited can deliver unparalleled insurance broking services in both:

- Life (Individual & Group)
- Non-Life (General & Special Risk)

The management team is headed by Mr. Tunji Orisabinone as Managing Director / Chief Executive.

E. SPECIALISED FINANCIAL INSTITUTIONS

UNIQUE VENTURE CAPITAL MANAGEMENT COMPANY LTD
Unique Venture Capital Management Company Limited (UVCML) is an SME-focused private venture capital investment firm established in 2004 by five major Nigerian banks namely:

⊠	Union Bank of Nigeria PLC	20%
⊠	Afribank PLC	20%
⊠	NAL Bank PLC	20%
⊠	Afribank International	20%
⊠	Union Merchant Bank	20%

However, with the consolidation of banks, the shareholding structure became Union Bank (40 per cent), Mainstreet Bank (40 per cent) and Sterling Bank (20 per cent). Primed for leadership from the onset, Unique Venture Capital Limited has an authorised share capital of N150 million and was primarily conceived to manage amongst other funds, the funds set aside by its owner institutions under the SMEEIS programme.

The company pursues this obligation through the "UVC SMEEIS Fund" with aggregate take-off capital commitment of N6billion. The strategic intent of the company is to facilitate economic growth by providing the funding and institutional support for unleashing the Nigerian entrepreneurial spirit and creating value for stakeholders. Today the company has obtained investment approvals for 53 projects with investment value of N3.812 billion.

UVC was adjudged the Best Venture Capital Company in Nigeria by the Central Bank of Nigeria in January 2009 for the magnitude, spread and quality of UVC's SME investments.

UVC is also the Fund Manager of the West Africa Venture Fund LCC ("WAVF"), an investment fund with a US$40 million target to provide capital financing to emerging growth in small and medium enterprises ("SMEs") in Liberia and Sierra Leone. The WAVF now has functional presence and offices in both countries.
The management team is led by Dr Anthony Osa Oboh as Managing Director/Chief Executive.

F. OTHERS

UNION EXPRESS LIMITED
Union Express Limited, a subsidiary of Union Registrars Limited, was incorporated on October 29, 2007 and commenced full operations on June 16, 2008.

The company is duly licensed by the Nigerian Postal Service to operate courier services locally and internationally with its Head Office at 32 Wharf Road, Apapa, Lagos.

The creation of Union Express Limited was a deliberate act by Union Registrars Limited aimed at providing solutions to complaints by shareholders as to the late delivery of their correspondences and the ever increasing demands of the Securities and Exchange Commission (SEC).

Union Express Limited is a complete Logistic Solution Provider, specializing in the delivery of capital market documents, haulage and general courier services, e.g. Annual General Meeting Reports, Extra-Ordinary General Meeting Notices, Public Offer Parcels, Share Certificates, Dividend Warrants, mails and parcels of all shapes and Rights Circulars.

Union Express Limited is well represented in 27 state capitals from where it delivers to over 1,000 cities and towns in Nigeria, and also has registered contracts in all Union Bank branches nationwide.

Mr. Ifeanyi M. Akpala, the Managing Director/Chief Executive, heads the management team.

SAFFER-UNION (WEST AFRICA) LIMITED
Saffer-Union (West Africa Limited) Ltd was incorporated in 2003 and commenced business in April 2004. The company is a joint venture between a member of Union Bank Group and Distribution and Warehousing Network Group of South Africa.

The two groups, through their subsidiaries, Union Homes Savings and Loans PLC and Africa Swiss Trade, respectively have equal shareholding representing 50 percent each in the company, which predominantly is a leading distributor of good quality building and sanitary materials in Nigeria with prospects of capturing the West African market.

The core brands of Saffer-Union include FRANKE, ISCA, PLEXICOR, LIBRA, KWIKOT, SWARTLAND, ASSA ABLOY, DPI PLASTIC, COBRA and VAAL products. A technical agreement is in place between Saffer-Union and the DAWN Group in order to leverage on their expertise, having controlled a large share of the market in South Africa before foraying into the West African sub-region.

Mr. Ian Tittley is the Managing Director/ Chief Executive.

CORPORATE GOVERNANCE

Introduction

Corporate Governance practices in Union Bank of Nigeria Plc are as codified in the Central Bank of Nigeria Code of Corporate Governance 2006, the Securities and Exchange Commission Code of Corporate Governance 2003, the Banks' and Other Financial Institutions Act and other relevant statutes which provide guidance for the governance of the Bank in compliance with regulatory requirements as well as the core values upon which the Bank was founded. These codes/statutes are geared towards ensuring the accountability of the Board and Management to the stakeholders of the Bank in particular and emphasize the need to meet and address the interests of a range of stakeholders so as to promote the long-term sustainability of the Bank.

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

In compliance with the requirements of the CBN, the Bank undertakes internal reviews of its compliance with defined corporate governance practices and submits reports on the Bank's compliance status to the CBN. An annual Board Appraisal review is also conducted by an Independent Consultant appointed by the Bank whose report is submitted to the CBN and presented to Shareholders at the Annual General Meeting of the Bank in compliance with the provisions of the CBN Code of Corporate Governance.

Governance Structure

The following governance bodies are in place;

A. The Board of Directors

The Bank is managed by a Board of Directors, which comprises a Non-Executive Chairman, ten Non-Executive Directors, the Group Managing Director and five Executive Directors as listed below:

- Udoma Udo Udoma - Chairman
- Emeka Emuwa - Group Managing Director
- Adekunle M. Adeosun - Executive Director
- Oyinkansade Adewale - Executive Director/Chief Financial Officer
- Kandolo Kasongo - Executive Director *
- Ibrahim Abubakar Kwargana - Executive Director
- Godson Chukwuemeka Okonkwo - Executive Director**
- Mansur Ahmed - Non-Executive Director
- Onikepo Olufunmike Akande - Non-Executive Director
- John Botts - Non-Executive Director

- Richard Burrett - Non-Executive Director
- Richard Lee Kramer - Non-Executive Director
- James Macarthur - Non-Executive Director***
- Douglas Munatsi - Non-Executive Director
- Cyril Odu - Non-Executive Director
- Adeyemi Osindero - Non-Executive Director
- Dickie Agumba Ulu - Non-Executive Director

* *Appointed on 16th August, 2013*
** *Appointed on 5th November, 2013*
*** *Resigned with effect from 26th February, 2014*

Responsibilities of the Board of Directors

The Board, the highest decision making body approved by the Shareholders, met nine *(9)* times during the year to provide strategic direction, policies and leadership in attaining the objectives of the Bank.

The Board monitors the activities of the Group Managing Director and Executive Directors and the accomplishment of set objectives through reports at its meetings. In performing its oversight function of the Bank's business, the Board operates through the following Board and Management Committees whose composition and functions are listed below:

B. Standing Board Committees

The Board of Directors has five Standing Committees, which deal with specific operations of the Bank, namely:

1. Board Credit Committee
2. Board Finance & General Purpose Committee
3. Board Establishment & Services Committee
4. Board Risk Management Committee
5. Board Remuneration Committee

In addition, there is an Independent Committee – The Audit Committee.

1. **Board Credit Committee**

The Committee met ten *(10)* times during the year. It is comprised of the following people:

- Adeyemi Osindero - Chairman
- Emeka Emuwa - Member
- Adekunle M. Adeosun - Member
- John Botts - Member
- Ibrahim Kwargana - Member
- Kandolo Kasongo - Member*
- James Macarthur - Member***
- Douglas Munatsi - Member
- Cyril Odu - Member
- Godson Chukwuemeka Okonkwo - Member **
- Dickie Agumba Ulu - Member

* *Appointed on 16th August, 2013*
** *Appointed on 5th November, 2013*
*** *Resigned with effect from 26th February, 2014*

Its responsibilities include the following amongst others:

- consider and approve credits within its set limit;
- recommend credits above its limit to the Board for consideration and approval;
- review the credit portfolio; and
- serve as a catalyst for credit policy changes from the Credit committee to the Board.

2. **Board Finance and General Purposes Committee**

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

- Richard Kramer - Chairman
- Emeka Emuwa - Member
- Adekunle M. Adeosun - Member
- Oyinkansade Adewale - Member
- Mansur Ahmed - Member
- Onikepo Olufunmike Akande - Member
- Richard Burrett - Member
- Kandolo Kasongo - Member*

- James Macarthur - Member***
- Cyril Odu - Member
- Godson Chukwuemeka Okonkwo - Member **

* *Appointed on 16th August, 2013*
** *Appointed on 5th November, 2013*
*** *Resigned with effect from 26th February, 2014*

Its responsibilities include the following amongst others:

- consider and approve tenders, purchases and expenditure of up to 30% of approved Budget;
- consider, review and recommend to the Board all tenders, purchases and expenditure above 30% of approved Budget;
- receive and consider monthly expenditures on leases, sales of assets, donations and scholarships and where appropriate, recommend to the Board;
- formulate guidelines from time to time on cost control, reductions consistent with maximum efficiency and make appropriate recommendations to the Board;
- consider proposals on strategic planning and assets/liability management and make appropriate recommendations to the Board; and
- consider and recommend the Bank's accounts and budgets to the Board.

3. **Board Establishment and Services Committee**

The Committee met seven (7) times during the year. It is comprised of the following people:

- Dickie Agumba Ulu - Chairman
- Emeka Emuwa - Member
- Adekunle M. Adeosun - Member
- Oyinkansade Adewale - Member
- Mansur Ahmed - Member
- Onikepo Olufunmike Akande - Member
- John Botts - Member
- Richard Burrett - Member
- Richard Kramer - Member
- Ibrahim Kwargana - Member

The Committee considers amongst others:

- consider, approve and recommend appointments, promotions and discipline of Principal Managers and above;
- consider and recommend increments for Principal Managers and above;
- consider and review staff welfare and industrial relations matters and make appropriate recommendations to the Board from time to time; and
- formulate and recommend strategic and succession plans for the Bank.

4. Board Risk Management and Control Committee

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

• Cyril Odu	-	Chairman
• Emeka Emuwa	-	Member
• Oyinkansade Adewale	-	Member
• Mansur Ahmed	-	Member
• Onikepo Olufunmike Akande	-	Member
• Kandolo Kasongo	-	Member
• Ibrahim Kwargana	-	Member
• Douglas Munatsi	-	Member
• Adeyemi Osindero	-	Member
• Dickie Agumba Ulu	-	Member

Its responsibilities include the following amongst others:

- develop an organization-wide Risk Management framework;
- exercise a Board oversight function on all risk related issues;
- ensure compliance with the Bank's organization-wide policies/framework covering all risk types *(credit, market, assets & liabilities, strategic, legal, human resources etc);*
- ensure compliance with all statutory/regulatory requirements; and
- consider departmental reports and advise Management on risks.

5. Board Remuneration Committee

The Committee met three *(3)* times during the year. It is comprised of the following people:

• John Botts	-	Chairman
• Richard Burrett	-	Member
• Richard Kramer	-	Member
• James Macarthur	-	Member
• Douglas Munatsi	-	Member
• Adeyemi Osindero	-	Member

The Committee's responsibilities include amongst others:

- consider, approve and recommend the performance parameters for Executive Management;
- consider and recommend compensation for Executive Management;
- consider and review the performance of the Group Managing Director

6. **Audit Committee**

This is a Committee constituted at the Bank's Annual General Meeting (AGM) met five (5) times during the year. It is comprised of the following people:

• Musa Bichi	-	Chairman
• Marcel Ojinka	-	Member
• Ademola Alexander Adio	-	Member
• Mansur Ahmed	-	Member
• Onikepo Olufunmike Akande	-	Member
• Dickie Agumba Ulu	-	Member

The Audit Committee has oversight responsibility for the following within the Bank:

- accounting and financial reporting functions;
- accounting system;
- internal control structures;
- recommending the appointment, remuneration and removal of external auditors to the Board; and
- reviewing and recommending the financial statements to the Board for approval

C. Management Committees

The Bank has the following Management Committees:

1. Executive Management Committee *(EXCO)*
2. General Management Committee *(GEMCO)*
3. Assets and Liabilities Committee *(ALCO)*
4. Credit Committee *(CRECO)*
5. IT Steering Committee
6. Criticized Assets Committee
7. Customer Operations and Service Committee *(COSCO)*

1. Executive Management Committee – *(EXCO)*

The Executive Management Committee, which comprises of all Executive Directors and the Group Managing Director, holds weekly meetings. It is chaired by the Group Managing Director.

The Committee is charged with the responsibility of:

- deliberating and taking decisions on the effective and efficient management of the Bank;
- ensuring the implementation of strategies approved by the Board;

- providing leadership to the management team; and
- ensuring efficient deployment and management of the Bank's resources

2. **General Management Committee – *(GEMCO)***

The Committee is composed of all staff in the General Management cadre. The actual composition is dynamic and depends on the operational structures of the Bank at any given time. It meets quarterly or as the need may arise.

Its responsibilities include the following amongst others:

- review the performance reports from branch, zonal offices and head office departments and identifying strategies for meeting agreed targets;
- deliberate and resolve outstanding and/or peculiar problems of any business development centre and zone; and
- update managers and other executives with latest developments in the Bank's operations and/or new policy thrusts from the Central Bank of Nigeria and other regulatory bodies.

3. **Assets and Liabilities Committee *(ALCO)***

The Assets and Liabilities Committee meets fortnightly and is charged with the following responsibilities:

- management of the Bank's assets and liabilities;
- balance sheet management;
- interest rate management;
- cash flow management;
- foreign exchange and trading portfolio management; and
- management of market and liquidity risks of the business.

4. **Credit Committee (CRECO)**

The Credit Committee meets fortnightly and its specific functions include the following:

- to formulate and review policies regarding loans and advances;
- to approve credits within the set limit;
- to consider and recommend all credit matters above its limit to the Board Credit Committee or the Board for approval; and
- to review the quality and structure of the Bank's credit portfolio.

5. **IT Steering Committee**

This Committee deals with IT related policy matters as follows:

- developing and reviewing regularly, an appropriate IT Strategy for the Bank;
- ensuring the Bank is well positioned for current and emerging information technology issues;
- establishing programs that ensure high computer literacy among the Bank's Staff; and
- advising Management on IT trends and developments

6. **Criticized Assets Committee**

The Committee meets fortnightly to deliberate on the following:

- monthly credit portfolio review;
- weekly review of recovery and recovery process;

7. **Customer Operations and Services Committee** *(COSCO)*

The Customer Operations and Services Committee was established in August 2012 to review and identify major weaknesses/challenges inhibiting effective service delivery in the Bank with a view to proffering and implementing solutions to issues identified within a given time frame.

The Committee meets weekly with the following terms of reference:

- weekly review of outstanding reconciliation Items;
- identify gaps, issues and challenges in service delivery;
- streamline processes to address the issues identified;
- improve the bank's capability for efficient service delivery;
- maintain and improve the controls around processes of enabler departments; and
- adequately capacitate enabler departments such as IT, Operations, Quality Assurance, Revenue Assurance, Internal Control, Inspection, Legal, Customer Care, Marketing, Property, Human Resources, E-Business, Risk and Finance/Business Strategy.

BOARD ATTENDANCE SCHEDULE

S/N	NAME	29-Jan-13	14-Mar-13	15-Mar-13	23-Apr-13	17-Jun-13	18-Jun-13	24-Sep-13	25-Sep-13	27-Nov-13
1	UDOMA, Udo Udoma	X	X	X	X	X	XX	X	X	X
2	EMUWA, Emeka	X	X	X	X	X	XX	X	X	O
3	ADEWALE, Oyinkansade	X	X	X	X	X	XX	X	X	X
4	ADEOSUN, Mickey Adekunle	X	X	X	X	X	XX	X	X	X
5	KASONGO, Kandolo	O	O	O	O	O	OO	O	X	X
6	KWARGANA, Ibrahim Abubakar	X	X	X	X	X	XX	X	X	X
7	OKONKWO, Godson Chukwuemeka	O	O	O	O	O	OO	O	O	O
8	AHMED, Mansur	X	X	X	X	X	XX	X	X	X
9	AKANDE, Onikepo Dr (Mrs)	X	X	X	X	X	XX	X	X	X
10	BOTTS, John	X	X	X	X	X	XX	X	X	X
11	KRAMER, Richard Lee	X	X	X	X	O	XX	X	X	X
12	BURRETT, Richard	O	X	X	X	X	XX	X	X	X
13	MACARTHUR, James	X	X	X	X	O	XX	X	X	X
14	MUNATSI, Douglas	X	X	X	X	X	XX	X	X	X
15	ODU, Akporuere Cyril	X	O	X	X	X	XX	X	X	X
16	OSINDERO, Adeyemi	X	X	X	X	X	XX	X	X	X
17	ULU, Dickie Agumba	X	X	X	X	X	XX	X	X	X

X - PRESENT
O - ABSENT
XX - AGM

BOARD CREDIT COMMITTEE ATTENDANCE SCHEDULE

S/N	NAME	28-Jan-13	13-Mar-13	19-Apr-13	16-Jun-13	29-Jul-13	22-Aug-13	18-Sep-13	22-Oct-13	09-Nov-13	17-Dec-13
1	OSINDERO, Adeyemi	X	X	X	X	X	X	X	X	X	X
2	EMUWA, Emeka	X	X	X	X	X	X	X	X	X	X
3	KASONGO, Kandolo	O	O	O	O	O	X	X	O	X	X
4	KWARGANA, Ibrahim Abubakar	X	X	X	X	X	O	X	X	X	X
5	ADEOSUN, Mickey Adekunle	X	X	X	X	X	X	X	X	X	O
6	OKONKWO, Godson Chukwuemeka	O	O	O	O	O	O	O	X	X	X
7	BOTTS, John	X	X	X	X	X	X	X	X	X	O
8	MACARTHUR, James	X	X	X	X	X	X	X	X	X	O
9	MUNATSI, Douglas	X	O	X	X	O	O	X	X	X	O
10	ODU, Akporuere Cyril	X	O	X	X	X	X	X	X	O	X
11	ULU, Dickie Agumba	X	X	X	O	X	X	X	O	X	X

X - PRESENT
O - ABSENT

BOARD FINANCE AND GENERAL PURPOSE COMMITTEE ATTENDANCE SCHEDULE

S/N	NAME	28-Jan-13	14-Mar-13	22-Apr-13	22-May-13	13-Jun-13	16-Jun-13	11-Jul-13	18-Sep-13	22-Oct-13	19-Nov-13	12-Dec-13
1	KRAMER, Richard Lee	O	X	X	X	X	X	X	X	X	X	X
2	EMUWA, Emeka	X	X	X	X	X	X	X	X	X	X	X
3	ADEWALE, Oyinkansade	X	X	X	X	X	X	X	X	X	X	X
4	ADEOSUN, Mickey Adekunle	X	X	X	X	X	X	X	X	X	X	O
5	KASONGO, Kandolo	O	O	O	O	O	O	O	X	O	X	X
6	AHMED, Mansur	X	X	X	X	X	X	O	X	X	X	X
7	AKANDE, Onikepo Dr (Mrs)	X	X	X	X	X	X	X	X	X	X	X
8	BURRETT, Richard	O	X	O	X	X	X	X	X	O	O	O
9	MACARTHUR, James	X	X	X	O	O	O	O	X	X	O	X
10	ODU, Akporuere Cyril	X	O	X	X	X	X	X	X	X	O	X

X - PRESENT
O - ABSENT

BOARD RISK MANAGEMENT COMMITTEE ATTENDANCE SCHEDULE

S/N	NAME	28-Jan-13	14-Mar-13	22-Apr-13	16-Jun-13	23-Sep-13	25-Nov-13
1	ODU, Akporuere Cyril	X	O	X	X	X	X
2	EMUWA, Emeka	X	X	X	X	X	X
3	ADEWALE, Oyinkansade	X	X	X	X	X	X
4	KWARGANA, Ibrahim Abubakar	X	X	X	X	X	X
5	KASONGO, Kandolo	O	O	O	O	X	X
6	AKANDE, Onikepo Dr (Mrs)	X	X	X	X	X	X
7	AHMED, Mansur	X	X	X	X	O	O
8	MUNATSI, Douglas	X	X	X	X	O	X
9	OSINDERO, Adeyemi	X	X	X	X	X	X
10	ULU, Dickie Agumba	X	X	X	O	X	X

X - PRESENT
O - ABSENT

BOARD ESTABLISHMENT COMMITTEE ATTENDANCE SCHEDULE

S/N	NAME	28-Jan-13	14-Mar-13	22-Apr-13	17-Jun-13	23-Sep-13	25-Nov-13
1	ULU, Dickie Agumba	X	X	X	X	X	X
2	EMUWA, Emeka	X	X	X	X	X	X
3	ADEWALE, Oyinkansade	X	X	X	X	X	X
4	ADEOSUN, Mickey Adekunle	X	X	X	X	X	X
5	KWARGANA, Ibrahim Abubakar	X	X	X	X	X	X
6	AKANDE, Onikepo Dr (Mrs)	X	X	X	X	X	X
7	AHMED, Mansur	X	X	X	X	O	O
8	BOTTS, John	X	X	X	X	X	X
9	BURRETT, Richard	O	O	O	X	X	X
10	KRAMER, Richard Lee	O	X	X	X	O	X

X - PRESENT
O - ABSENT

BOARD REMUNERATION COMMITTEE ATTENDANCE SCHEDULE

S/N	NAME	16-Jun-13	23-Sep-13	25-Nov-13
1	BOTTS, John	X	X	X
2	BURRETT, Richard	X	X	X
3	KRAMER, Richard Lee	X	X	X
4	MACARTHUR, James	O	X	X
5	MUNATSI, Douglas	X	X	X
6	OSINDERO, Adeyemi	X	X	X

X - PRESENT
O - ABSENT

Directors' Report

For the year ended 31st December 2013

The directors present their report on the affairs of Union Bank of Nigeria Plc *("the Bank")* and its subsidiaries *("the Group")*, together with the consolidated and separate audited financial statements and the auditor's report for the financial year ended 31st December 2013.

Legal form and principal activity

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

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

Operating results

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

	Group Dec. 2013 N million	Group Dec. 2012 N million	**Bank Dec. 2013 N million**	Bank Dec. 2012 N million
Gross earnings	**121,399**	**117,212**	**103,225**	**96,484**
Profit before taxation	**3,769**	**2,872**	**4,201**	**3,438**
Taxation	**67**	**(1,685)**	**920**	**(268)**
Profit after taxation	**3,836**	**1,187**	**5,121**	**3,170**
Other comprehensive income:				
Re-measurement of defined benefit liability	**6,555**	**4,681**	**5,521**	**4,681**
Foreign currency translation	**305**	**(521)**	**-**	**-**
Fair value gain on property and equipment	**-**	**164**	**-**	**-**
Fair value gains/(losses) on available-for-sale investments	**5,834**	**206**	**5,471**	**(314)**
	12,694	**4,530**	**10,992**	**4,367**
Total comprehensive income	**16,530**	**5,717**	**16,113**	**7,537**
Earnings per share (Basic and diluted)	**32k**	**24k**	**30k**	**19k**

	Group Dec. 2013 N'million	Group Dec. 2012 N'million	Bank Dec. 2013 N'million	Bank Dec. 2012 N'million
Total non-performing loans and advances	14,607	33,290	13,644	9,920
Total non-performing loans to total gross loans and advances - IFRS	5.86%	17.36%	5.91%	6.67%
Total non-performing loans to total gross loans and advances - Nigerian GAAP	13.37%	27.13%	14.10%	10.70%

Directors and their interests

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

		Direct Holding	
S/N	Names	Dec. '13	Dec. '12
1	Udoma Udo Udoma	2,819,040	2,819,040
2	Richard Lee Kramer	-	-
3	Emeka Emuwa	-	-
4	Adekunle M. Adeosun	-	-
5	Kandolo Kasongo*	-	-
6	Ibrahim A. Kwargana	-	-
7	Oyinkansade Adewale	-	-
8	Godson C. Okonkwo**	29,793	-
9	Onikepo Akande	28,225	28,225
10	Adeyemi Osindero	-	-
11	Dickie Agumba Ulu	1,348	1,348
12	Mansur Ahmed	14,906	9,656
13	Richard Burret	-	-
14	John Botts	-	-
15	Cyril Odu	2,661	-
16	Douglas Munatsi	-	-
17	James Macaurthur***	-	-

* *Appointed on 16th August, 2013*
** *Appointed on 5th November, 2013*
*** *Resigned with effect from 26th February, 2014*

Directors Retirement

The Directors who retire at this Annual General Meeting being the first general meeting since their appointment:

1. Mr. Kandolo Kasongo
2. Mr. Godson Chukwuemeka Okonkwo

The Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 90 of the Bank's Articles of Association are:

1. Mr. Richard Burrett
2. Mr. Douglas Munatsi
3. Mr. Cyril Odu
4. Dr. Adeyemi Osindero
5. Mr. John Botts *(having attained the age of 70 years on 19th January 2011)*
6. Mr. Richard Lee Kramer *(having attained the age of 70 years on 20th June 2004)*

Directors' interest in contracts

In accordance with the provisions of Section 277 of the Companies and Allied Matters Act of Nigeria, there were no contracts in which Directors had any direct interest. However, an indirect interest in a contract by a Director was duly notified at the relevant meeting of the Board of Directors.

Property and equipment

Information relating to changes in property and equipment is given in Notes 28(*a*) & 28(*b*) to the financial statements. In the Directors' opinion, the disclosures regarding the Group's properties are in line with the related statement of accounting policy of the Group.

Shareholding analysis

The shareholding pattern of the Bank as at 31st December 2013 is as stated below:

Range	Number of Shareholders	Shares held	Percentage of shareholding(%)
Domestic shareholders			
1-1,000	316,232	110,537,754	0.65
1,001-5,000	118,857	257,606,372	1.52
5,001-10,000	22,299	151,557,234	0.89
10,001-50,000	16,036	314,810,817	1.86
50,001-100,000	1,599	110,660,173	0.65
100,001-1,000,000	1,346	336,682,962	1.99
1,000,001-5,000,000	127	271,904,453	1.61
5,000,001-10,000,000	14	100,630,569	0.59
10,000,001-and above	22	4,273,141,931	25.23
	476,532	5,927,532,265	35.00
Foreign shareholders	1	11,008,274,206	65.00
10,000,001-andabove	1	11,008,274,206	65.00
Total	476,533	16,935,806,471	100.00

The shareholding pattern of the Bank as at 31 December 2012 is as stated below:

Range	Number of Shareholders	Shares held	Percentage of shareholding(%)
Domestic shareholders			
1-1,000	319,652	111,884,637	0.66
1,001-5,000	121,640	263,799,699	1.56
5,001-10,000	23,039	156,861,702	0.93
10,001-50,000	16,881	332,160,942	1.96
50,001-100,000	1,738	120,485,191	0.71
100,001-1,000,000	1,459	361,574,393	2.13
1,000,001-5,000,000	142	310,135,196	1.83
5,000,001-10,000,000	18	128,351,713	0.76
10,000,001-and above	24	4,142,278,792	24.46
	484,593	5,927,532,265	35.00

Foreign shareholders

10,000,001 - and above	1	11,008,274,206	65.00
	1	11,008,274,206	65.00
Total	484,594	16,935,806,471	100.00

According to the register of members as at 31st December 2013, no individual shareholder held more than 5% of the issued share capital of the Bank except the following:

	Dec. 2013		Dec. 2012	
Shareholder	Shares Held	Percentage of Shareholding %	Shares Held	Percentage of Shareholding %
Asset Management Corporation of Nigeria (AMCON)	3,394,407,265	20.04	3,394,407,265	20.04
Union Global Partners Limited	11,008,274,206	65.00	11,008,274,206	65.00

Share Capital History

Year	Authorized (₦) Increase/Decrease	Authorized (₦) Cumulative	Issued & Fully Paid-up (₦) Increase/Decrease	Issued & Fully Paid-up (₦) Cumulative	Consideration
1969	-	10,000,000	-	-	
1969	-	-	-	5,000,000	Assets
1969	-	-	5,000,000	10,000,000	Assets
1969	10,000,000	20,000,000	-	-	
1970	-	-	10,000,000	11,000,000	Assets
1971	-	-	11,000,000	11,000,000	Stock Split (₦2 to ₦1)
1971	-	-	11,000,000	12,000,000	Cash
1975	-	-	12,000,000	14,400,000	Bonus (1 for 5)
1976	-	-	14,400,000	17,280,000	Bonus (1 for 5)
1977	20,000,000	30,000,000	17,280,000	21,600,000	Bonus (1 for 4)
1978	30,000,000	50,000,000	21,600,000	30,240,000	Bonus (2 for 5)
1979	-	-	30,240,000	36,288,000	Bonus (1 for 5)
1982	50,000,000	100,000,000	36,288,000	54,432,000	Bonus (1 for 2)
1987	-	-	54,432,000	63,504,000	Bonus (1 for 6)
1989	-	-	63,504,000	63,504,000	Stock Split (N1 to 25k)
1991	100,000,000	200,000,000	63,504,000	79,380,000	Bonus (1 for 4)
1992	200,000,000	200,000,000	-	-	
1994	200,000,000	500,000,000	79,380,000	158,760,000	Bonus (1 for 1)
1995	-	-	158,780,000	198,450,000	Bonus (1 for 4)
1996	-	-	198,450,000	396,900,000	Bonus (1 for 1)
1998	500,000,000	1,000,000,000	396,900,000	529,000,000	Bonus (1 for 3)
1998	-	-	529,200,000	629,000,000	Cash - Public Offer
2001	2,000,000,000	3,000,000,000	209,750,000	838,950,000	Bonus (1:3)
2002	-	3,000,000,000	-	1,258,425,000	
2003	-	3,000,000,000	419,466,600	1,677,891,700	Bonus (1:3)
2004	2,000,000,000	5,000,000,000	559,000,000	2,237,155,500	Bonus (1:3)
2005	-	5,000,000,000	745,715,500	2,982,874,100	Bonus (1:3)
2006	2,500,000,000	7,500,000,000	313,490,400	3,448,096,400	Bonus (1:10)
2007	2,500,000,000	10,000,000,000	965,159,500	5,789,763,600	Bonus (1:5)
2008	5,000,000,000	15,000,000,000	964,980,400	6,754,763,600	Bonus (1:6)
2011	(5,488,437,500)	9,511,562,500	(5,488,437,500)	2,533,125,000	Reduction & Cancellation (3:16)
2011	-	9,511,562,500	1,697,203,632	2,963,766,132	Placing to AMCON
2011	-	9,511,562,500	5,504,137,103	8,467,903,235	Placing to UGPL

Compliance plan with Central Bank of Nigeria's regulation on the scope of banking activities

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

During the year, the Bank received CBN's approval to proceed with its plans for complying with Regulation 3 *(the "Compliance Plan")*. The CBN's approval allows the Bank eighteen months within which to implement its Compliance Plan. The Bank's Board and shareholders approved a Compliance Plan which involves the Bank divesting of its interests in all its Portfolio Companies, with the exception of Union Bank *(UK)* Limited, and applying for an International Commercial Banking license.

Subsequent to year end, the Bank signed Share Purchase Agreements with buyers for its stake in two of its subsidiaries – Union Capital Markets Limited, Union Registrars Limited and Union Assurance Company Limited. As at the time of issuing these financial statements, the Bank was in the process of fulfilling the conditions precedent required to conclude the sale of both companies.

Donations and charitable gifts

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N54,976,300 *(Dec. 2012: N87,203,822)* was given out as donations and charitable contributions during the year. Details of the donations are as follows:

S/N	TRANSACTION DESCRIPTION	AMOUNT(N)
1	National Universities Commission	9,712,500
2	Oba of Lagos Cup	5,000,000
3	Ahmadu Bello University	5,000,000
4	Girls Guide Convention	3,000,000
5	Association of Nigerian bankers	3,000,000
6	Ikoyi Club 1938	3,000,000
7	Lagos Motor Club	8,000,000
8	Kings College Old Boys Association Business Network Lunch	2,450,000
9	Special Olympics Nigeria Regional Games	2,000,000
10	Sickle Cell Foundation	200,000
11	Computers to Federal University, Dutse	792,000
12	Table Tennis Section Ikoyi Club 1938	1,200,000
13	Sponsorship Of The IBB Golf and Country Club Tournament	500,000
14	Nigerian Army Hospital, Yaba	415,800
15	International Women Organisation For Charity	250,000
16	Ikeja Ladies Golf Club	250,000
17	International Women's Society	200,000
18	Ikeja Metro Lions Club	200,000
19	Nigerian French Language Village	200,000
20	University of Nigeria, Nsukka	2,000,000
21	Nigeria Society For The Blind	550,000
22	St. Saviour's School, Ikoyi	500,000
23	Lagos Banker's Nite	2,000,000
24	Association of Professional Women Bankers Corporate Forum/Dinner	300,000
25	Nigerian Day Portugal	756,000
26	Nigerian Bar Association *(Business Law Section)*	500,000
27	7th Annual Stockbrokers Conference	500,000
28	Financial Reporters Council of Nigeria	2,500,000
	TOTAL	**54,976,300**

Events after the balance sheet date

Subsequent to year end, the Bank has completed the sales process of three of its subsidiaries – Union Capital Markets Limited, Union Registrars Limited and Union Assurance Company Limited. As at the date of issuing these financial statements, the Bank is in the process of fulfilling the conditions precedent required to conclude the sale of companies.

Human resources

(1) Employment of disabled persons

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

In the event of any employee becoming disabled in the course of employment, the Bank is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Bank has 4 persons *(2012: 4 persons)* on its staff list with physical disability.

(2) Health, safety and welfare of employees

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

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates a Group Personal Account Accident Insurance in accordance with the provisions of the Employee Compensation Act for the benefits of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as well as a terminal gratuity scheme for its employees.

(3) Diversity of employment

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

(i) Persons with Disability

The Bank continues to maintain a policy of giving fair consideration to applications for employment made by disabled persons with due regard to their abilities and aptitude.

(ii) Gender Diversity within the Group

	Group (2013)		Group (2012)	
	Workforce	% of Gender Composition	Workforce	% of Gender Composition
Total workforce:				
Women	1,882	41	2,468	41
Men	2,706	59	3,498	59
	4,588	100	5,956	100
Recruitment made during the year:				
Women	222	41	121	39
Men	320	59	187	61
	542	100	308	100
Diversity of Senior Management – *(AGM to General Manager)*:				
Women	20	27	22	22
Men	55	73	78	78
	75	100	100	100
Diversity of Board Executives:				
Women	1	14	1	20
Men	6	86	4	80
	7	100	5	100
Diversity of Board Members:				
Women	2	12	2	14
Men	15	88	12	86
	17	100	14	100

	Bank (2013)		Bank (2012)	
	Workforce	% of Gender Composition	Workforce	% of Gender Composition
Total workforce:				
Women	1,620	43	2,047	43
Men	2,158	57	2,747	57
	3,778	100	4,794	100
Recruitment made during the year:				
Women	220	42	108	43
Men	307	58	143	57
	527	100	251	100

Diversity of Senior Management – *(AGM to General Manager):*				
Women	17	30	13	15
Men	39	70	43	85
	56	100	56	100
Diversity of Board Executives:				
Women	1	14	1	20
Men	6	86	4	80
	7	100	5	100
Diversity of Board Members:				
Women	2	12	2	14
Men	15	88	12	86
	17	100	14	100

Employee involvement and training

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

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

Auditors

KPMG Professional Services have indicated their willingness to continue in office as auditors to the Bank in accordance with Section 357(2) of the Companies and Allied Matters of Nigeria.

BY ORDER OF THE BOARD

Somuyiwa Adedeji Sonubi
FRC/2013/NBA/00000002061
Company Secretary
Lagos Nigeria
27 March, 2014

Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2013.

The directors accept responsibility for the preparation of the annual financial statements set out on pages 48 to 145 that give a true and fair view in accordance with International Financial Reporting Standards *(IFRS)* and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars.

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Udoma Udo Udoma
Chairman
FRC/2013/NBA/00000001796
27 March, 2014

Emeka Emuwa
Group Managing Director
FRC/2013/CIBN/00000001774
27 March, 2014

Report of the Audit Committee
For the year ended 31 December 2013

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

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

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

(ii) We are of the opinion that the accounting and reporting policies of the Bank and Group are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2013 were satisfactory and reinforce the Group's internal control systems.

(iii) We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on *"Disclosure of insider related credits in the financial statements of banks"*. We hereby confirm that an aggregate amount of N13.76 billion *(December 2012: N9.08 billion)* was outstanding as at 31 December 2013 of which N1.58billion million *(December 2012: N1.55 billion)* was non- performing *(see Note 47)*.

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

Musa Bichi
Chairman, Audit Committee
FRC/2013/CICMA/00000001778
27 March, 2014

Members of the Audit Committee are:

1.	Musa Bichi	-	Chairman
2.	Marcel Ojinka	-	Member
3.	Bashir Mohammed	-	Member*
4.	Alexander Adio	-	Member**
5.	Mansur Ahmed	-	Member
6.	Onikepo Akande	-	Member
7.	Dickie Agumba Ulu	-	Member

* - *Disengaged 17th June 2013*
** - *Elected 18th June 2013*

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 271 0540
Internet www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Members of Union Bank of Nigeria Plc.

Report on the Consolidated and Separate Financial Statements

We have audited the accompanying consolidated and separate financial statements of Union Bank of Nigeria Plc. ("the Bank") and its subsidiary companies (together "the Group"), which comprise the consolidated and separate statements of financial position as at December 31, 2013, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 145.

Directors' Responsibility for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation of these consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

KPMG

Opinion

In our opinion, these consolidated and separate financial statements give a true and fair view of the financial position of Union Bank of Nigeria Plc. ("the Bank") and its subsidiaries (together "the Group") as at December 31, 2013, and of the Group and Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

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

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2013. Details of these contraventions and penalties paid are as disclosed in note 48 to the financial statements.

ii. Related party transactions and balances are disclosed in note 47 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 648261

Signed: Kabir

Kabir O. Okunlola, FCA
FRC/2012/ICAN/00000000428
For: KPMG Professional Services
Chartered Accountants
27 March 2014
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2013

	Notes	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
		₦ million	₦ million	₦ million	₦ million
Gross earnings		**121,399**	**117,212**	**103,225**	**96,484**
Continuing Operations:					
Interest income	9	80,997	85,389	79,045	81,229
Interest expense	9	(23,576)	(22,594)	(23,918)	(22,617)
Net interest income		57,421	62,795	55,127	58,612
Impairment charge/(reversal) for credit losses	13(a)	(12,066)	(1,549)	(13,255)	550
Net interest income after impairment charge for credit losses		45,355	61,246	41,872	59,162
Net fees and commission income	10	9,189	9,398	8,677	8,903
Net trading (loss)/income	11	(303)	697	(377)	538
Other operating income	12	15,596	6,189	15,880	5,814
		24,482	16,284	24,180	15,255
Operating income		69,837	77,530	66,052	74,417
Net impairment loss on other financial assets	13(b)	(4,736)	(218)	(5,165)	(80)
Net operating income after net impairment loss on other financial assets		65,101	77,312	60,887	74,337
Personnel expenses	14	(39,652)	(42,560)	(38,519)	(41,335)
Depreciation and amortisation		(3,122)	(4,284)	(3,060)	(4,175)
Other operating expenses	15	(17,182)	(26,160)	(15,107)	(25,389)
Total expenses		(59,956)	(73,004)	(56,686)	(70,899)
Share of (loss)/profit of equity accounted investee		(4)	34	-	-
Profit before income tax from continuing operations		5,141	4,342	4,201	3,438
Income tax credit/(expense) from continuing operations	16	933	(391)	920	(268)
Profit for the year from continuing operations		**6,074**	**3,951**	**5,121**	**3,170**
Discontinued operations					
Gross income from discontinued operations	40(a)	15,924	15,505	-	-
Gross expense from discontinued operations	40(a)	(17,296)	(16,975)	-	-
Loss before tax from discontinued operations	40(a)	(1,372)	(1,470)	-	-
Income tax expense from discontinued operations	40(a)	(866)	(1,294)	-	-
Loss for the year from discontinued operations	40(a)	(2,238)	(2,764)	-	-
Continuing and discontinued operations:					
Profit before tax		3,769	2,872	4,201	3,438
Income tax		67	(1,685)	920	(268)
Profit after tax		**3,836**	**1,187**	**5,121**	**3,170**
Other comprehensive income, net of income tax					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit liability		6,555	4,681	5,521	4,681
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		305	(521)	-	-
Fair value gains on property and equipment		-	164	-	-
Fair value gains/(losses) on available-for-sale investments		5,834	206	5,471	(314)
Other comprehensive income for the year		12,694	4,530	10,992	4,367
Total comprehensive income for the year		16,530	5,717	16,113	7,537

	Notes	Group Dec.2013 ₦ million	Restated Group Dec.2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Profit attributable to:					
Equity holders of the Bank		5,457	4,134	5,121	3,170
Non-controlling interest		(1,621)	(2,947)	-	-
Profit for the year		3,836	1,187	5,121	3,170
Total comprehensive income attributable to:					
Equity holders of the Bank		18,151	8,664	16,113	7,537
Non-controlling interest		(1,621)	(2,947)	-	-
Total comprehensive income for the year		16,530	5,717	16,113	7,537
Earnings per share for profit from total operations attributable to equity holders of Bank					
Basic and diluted (kobo)	17	32	24	30	19
Earnings per share for profit from continuing operations attributable to equity holders of bank					
Basic and diluted (kobo)	17	36	23	30	19

The notes on pages 55 to 145 are an integral part of these consolidated financial statements.

Consolidated and Separate Statements of Financial Position

	Notes	Group Dec.2013	Restated Group Dec.2012	Restated Group Jan. 2012	Bank Dec.2013	Bank Dec.2012
		₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS						
Cash and cash equivalents	18	100,925	200,260	239,013	53,141	142,938
Non-pledged trading assets	19	2,847	1,895	5,863	2,847	867
Pledged assets	20	65,167	44,503	69,694	65,167	44,503
Derivative assets held for risk management	21	-	78	-	-	-
Loans and advances to customers	22	229,542	160,669	166,172	210,118	136,982
Investments in equity accounted investee	23	25	5,557	75	16	91
Investment securities	24	289,353	314,416	269,666	290,377	280,449
Trading properties	25	4,747	6,971	-	1,930	2,282
Investment properties	26	16,413	13,144	29,133	-	-
Investment in subsidiaries	27	-	-	-	12,892	17,445
Property and equipment	28	45,527	48,466	50,533	45,351	45,137
Intangible assets	29	808	1,055	600	685	522
Deferred tax assets	30	95,889	98,354	95,349	95,875	95,875
Other assets	31	99,829	119,826	120,364	101,324	119,293
		951,072	1,015,194	1,046,462	879,723	886,384
Assets classified as held for sale	40(b)	51,684	84	807	2,374	84
TOTAL ASSETS		1,002,756	1,015,278	1,047,269	882,097	886,468
LIABILITIES						
Derivative liabilities held for risk management	21	-	78	-	-	-
Deposits from banks	32	46,794	45,112	62,214	3,200	3,500
Deposits from customers	33	482,706	522,443	500,973	479,956	482,005
Liability on investment contract	34	-	803	569	-	-
Liability on insurance contract	35	-	2,691	2,644	-	-
Current tax liabilities	36	534	2,312	2,668	472	495
Other liabilities	37	156,406	176,181	206,200	155,189	145,478
Retirement benefit obligations	38	10,261	51,910	59,386	10,216	49,368
Other borrowed funds	39	45,280	34,564	26,950	45,280	33,951
		741,981	836,094	861,604	694,313	714,797
Liabilities classified as held for sale	40(c)	61,432	-	-	-	-
TOTAL LIABILITIES		803,413	836,094	861,604	694,313	714,797
EQUITY						
Share capital and share premium	41	400,109	400,109	400,109	400,109	400,109
Treasury shares		(240)	(65)	(206)	-	-
Retained deficit		(274,871)	(274,300)	(269,228)	(272,064)	(273,716)
Other Reserves		67,183	48,461	49,644	59,739	45,278
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		192,181	174,205	180,319	187,784	171,671
Non-controlling interest	42	7,162	4,979	5,346	-	-
TOTAL EQUITY		199,343	179,184	185,665	187,784	171,671
TOTAL LIABILITIES AND EQUITY		1,002,756	1,015,278	1,047,269	882,097	886,468

Signed on behalf of the Board of Directors on 27 March, 2014 by:

Udoma Udo Udoma	Emeka Emuwa	Oyinkansade Adewale
Chairman	Group Managing Director	Director/CFO
FRC/2013/NBA/00000001796	FRC/2013/CIBN/00000001774	FRC/2013/ICAN/00000001775

The notes on pages 55 to 145 are an integral part of these consolidated financial statements.

Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2013

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2013	8,468	391,641	16,776	(65)	26,492	7,393	4,188	(264,615)	190,278	4,979	195,257
Prior year adjustment (see note 43)	-	-	-	-	-	(6,388)	-	(9,685)	(16,073)	-	(16,073)
Opening restated	8,468	391,641	16,776	(65)	26,492	1,005	4,188	(274,300)	174,205	4,979	179,184
Total comprehensive income for the year											
Profit for the year	-	-	768	-	-	-	-	4,689	5,457	(1,621)	3,836
Other comprehensive income											
Remeasurement of defined benefit liability	-	-	-	-	-	-	6,555	-	6,555	-	6,555
Foreign currency translation diferrence	-	-	-	-	-	-	305	-	305	-	305
Fair value gains on available-for-sale investment	-	-	-	-	5,834	-	-	-	5,834	-	5,834
Transfer from retained earnings	-	-	-	-	(1,125)	6,385	-	(5,260)	-	-	-
Total comprehensive income for the year	-	-	768	-	4,709	6,385	6,860	(571)	18,151	(1,621)	16,530
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Disposal of own shares	-	-	-	(175)	-	-	-	-	(175)	-	(175)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	4,118	4,118
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(314)	(314)
Total contribution and distributions to owners	-	-	-	(175)	-	-	-	-	(175)	3,804	3,629
Balance at 31 December 2013	**8,468**	**391,641**	**17,544**	**(240)**	**31,201**	**7,390**	**11,048**	**(274,871)**	**192,181**	**7,162**	**199,343**

December 2012

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2012	8,468	391,641	16,282	(206)	25,257	4,891	14,556	(266,863)	194,026	5,346	199,372
Prior year adjustment (see note 43)	-	-	(684)	-	(4,565)	(6,388)	295	(2,365)	(13,707)	-	(13,707)
Opening restated	8,468	391,641	15,598	(206)	20,692	(1,497)	14,851	(269,228)	180,319	5,346	185,665
Total comprehensive income for the year											
Profit for the year	-	-	1,178	-	-	-	-	2,956	4,134	(2,947)	1,187
Other comprehensive income											
Remeasurement of defined benefit liability	-	-	-	-	-	-	4,681	-	4,681	-	4,681
Increase in revaluation surplus for the year	-	-	-	-	164	-	-	-	164	-	164
Foreign currency translation diferrence	-	-	-	-	-	-	(521)	-	(521)	-	(521)
Fair value gains on available-for-sale investment	-	-	-	-	205	-	-	-	205	-	205
Transfer to regulatory risk reserve	-	-	-	-	-	2,502	-	(2,502)	-	-	-
Transfer from retained earnings	-	-	-	-	5,431	-	95	(5,526)	-	-	-
Total comprehensive income for the year	-	-	-	-	5,800	2,502	4,255	(8,028)	4,529	-	4,529
			1,178	-	5,800	2,502	4,255	(5,072)	8,663	(2,947)	5,716
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Excess capital clawback	-	-	-	-	-	-	(14,918)	-	(14,918)	-	(14,918)
Acquisition of own shares	-	-	-	141	-	-	-	-	141	-	141
Increase/dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	2,580	2,580
Total contribution and distributions to owners	-	-	-	141	-	-	(14,918)	-	(14,777)	2,580	(12,197)
Balance at 31 December 2012	**8,468**	**391,641**	**16,776**	**(65)**	**26,492**	**1,005**	**4,188**	**(274,300)**	**174,205**	**4,979**	**179,184**

Consolidated and Separate Statements of Changes in Equity
For the year ended 31 December 2013

Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2013	8,468	391,641	15,563	24,789	1,005	3,921	(273,716)	171,671
Total comprehensive income for the year								
Profit or loss	-		768	-	-	-	4,353	5,121
Other comprehensive income								
Fair value gains on available-for-sale investment	-	-	-	5,471	-	-	-	5,471
Remeasurement of defined benefit liability	-	-	-	-	-	5,521	-	5,521
Transfer from retained earnings	-	-	-	-	2,701		(2,701)	-
Total comprehensive income for the year	-	-	768	5,471	2,701	5,521	1,652	16,113
Total contribution and distributions to owners	-	-	-	-	-	-	-	-
Balance at 31 December 2013	**8,468**	**391,641**	**16,331**	**30,260**	**3,706**	**9,442**	**(272,064)**	**187,784**

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2012	8,468	391,641	14,385	24,953	2,725	14,158	(277,428)	178,902
Total comprehensive income for the year								
Profit or loss	-	-	1,178	-	-	-	1,992	3,170
Other comprehensive income								
Remeasurement of defined benefit liability	-	-	-	-	-	4,681	-	4,681
Fair value loss on available-for-sale investment	-	-	-	(314)	-	-	-	(314)
Transfer to regulatory risk reserve					(1,720)	-	1,720	-
Fair value reserve on transfer of property and equipment	-	-	-	150	-	-	-	150
Total other comprehensive income for the year	-	-	-	(164)	(1,720)	4,681	1,720	4,517
Total comprehensive income for the year	-	-	1,178	(164)	(1,720)	4,681	3,712	7,687
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Clawback of excess capital (see note 41 (viii))	-	-	-	-	-	(14,918)	-	(14,918)
Total contribution and distributions to owners	-	-	-	-	-	(14,918)	-	(14,918)
Balance at 31 December 2012	**8,468**	**391,641**	**15,563**	**24,789**	**1,005**	**3,921**	**(273,716)**	**171,671**

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2013

	Notes	Group Dec.2013	Group Dec.2012	Bank Dec.2013	Bank Dec.2012
		₦ million	₦ million	₦ million	₦ million
Cash flows from operating activities					
Profit for the year		3,836	5,868	5,121	7,851
Income tax expense	16	(933)	391	(920)	268
Profit before tax		2,903	6,259	4,201	8,119
Adjustments for:					
Impairment losses on loans and advances	13(a)	14,008	2,620	15,197	2,396
Recoveries on loans and advances	13(a)	(1,942)	(1,071)	(1,942)	(2,946)
(Reversal of impairment)/impairment loss on investment	13(b)	(49)	(1,087)	410	(297)
Impairment loss/(reversal) on other investments	13(b)	75	863	1,111	(65)
Allowances on other assets	13(b)	4,911	2,959	3,845	2,959
Gain on sale of property and equipment	12	(759)	(29)	(761)	(29)
Write-off on Trading properties	25	140	-	-	-
Gain on sale of trading properties	12	(546)	(222)	-	-
Depreciation of property and equipment	28	2,943	4,183	2,899	4,096
Amortisation of intangible assets		179	102	161	79
Revaluation gain on investment properties	26	(655)	(85)	-	-
Dividend income from equity investment	12	(2,551)	(775)	(5,670)	(775)
Interest paid on borrowings	9	6,574	7,784	6,574	8,078
Bad debts (recovered)/written off		(4,460)	197	(4,460)	191
Contributions to defined contribution plans		1,622	(3,566)	1,613	(3,016)
Increase/ (decrease) in liability for defined benefit plans		1,410	8,342	1,410	8,125
Share of profit of equity accounted investee		4	(34)	-	-
Change in the value of equity accounted investee		-	(692)	-	-
		23,807	25,748	24,588	26,915
Change in non-pledged trading assets		(2,001)	2,005	(1,980)	1,984
Change in pledged assets		(20,664)	25,191	(20,664)	25,191
Change in derivative financial instruments-assets		-	(78)	-	-
Change in loans and advances to customers		(112,066)	2,040	(81,931)	7,735
Change in other assets		10,406	(2,774)	15,350	(5,840)
Change in derivative financial instruments-liabilities		-	78	-	-
Change in deposits from banks		1,682	(12,276)	(300)	1,920
Change in deposits from customers		(4,260)	18,964	(2,049)	82,230
Change in liabilities on investment contracts		-	-	-	-
Change in liabilities on insurance contracts		-	-	-	-
Change in other liabilities		10,359	(30,252)	10,689	(29,401)
		(92,737)	28,646	(56,297)	110,734
Income tax paid		(102)	(1,344)	(80)	(1,131)
Cash flows from discontinued operations		22,021	3,210	-	-
Net cash (used in)/provided by operating activities		(70,818)	30,512	(56,377)	109,603
Cash flows from investing activities					
Purchase of investment properties		(11,651)	(2)	-	-
Acquisition of trading properties		(28)	(2,748)		(2,282)
Proceeds from sale of trading properties		2,658	1,563	352	-
Proceeds from sale of assets classified as held for sale		-	723	-	723
Proceeds from sale of property and equipment		2,760	31	2,228	30

Acquisition of property and equipment	(4,853)	(2,841)	(4,580)	(2,773)
Acquisition of intangible assets	(354)	(518)	(324)	(492)
Acquisition of investment securities	(5,603)	(27,199)	(4,867)	(31,858)
Dividend income received	2,551	775	5,670	775
Dividend income from equity accounted investee	-	-	-	-
Investment in retirement benefit scheme	(35,719)	(14,369)	(36,654)	(14,369)
Cash flows from discontinued operations	12,166	(17,373)		
Net cash used in investing activities	(38,073)	(61,957)	(38,175)	(50,246)
Cash flows from financing activities				
Inflow from other borrowings	11,412	6,918	11,329	7,001
Interest paid on borrowings	(6,574)	(7,784)	(6,574)	(8,078)
Acquisition of own shares	(175)	-	-	-
Dividend paid to non-controlling interest	(314)	-	-	-
Inflows from non-controlling interest	4,118	-	-	-
Cash flows from discontinued operations	1,563	696		
Net cash from financing activities	10,030	(170)	4,755	(1,077)
Net (decrease)/increase in cash and cash equivalents	(98,861)	(31,615)	(89,797)	58,280
Cash and cash equivalents at beginning of the year	200,260	239,013	142,938	84,658
Net change in cash and cash equivalent from discontinued operation	(779)	(6,617)	-	-
Effect of exchange rate fluctuations on cash held	305	(521)		-
Cash and cash equivalents at end of the year	100,925	200,260	53,141	142,938

The notes on pages 55 to 145 are an integral part of these consolidated financial statements.

Notes to the Consolidated and separate financial statements
For the year ended 31 December 2013

1 Reporting entity

Union Bank of Nigeria Plc *("the Bank")* is a company domiciled in Nigeria. The address of the Bank's registered office is Stallion Plaza, 36 Marina, Lagos. The consolidated financial statements of the Bank as at and for the year ended 31 December 2013 comprise the Bank and its subsidiaries *(together referred to as the "Group"and individually as 'Group entities')*. The Group is primarily involved in investment, corporate, commercial and retail banking, as well as the provision of insurance, registrars, pension fund custodial, trusteeship and asset management services.

As at the time of issuing this financial statements, the Bank was in the process of divesting from all non-banking businesses withing the Group in line with the CBN Regulation 3 on the Scope of Banking Activities and Anciliary Matters. Consequently, Union Homes Savings and Loans Plc, Union Assurance Company Limited, Union Registrar Limited, Union Trustees Limited and Union Capital Limited have been treated as discontinued operations in this consolidated financial statements in line with the provision of IFRS 5.

2 Basis of preparation

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards *(IFRS)*. They were authorised for issue by the Board of Directors on 21 March 2014.

(b) Functional and presentation currency
These consolidated financial statements are presented in Nigerian Naira, which is the Bank's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest million.

(c) Basis of measurement
These consolidated financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- investment property is measured at fair value; and
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

(d) Use of estimates and judgements
The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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

(e) **Determination of regulatory risk reserves**

Provisions under Prudential Guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria *(CBN)* Prudential Guidelines. This is at variance with the requirements of the International Financial Reporting Standards. As a result of the differences in the methodology/provision regime, there may be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans and other financial assets as prescribed in the relevant IFRS standards when IFRS is adopted. However, Banks would be required to comply with the following:

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

(ii) The regulatory risk reserve is a non-distributable reserve and is classified under Tier 1 as part of core capital.

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

Statement of Prudential Adjustments	***Note***	Bank Dec. 2013 N million	Bank Dec. 2012 N million
IFRS-based impairments:			
Specific impairment on cash and cash equivalents	17	-	18,287
Specific impairment on loans to customers	21	9,929	3,970
Portfolio impairment on loans to customers	21	10,673	7,838
Specific impairment on investment securities	23	4,542	8,492
Specific impairment on assets held for sale	39(b)	2,869	964
Specific impairment on investment in subsidiaries	26	-	1,834
Specific impairment on equity accounted investee	22	75	-
Provision for claims and contingencies	36	1,643	-
Payable to AMCON		3,798	-
Specific impairment on other assets	30	178,968	151,093
		212,497	192,478

Prudential provisions:		
Specific provision on cash and cash equivalents	-	18,287
Specific provision on loans to customers	19,776	9,293
General provision on loans to customers	1,803	1,152
Interest in suspense	2,729	2,368
Specific provision on investment securities	4,542	8,492
Specific provision on assets held for sale	2,869	964
Specific impairment on equity accounted investee	75	-
Specific provision on investment in subsidiaries	-	1,834
Provision for claims and contingencies	1,643	-
Payable to AMCON	3,798	-
Specific provision on other assets	178,968	151,093
	216,203	193,483
Regulatory risk reserve	3,706	1,005

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

	Dec. 2013 ₦ million	Dec. 2012 ₦ million
Balance, beginning of the year	1,005	2,725
Transfer during the year	2,701	(1,720)
Balance, end of the year	3,706	1,005

3 Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. Consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Transaction costs are expensed as incurred, except if they relate to the issue of debt or equity securities.

Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries' are investees controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity-accounted basis from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

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

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

Transactions eliminated on consolidation
Intra-group balances, and any unrealised gains or losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

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

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available for sale equity instruments are recognised in OCI

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into naira at spot exchange rates at the dates of the transactions.

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

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

(c) Interest

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

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

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

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

(d) Fees and Commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

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

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(e) **Net trading income**

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

(f) **Net income from other financial instruments at fair value**

Net income from other financial instruments at fair value relates to financial assets and liabilities designated as at fair value through profit or loss and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(g) **Dividends**

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

(h) **Lease payments made**

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(i) **Income tax expense**

Income tax comprises current and deferred taxes. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax payable also includes any tax liability arising from the declaration of dividends.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred taxes are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(j) Financial instruments

Recognition

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

Classification

The Group classifies its financial assets in one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; or
- at fair value through profit or loss and within the category as held for trading or designated at fair value through profit or loss.

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

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Group from classifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

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

(ii) Fair value through profit or lossThe Group designates some investment securities at fair value, with fair value changes recognised immediately in income statement.

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

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

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

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

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

Loans and advances to banks are classified as loans and receivables. Loans and advances to customers include:

- those classified as loans and receivables; and
- finance lease receivables.

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

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

Fair value measurement
Policy applicable from 1 January 2013
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price - i.e the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced by neither by a quoted price in an active market for an identical asset or liability nor based on a valuation techniques that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price, Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but later than when the valuation is wholly supported by observable market data or the transaction is closed out

If an asset or a liability measured at fair value has a bid and ask price, then the Group measures assets and long positions at a bid price and liabilites and short positions at an ask price.

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

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

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

Policy applicable before 1 January 2013
Fair value is the amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transaction on an arms length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique, the chosen valuation technique makes maximum of market inputs, relies as little as possible on estimate specific to the Group, incorporate all factors that market participant will consider in settling a price and is consistent with accepted economic methodology for pricing financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument *(without modification or repackaging)* or based on a valuation technique whose variable include only data from observable market, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has position with offsetting risks, mid market prices are used to measure the offsetting risk position and a bid or ask price adjustment is applied only to the net open position as appropriate.

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

Impairment of financial assets
(i) Assets carried at amortised cost
The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets *(a 'loss event')*, and that loss event *(or events)* has an impact on the

estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

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

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

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

The amount of the reversal is recognised in income statement.

(ii) Available-for-sale financial assets Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the balance sheet date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in income statement. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to income statement and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

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

Offsetting financial instruments

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

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

Derecognition of financial instruments

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

Any interest in such transferred financial assets that qualify for derecognition is created or retained by the Group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset *(or the carrying amount allocated to the portion of the asset transferred),* and the sum of:

(i) the consideration received (including and new asset obtained less any new liability assumbed); and
(ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income statement.

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

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

(k) **Cash and cash equivalents**

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

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

(l) **Trading assets and liabilities**

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

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

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

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

(m) **Derivatives held for risk management purposes**

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

(n) **Property and equipments**

Recognition and measurement

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

(a) the cost of materials and direct labour;

(b) any other costs directly attributable to bringing the assets to working condition for their intended use;

(c) when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

(d) capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items *(major components)* of property and equipment.

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

Subsequent costs
The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in income statement as incurred.

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated lives. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

Depreciation is recognised in income statement.

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

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	50 years
Computer hardware	4 years
Furniture and office equipments	5 years
Motor vehicles	4 years
Capital work-in-progress	Not depreciated

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

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

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

Cost includes expenditure that is directly attributable to the a-cquisition of the investment property.

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

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

(p) **Intangible assets**

Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is five years. This is reassessed annually.

(q) **Leased assets - Lessee**

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

Other leases are operating leases and are not recognised on the Group's statement of financial position.

(r) **Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets other than deferred tax assets and investment properties measured at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the

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

(s) Classification of insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Contracts under which the Group accepts significant insurance risk from another party *(the policyholder)* by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event *(the insured event)* adversely affects the policy holder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer.

Contracts that transfer financial risks but not significant insurance risk are classified as investment contracts. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

(t) Recognition and measurement of insurance contracts

Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs. Specifically, provision for unexpired risk for marine business, is based on 50% of the gross premium.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The

provision includes an allowance for claims management and handling expenses.
The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

Deferred acquisition costs
Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

Contingency reserve
The Group maintains contingency reserves for its insurance business in accordance with the provisions of the Insurance Act of 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation

Liabilities and related assets under liability adequacy test
At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs.

In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off deferred acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests *(the unexpired risk provision)*.

Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions *(without margins for adverse deviation)* are used for the subsequent measurement of these liabilities.

Receivables and payables related to insurance contracts and investment contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

Salvage and subrogation reimbursements
Some insurance contracts permit the Group to sell *(usually damaged)* property acquired in settling a claim *(for example, salvage)*. The Group may also have the right to pursue third parties for payment of some or all costs *(for example, subrogation)*.

(u) **Recognition and measurement of investment contracts**
The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. This method requires the determination of an interest rate *(the effective interest rate)* that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period if the holder has the option to redeem the instrument earlier than maturity.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognised as income or expense in the income statement.

(v) **Underwriting expenses**
Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

(w) **Deposits, debt securities issued and surbordinated liabilities**
Deposits, debt securities issued and subordinated liabilities are Group's sources of debt funding.

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

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

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

(x) **Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(y) **Financial guarantee contracts**

Financial guarantee contracts are contracts that require the Group *(issuer)* to make specified payments to reimburse the holder for a loss it

incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(z) **Employee benefits**

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay any further amount(s). Obligations for contributions to defined contribution plans are recognised as personnel expenses in income statement in the periods during which related services are rendered.

Defined benefit plans

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

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

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in income statement.

When the calculation above results in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefit available in the form of any refunds from the plan or reductions in future contribution to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefit as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptance can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

(aa) Share capital and reserves

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

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

Treasury shares
Where the Bank or any member of the Group purchases the Bank's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(ab) **Earnings per share**

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

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

(ac) **Fiduciary activities**

The Group commonly 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. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(ad) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Board of Directors *(being the chief operating decision maker)* to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available. Segment results include items directly attibutable to a segment as well as those that can be allocated on a reasonable basis.

(ae) **Borrowings**

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

(af) **New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9: Financial Instrument: Classification and Measurement (2010 and 2009)

IFRS 9 *(2009)* introduces new requirements for the classification and measurement of financial assets. IFRS 9 *(2010)* introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets.

The IFRS 9 *(2009)* requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for- sale and loans and receivables.

For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments is recognised in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investment.

Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognised in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separate; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 *(2010)* introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 *(2010)* largely carries forward without substantive amendment the guidance on classification and measurement of financial liabilities from IAS 39.

The mandatory effective date of IFRS 9 is not specified but will be determined when the outstanding faces are finalized. However, application of IFRS 9 is permitted.

The Group has started the process of evaluation the potential effect of this standard but is awaiting finalization of the limited amendments before the evaluation can be completed. Given the nature of the Group's operations, this standard is expected to have a pervasive impact on the Group's financial statements.

Amendments to IAS 32 on offsetting financial assets and financial liabilities (2011)
The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set- off and when gross settlement is equivalent to net settlement. The amendment are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods.

The Group is still evaluating the potential effect of the adoption of the amendments to IAS 32.

IFRIC 21 Levies
IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises liability for a levy when and only when the triggering event specified in the legislation occurs. IFRIC 21 is not expected to have a material effect on the Group's financial statements.

4 Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting as set out in Note 3 to all periods presented in these consolidated financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other0 standards, with a date of initial application of 1 January 2013.

(a) IFRS 10 Consolidated Financial Statements *(2011)*
(b) IFRS 12 Disclosures of Interests in Other Entities
(c) IFRS13 Fair value Measurement

(d) IAS 19 Employee Benefits *(2011)*

(i) **Subsidiaries, including structured entities**

As a result of IFRS 10 *(2011)*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates other entities. IFRS 10 *(2011)* introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 *(2011),* the Group reassessed its control conclusions as of 1 January 2013. As a consequence, the Group has changed its consolidation conclusions for certain structured entities to which the Group transfers assets as part of its securitisation programme. Previously, these structured entities were not consolidated, but, as a consequence of reassessment, the Group has concluded that its controls those entities because when receivables in the vehicles default, key decisions are made by the Group and the Group is exposed to variability of returns from the vehicles through its holding of debt securities in the vehicles.

The change did not have a material impact on the Group's financial statement.

(ii) **Interests in other entities**

As a result of IFRS 12, the Group has expanded disclosures about its interests in subsidiaries *(see Note 27)* and involvement with unconsolidated structured entities. The disclosure requirements related to its involvement in unconsolidated structured entities are not included in the comparative information.

(iii) **Fair value measurement**

In Accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value as asset out in Note 3*(j)(iv)*, prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the group has include a new disclosure in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However to the extent that disclosures were required by other standards before the effective date of IFRS 13. the Group has provided the relevant comparative disclosures under those standards.

(iv) **Post employment defined benefit plans**

As a result of IAS 19 *(2011),* the Group has changed its accounting policy with respect to the basis for determining the income or expenses relating to its defined benefit plans.

Under IAS 19 *(2011),* the Group determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/asset, taking into the account any changes in the defined benefit liability/asset during the period as a result of contributions and benefit payments.

Consequently the net interest on the net defined benefit liability/asset now comprises:
- Interest cost on the defined benefit obligation
- Interest income on plan assets; and
- Interest on the effect on the asset ceilling

(v) **Presentation of items of OCI**

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of comprehensive income, to present items that would be reclassified to profit or loss in the future separately from those that would never be.
Comparative information has been re-presented on the same basis.

(vi) **Offsetting financial assets and financial liabilities**

The amendments to IFRS 7 require additional disclosures about offsetting financial assets and financial liabilities, which does not apply to the Group as the Group does not offset financial assets and financial liabilities.

5 Financial risk management

(a) Introduction and overview

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

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

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

(b) Credit risk

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

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

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

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

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

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

The Criticized Risk Assets Committee performs a bi-monthly review of loans with emerging signs of weakness; the Management Credit Committee *(CRECO)* and the Board Risk Committee also perform reviews of the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by our Credit Risk Management department.

Principal Credit Policies
The following are the principal credit policies of the Group:

(i) ***Extension of credit:*** Every extension of credit must be approved by at least three officers; one of whom must be from Independent Credit Risk Management. The final approving officer must have a credit limit for the total facilities extending to the obligor *(or group of related obligors)*.
(ii) ***Special Approvals:*** Extension of credit to certain sectors may require unique approvals or prohibited altogether.
(iii) ***Annual Review of facilities:*** All extension of credits must be reviewed at least once every 12 months.
(iv) ***Industry Limits:*** The Group utilizes industry limits to maintain a diversified portfolio of risk assets.
(v) ***Tenor Limits:*** The Group also utilizes tenor limits to ensure improvement in quality of risk assets
(vi) ***Problem Recognition:*** There are uniform and consistent standards for recognition of credit migration and remediation across the Group.

Credit process
The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries after documentation review by Credit Risk Management. On-going management and monitoring of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny, it is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis it is then submitted to the appropriate approval authority for the size of facilities.

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

1 **Credit risk measurement**
Risk Rating Methodology
The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. The Group employs a robust credit rating system based on international best practices *(including Basel II recommendations)* in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

The objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings *('ORRs')* within the Group and to provide guidelines for risk rating for retail and non – retail exposures in the Group. Facility Risk Ratings *(FRRs)* are in process of implementation.

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

Credit Risk Rating Models
Obligor Risk Rating *(ORR)* Models have been developed by the Group for corporate customers in the following sectors:
(a) Manufacturing Sector
(b) Trading Sector
(c) Services Sector
(d) Real Estate Sector

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

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Independent Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee *(CRECO)*.

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

Responsibilities of Business Units and Independent Credit Risk Management
In the Group, business units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors. Business Relationship Managers will be responsible for deriving the ORR using approved methodologies as set out in this policy, however independent credit risk management may also perform this function.

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

Credit Risk Management has the final authority if there is a question about a specific rating.

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

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

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

2 **Credit Risk Control & Mitigation policy**
Authority Limits on Credit
The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and further by the Management Credit Committee *(CRECO).* The principle of central management of risk and decision authority is maintained by the Group. This structure gives the Group the possibility to incorporate much needed local expertise, but at the same time manage risk on a global level. The Group is currently in the process of assigning to individuals other than executive directors, credit approval authorities in line with the Group's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan.

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

Authority	Approval Limit	
	Dec. 2013	Dec. 2012
Board of Directors	Above N5bn	Above N2bn and limited to 20% of Shareholders' funds unimpaired by losses
Board Credit Committee	N2,500,000,01 - N5,000,000,000	N1,000,000,001 - N2,000,000,000
Management Credit Committee	N1,000,000,01 - N2,500,000,000	N150,000,001 - N1,000,000,000
Group Managing Director & CRO	N500,000,01 - N1,000,000,000	N50,000,001 - N150,000,000
Business Executive Director & CRO	Up to N500,000,000	Up to N50,000,000

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

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

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

The range of collaterals acceptable to the Group include:

(i) Cash/Deposit *(domestic and foreign currency)* with the Group, including certificates of deposit or comparable instruments issued by the Group
(ii) Certificates of Deposit from other banks
(iii) Commodities.
(iv) Debt securities issued by sovereigns and public-sector enterprises.
(v) Debt securities issued by banks and corporations
(vi) Equities - Stocks / Share Certificates of quoted blue chip companies
(vii) Mortgage on landed Property
(viii) Asset-backed securities
(ix) Charge on assets *(Fixed and/or Floating)* - premises/inventory/receivables/ merchandise/plant/machinery e.t.c
(x) Negative Pledges
(xi) Lien on Asset being financed
(xii) Stock Hypothecation
(xiii) Shipping Documents *(for imports)*
(xiv) Bankers Acceptance
(xv) Life Assurance Policies

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

Credit related commitments
It is the Group's policy that all credit exposures are adequately collateralised. Credit risk mitigation is an activity of reducing credit risk in an exposure.

Exposure to credit risk

Group	Note	Loans and advances to customers Dec. 2013	Loans and advances to customers Dec. 2012	Investment securities Dec. 2013	Investment securities Dec. 2012	Pledged assets Dec. 2013	Pledged assets Dec. 2012	Non Pledged assets Dec. 2013	Non Pledged assets Dec. 2012	Placements Dec. 2013	Placements Dec. 2012
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	21,23,19,18,17	229,542	160,669	289,353	314,416	65,167	44,503	2,847	1,895	46,566	175,751
Assets at amortised cost											
Individually impaired:											
Grade 6: Impaired		800	2,573	-	-	-	-	-	-	-	-
Grade 7: Impaired		1,528	6,005	-	-	-	-	-	-	-	-
Grade 8: Impaired		12,279	24,712	-	-	-	-	-	-	-	-
Gross amount		14,607	33,290	-	-	-	-	-	-	-	-
Allowance for impairment		(8,897)	(22,779)	-	-	-	-	-	-	-	-
Carrying amount		5,710	10,511	-	-	-	-	-	-	-	-
Collectively impaired:											
Grade 1-3: Low-fair risk		126,976	99,599	-	-	-	-	-	-	-	-
Grade 4-5: Watch list		88,549	58,969	-	-	-	-	-	-	-	-
Gross amount		215,525	158,568	-	-	-	-	-	-	-	-
Allowance for impairment		(10,709)	(8,410)	-	-	-	-	-	-	-	-
Carrying amount		204,816	150,158	-	-	-	-	-	-	-	-
Past due but not impaired:											
Grade 4-5: Low-fair risk		61		-	-	-	-	-	-	-	-
Gross amount		61	-	-	-	-	-	-	-	-	-
Allowance for impairment				-	-						
Carrying amount		61	-	-	-	-	-	-	-	-	-
Past due comprises:											
30 -90 days		61	-	-	-	-	-	-	-	-	-
Carrying amount		61	-	-	-	-	-	-	-	-	-
Neither past due nor impaired:											
Grade 1-3: Low-fair risk		18,955	-	272,572	277,155	65,167	44,503	-	-	46,566	175,751
Carrying amount		18,955	-	272,572	277,155	65,167	44,503	-	-	46,566	175,751
Total carrying amount -amortised cost		229,542	160,669	272,572	277,155	65,167	44,503	-	-	46,566	175,751

Group	Loans and advances to customers		Investment securities		Pledged assets		Non Pledged assets		Placements	
	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Available-for-sale assets (AFS)										
Individually impaired:										
Grade 6: Impaired	-	-	14,456	17,788	-	-	-	-	-	-
Grade 7: Impaired	-	-	-	-	-	-	-	-	-	-
Grade 8: Impaired	-	-	-	-	-	-	-	-	-	-
Gross amount	-	-	14,456	17,788	-	-	-	-	-	-
Allowance for impairment	-	-	(4,083)	(9,604)						
Carrying amount	-	-	10,373	8,184	-	-	-	-	-	-
Neither past due nor impaired:										
Grade 1-3: Low-fair risk	-	-	6,408	29,076	-	-	-	-	-	-
Grade 4-5: Low-fair risk	-	-	-	-	-	-	-	-	-	-
Carrying amount	-	-	6,408	29,076	-	-	-	-	-	-
Assets at fair value through profit or loss										
Grade 1-3: Low-fair risk	-	-	-	-	-	-	2,847	1,895	-	-
Grade 4-5: Low-fair risk	-	-	-	-	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-	2,847	1,895	-	-
Total carrying amount -fair value	-	-	16,781	37,261	-	-	2,847	1,895	-	-
Total carrying amount	229,542	160,669	289,353	314,416	65,167	44,503	2,847	1,895	46,566	175,751

Included in the value of available for sale investment securities are N13,632 million (December 2012: N10,482 million) representing the total values of unquoted equities as at 31 December 2013.

Bank	Note	Loans and advances to		Investment securities		Pledged assets		Non Pledged assets		Placements	
		Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	21,23,19,18,17	210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951
Assets at amortised cost											
Individually impaired:											
Grade 6: Impaired		-	363	-	-	-	-	-	-	-	-
Grade 7: Impaired		1,528	2,719	-	-	-	-	-	-	-	-
Grade 8: Impaired		12,116	6,838	-	-	-	-	-	-	-	-
Gross amount		13,644	9,920	-	-	-	-	-	-	-	-
Allowance for impairment		(9,929)	(3,970)	-	-	-	-	-	-	-	-
Carrying amount		3,715	5,950	-	-	-	-	-	-	-	-
Collectively impaired:											
Grade 1-3: Low-fair risk		128,527	78,117	-	-	-	-	-	-	-	-
Grade 4-5: Watch list		88,549	60,753	-	-	-	-	-	-	-	-
Gross amount		217,076	138,870	-	-	-	-	-	-	-	-
Allowance for impairment		(10,673)	(7,838)	-	-	-	-	-	-	-	-
Carrying amount		206,403	131,032	-	-	-	-	-	-	-	-
Past due but not impaired:											
Grade 4-5: Low-fair risk				-	-	-	-	-	-	-	-
Carrying amount		-	-	-	-	-	-	-	-	-	-
Past due comprises:											
30 -90 days		-	-	-	-	-	-	-	-	-	-
Carrying amount		-	-	-	-	-	-	-	-	-	-
Neither past due nor impaired:											
Grade 1-3: Low-fair risk		-	-	272,572	256,850	65,167	44,503	-	-	-	110,951
Grade 4-5: Low-fair risk			-	-	-	-	-	-	-	-	-
Carrying amount		-	-	272,572	256,850	65,167	44,503	-	-	-	110,951
Total carrying amount -amortised cost		210,118	136,982	272,572	256,850	65,167	44,503	-	-	-	110,951

	Loans and advances to		Investment securities		Pledged assets		Non Pledged assets		Placements	
	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Available-for-sale assets (AFS)										
Individually impaired:										
Grade 6: Impaired	-	-	1,757	8,819	-	-	-	-	-	-
Grade 7: Impaired	-	-	-	-	-	-	-	-	-	-
Grade 8: Impaired	-	-	3,738	5,810	-	-	-	-	-	-
Gross amount	-	-	5,495	14,629	-	-	-	-	-	-
Allowance for impairment	-	-	(4,542)	(8,492)						
Carrying amount	-	-	953	6,137	-	-	-	-	-	-
Neither past due nor impaired:										
Grade 1-3: Low-fair risk	-	-	16,852	17,462	-	-	-	-	-	-
Grade 4-5: Low-fair risk	-	-	-	-	-	-	-	-	-	-
Carrying amount	-	-	16,852	17,462	-	-	-	-	-	-
Assets at fair value through profit or loss										
Grade 1-3: Low-fair risk	-	-	-	-	-	-	2,847	867	-	-
Grade 4-5: Low-fair risk	-	-	-	-	-	-	-	-	-	-
Carrying amount	-	-	-	-	-	-	2,847	867	-	-
Total carrying amount -fair value	-	-	17,805	23,599	-	-	2,847	867	-	-
Total carrying amount	210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951

Included in the value of available for sale investment securities is N12,832 million (December 2012: N7,409 million) representing the total values of unquoted equities as at 31 December 2013.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade:

Group	Loans and advances to		Investment securities		Pledged assets		Non Pledged assets		Placements	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2013	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Grade 6-8: Individually impaired	14,607	5,710	-	-	-	-	-	-	-	-
Total	14,607	5,710	-	-	-	-	-	-	-	-
31 December 2012										
Grade 6-8: Individually impaired	33,290	10,511	-	-	-	-	-	-	-	-
Total	33,290	10,511	-	-	-	-	-	-	-	-

Bank	Loans and advances to		Investment securities		Pledged assets		Non Pledged assets		Placements	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
31 December 2013	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Grade 6-8: Individually impaired	13,644	3,715	-	-	-	-	-	-	-	-
Total	13,644	3,715	-	-	-	-	-	-	-	-
31 December 2012										
Grade 6-8: Individually impaired	9,920	5,950	-	-	-	-	-	-	-	-
Total	9,920	5,950	-	-	-	-	-	-	-	-

Concentrations of credit risk

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

Group	Note	Loans and advances to customers		Investment securities		Pledged assets		Non Pledged assets		Placements	
		Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	21,23,19,18,17	229,542	160,669	289,353	314,416	65,167	44,503	2,847	1,895	46,566	175,751
Concentration by sector:											
Agriculture		15,348	18,778	-	-	-	-	-	-	-	-
Oil and gas		63,380	28,765	-	-	-	-	-	-	-	-
Capital market		1,765	631	-	-	-	-	-	-	-	-
Consumer credit		17,802	12,495	-	-	-	-	-	-	-	-
Manufacture		23,830	9,395	715	296	-	-	-	-	-	-
Mortgage		6,565	4,249	-	-	-	-	-	-	-	-
Real estate and construction		14,786	19,151	-	-	-	-	-	-	-	-
General commerce		37,572	29,629	-	-	-	-	-	-	-	-
Finance and Insurance		64	211		459	-	-	-	-	46,566	175,751
Government		6,959	2,473	277,280	305,475	65,167	44,503	2,847	1,895	-	-
Power		13,657	-	-	-	-	-	-	-	-	-
Other public utilities		24	52	-	-	-	-	-	-	-	-
Transportation		844	8,248	-	-	-	-	-	-	-	-
Communication		23,179	10,590	-	-	-	-	-	-	-	-
Education		372	359	-	-	-	-	-	-	-	-
Others		3,395	15,643	11,358	8,186	-	-	-	-	-	-
		229,542	160,669	289,353	314,416	65,167	44,503	2,847	1,895	46,566	175,751
Concentration by location:											
Nigeria		210,118	145,643	285,369	309,434	65,167	44,503	2,847	1,895	6,508	118,781
Europe		19,424	15,026	3,984	4,982	-	-	-	-	40,058	56,970
		229,542	160,669	289,353	314,416	65,167	44,503	2,847	1,895	46,566	175,751

Bank	Note	Loans and advances to customers		Investment securities		Pledged assets		Non Pledged assets		Placements	
		Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012	Dec. 2013	Dec. 2012
		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Carrying amount	21,23,19,18,17	210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951
Concentration by sector:						-	-	-	-	-	-
Agriculture		15,348	16,077	-	-	-	-	-	-	-	-
Oil and gas		63,380	19,184		-	-	-	-	-	-	-
Capital market		1,765	631	-	-	-	-	-	-	-	-
Consumer credit		17,802	12,279	-	-	-	-	-	-	-	-
Manufacture		23,830	9,395	715	296	-	-	-	-	-	-
Mining and quarrying			-	-	-	-	-	-	-	-	-
Mortgage		6,565	4,003	-	-	-	-	-	-	-	-
Real estate and construction		14,786	19,230	-	-	-	-	-	-	-	-
General commerce		18,147	25,335	-	-	-	-	-	-	-	-
Finance and Insurance		64	211	-	459	-	-	-	-	-	110,951
Government		6,959	1,815	274,281	271,260	65,167	44,503	2,847	867	-	-
Power		13,657	-	-	-	-	-	-	-	-	-
Other public utilities		24	52	-	-	-	-	-	-	-	-
Transportion		844	7,550	-	-	-	-	-	-	-	-
Communication		23,179	10,590	-	-	-	-	-	-	-	-
Education		372	242	-	-	-	-	-	-	-	-
Others		3,395	10,388	15,381	8,434	-	-	-	-	-	-
		210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951
Concentration by location:											
Nigeria		210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951
Europe		-	-	-	-	-	-	-	-	-	-
		210,118	136,982	290,377	280,449	65,167	44,503	2,847	867	-	110,951

Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

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

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

(c) **Liquidity risk**

The Group's Policy Statement on Funding and Risk Management defines Liquidity Risk as the risk that its financial condition or overall safety and soundness would be adversely affected by its inability *(or perceived inability)* to meet its obligations. This capacity to obtain enough cash to meet all obligations *(contractual or otherwise)* whenever required may be occasioned by the risk of normal operating conditions, market conditions or contingencies. The Group's policy articulated a liquidity risk management framework that:

(i) Identifies the group's liquidity needs;
(ii) Specified the primary sources that will be used to fund those needs;
(iii) Establishes procedures for monitoring liquidity; and
(iv) Provides minimum liquidity management requirements.

Liquidity is defined as the capacity and the perceived ability to meet known near- term and projected long term funding commitments while supporting selective business expansion in accordance with the bank's strategic plan.

The Group views liquidity management as integral to other key elements such as capital adequacy, asset quality, and profitability. Prudent management of liquidity contributes to earnings, capital, deposits, borrowing, and lending. The Group believes that management of liquidity should encompass an overall balance sheet approach which draws together all sources and uses of liquidity: loans, investments, deposits, and borrowings. All of these activities are being conducted in a manner consistent with prudent management of the Group's assets.

Liquidity Risk Management Responsibilities

The Board approved the Group's Funding and Liquidity Risk Management Policy and retains the final authority and responsibility for all aspects of the conduct of activities that expose the Group to liquidity risk. It reviews the various types of liquidity risk exposures incurred by the Group at two-monthly intervals, oversees the establishment of appropriate systems and internal controls designed to ensure that all investment, lending, deposit management, borrowings, and other activities and holdings that expose the Group to liquidity risk are consistent with the strategies of the Group and that those activities and holdings conform to the provisions of this policy. However, authority to conduct other liquidity risk monitoring and management activities is delegated to the Asset and Liability Management Committee (ALCO), and other committees as appropriate.

The Bank's operational liquidity management is centralised with the Corporate Treasury and the Market and Liquidity Risk Management department of the Bank.

Measurement of Liquidity Adequacy / Quantifications

The Directors of the Bank believe that there is no single quantitative measure of liquidity for a commercial bank. As such, the Group's approach to measuring and managing liquidity is based on a blend of qualitative and quantitative techniques recognizing that:

(i) The Group's approach to managing liquidity differs depending upon the circumstances relating to the Group's internal and external environment.
(ii) Liquidity may be managed both on and off the balance sheet.
(iii) The perception held by depositors and other funds providers of the Group's solvency is possibly a liquidity risk management requirement equal or almost equal to management of actual liquidity available.
(iv) Definite trade-offs between liquidity, interest rate sensitivity, and net interest income exists and must be managed.
(v) Management of Union Bank's liquidity position must be flexible.

Specifically, the following approaches are adopted by the Bank:
(a) Funding and Liquidity Plans
(b) Cash Flow Projections
(c) Gap Analysis
(d) Ratio Analysis
(e) Concentration risk Management

Limit Management and monitoring
The Bank's Treasury Group and the Market and Liquidity Risk Management Department are responsible for active management of liquidity through the framework of limits as contained in the liquidity risk and funding policy of the Bank. Adequate ratio of liquid assets, available funding, funding mis-matches and concentrations are monitored regularly. Liquidity Risk is reported to the Board at two-monthly intervals.

Contingency Funding Plan
The Bank has a contingency funding plan in place which clearly defines the Key Risk Indicators *(KRIs)* to monitor the market conditions and measure its impact on the Bank's liquidity position and funding strategies. To manage any negative impact on the liquidity and funding position of the bank either in the short or long term, as a result of uncertainties occasioned by changing market and macro-economic conditions, scenarios and stress levels are built into the contingency plan. These are constantly reviewed, updated and tested.

The bank's contingency funding plan in order to meet normal and unexpected requirements for loan funding, net new investment purchases, deposit withdrawals, item processing, or other cash requirements on very short notice covers the immediate and potential funding availabilities, responsibilities and authorities of the people involved, the action plans necessary to obtain the funding. It also addresses the reporting, communications and confidence management in the unlikely event of a liquidity crisis caused by unstable market conditions.

Exposure to Liquidity Risk
The key measures of liquidity used by the Group for managing liquidity risk include ratio of net liquid assets to customer's deposit, ratio of net loans to deposit, deposit concentration risk analysis, and contractual and behavioural gap analysis. The net liquid assets include cash and cash equivalents, marketable securities, and other allowable liquid assets as defined by the regulatory requirement guideline of the Lead regulator, the Central Bank of Nigeria. Details of the reported Group ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows

	2013	2012
At 31 December		
Average for the period	90.79	96.47
Maximum for the period	97.13	104.46
Minimum for the period	76.3	84.24

The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / *(outflow)* disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

Group **31 December 2013**	*Note*	**Carrying amount** ₦ million	**Gross nominal inflow/ (outflow)** ₦ million	**Less than 3 month** ₦ million	**3 - 6 months** ₦ million	**6 - 12 months** ₦ million	**5 years** ₦ million	**More than 5 years** ₦ million
Non-derivative assets:								
Cash and cash equivalents	17	100,925	100,925	100,925	-	-	-	-
Non-pledged trading assets	18	2,847	2,847	2,847	-	-	-	-
Pledged assets	19	65,167	65,167	2,578	3,209	-	33,384	25,996
Loans and advances to customers	21	229,542	229,542	124,826	12,485	21,090	68,151	2,991
Investment securities	23	289,353	289,353	84,809	41,179	72,288	31,497	59,579
		687,834	687,835	315,985	56,873	93,378	133,032	88,567
Non-derivative liabilities								
Deposits from banks	31	(46,794)	(46,794)	(46,794)	-	-	-	-
Deposits from customers	32	(482,706)	(482,706)	(477,018)	(3,495)	(2,153)	(40)	-
Other borrowed funds	38	(45,280)	(45,280)	(4,607)	(513)	(3,026)	(34,443)	(2,692)
		(574,780)	(574,780)	(528,418)	(4,008)	(5,179)	(34,483)	(2,692)
Gap (asset - liabilities)		113,054	113,054	(212,434)	52,865	88,198	98,549	85,875
Cumulative liquidity gap		113,054	226,108	13,674	66,540	154,738	253,287	339,163

Group **31 December 2012**	*Note*	**Carrying amount** ₦ million	**Gross nominal inflow/ (outflow)** ₦ million	**Less than 3 month** ₦ million	**3 - 6 months** ₦ million	**6 - 12 months** ₦ million	**5 years** ₦ million	**More than 5 years** ₦ million
Non-derivative assets:								
Cash and cash equivalents	17	200,260	200,260	200,260	-	-	-	-
Non-pledged trading assets	18	1,895	1,895	1,713	-	-	94	88
Pledged assets	19	44,503	44,503	-	16,571	672	-	27,260
Loans and advances to customers	21	160,669	160,669	44,826	14,841	28,382	60,926	11,694
Investment securities	23	314,416	314,416	39,538	167,601	762	103,248	3,267
		721,743	721,743	286,337	199,013	29,816	164,268	42,309
Non-derivative liabilities								
Deposits from banks	31	(45,112)	(45,112)	(45,112)	-	-	-	-
Deposits from customers	32	(522,443)	(522,443)	(520,218)	(2,041)	(184)	-	-
Liabilities on investment contracts	33	(803)	(803)	(225)	-	(578)	-	-
Liabilities on insurance contract	34	(2,691)	(2,691)	(254)	-	(2,437)	-	-
Other borrowed funds	38	(34,564)	(34,564)	-	-	-	(7,614)	(26,950)
		(605,613)	(605,613)	(565,809)	(2,041)	(3,199)	(7,614)	(26,950)
Gap (asset - liabilities)		116,130	116,130	(279,472)	196,972	26,617	156,654	15,359
Cumulative liquidity gap			116,130	(163,342)	33,630	60,247	216,901	232,260

Bank **31 December 2013**	*Note*	**Carrying amount** ₦ million	**Gross nominal inflow/ (outflow)** ₦ million	**Less than 3 month** ₦ million	**3 - 6 months** ₦ million	**6 - 12 months** ₦ million	**5 years** ₦ million	**More than 5 years** ₦ million
Non-derivative assets:								
Cash and cash equivalents	17	53,141	53,141	53,141	-	-	-	-
Non-pledged trading assets	18	2,847	2,847	2,847	-	-	-	-
Pledged assets	19	65,167	65,167	2,578	3,209	-	33,384	25,996
Loans and advances to customers	21	210,118	210,118	96,379	12,055	20,906	68,112	12,667
Investment securities	23	290,377	290,377	90,617	40,381	71,491	30,512	57,375
		621,650	621,651	245,561	55,645	92,397	132,008	96,039
Non-derivative liabilities								
Deposits from banks	31	(3,200)	(3,200)	(3,200)	-	-	-	-
Deposits from customers	32	(479,956)	(479,956)	(476,495)	(2,686)	(775)	-	-
Other borrowed funds	38	(45,280)	(45,280)	(4,607)	(513)	(3,026)	(34,443)	(2,692)
		(528,436)	(528,436)	(484,301)	(3,199)	(3,801)	(34,443)	(2,692)
Gap (asset - liabilities)		93,214	93,215	(238,740)	52,446	88,595	97,565	93,347
Cumulative liquidity gap			93,215	(145,525)	(93,078)	(4,483)	93,082	186,430

Bank 31 December 2012	Note	Carrying amount ₦ million	Gross nominal inflow /(outflow) ₦ million	Less than 3 month ₦ million	3 - 6 months ₦ million	6 - 12 months ₦ million	5 years ₦ million	More than 5 years ₦ million
Non-derivative assets:								
Cash and cash equivalents	17	142,938	142,938	142,938	-	-	-	-
Non-pledged trading assets	18	867	867	685	-	-	94	88
Pledged assets	19	44,503	44,503	-	16,571	672	-	27,260
Loans and advances to customers	21	136,982	136,982	31,111	12,586	29,796	51,155	12,334
Investment securities	23	280,449	280,449	5,571	167,601	762	103,248	3,267
		605,739	605,739	37,367	196,758	31,230	154,497	42,949
Non-derivative liabilities								
Deposits from banks	31	(3,500)	(3,500)	(3,500)	-	-	-	-
Deposits from customers	32	(482,005)	(482,005)	(479,780)	(2,041)	(184)	-	-
Other borrowed funds	38	(33,951)	(33,951)	-	-	-	-	(33,951)
		(519,456)	(519,456)	(483,280)	(2,041)	(184)	-	(33,951)
Gap (asset - liabilities)		86,283	86,283	(445,913)	194,717	31,046	154,497	8,998
Cumulative liquidity gap		86,283	86,283	(359,630)	(164,913)	(133,867)	20,630	29,628

(d) Market risk

The Group's ability to meet business objectives will be adversely affected by changes in the level or volatility of market factors such as interest rates, foreign exchange rates and Equity prices. Market risk exposure to the Group mainly arises from Fixed income securities & foreign currency trading and non-trading activities and equity investments.

Market risk policy, management and control

The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. Its strategy is to invest its own capital on a limited and calculated manner in transactions and other activities that involve market risk. Market risk is managed in line with principal risks and control policy requirements approved by the Board Risk Committee. The Board sets the risk appetite for trading and non-trading activities which are based on factors such as moderate risk-return preferences, underlying liquidity, sound risk management capabilities as well as strict adherence to guidelines by regulatory authorities. All market risks are reported to the Assets and Liabilities Committee, monthly and at two-monthly intervals to the Board Risk Committee by the Market and Liquidity Risk management Department.

Interest rate risk management and control

Interest rate risk is the exposure of the Group's financial condition to adverse movements in interest rates, yield curves and credit spreads. Repricing Risk is the major non-traded interest rate risk exposure to the Group due to the differences in repricing tenors of its interest bearing assets and liabilities in its banking book. Exposure to traded interest rate risk is from the Group's proprietary trading in Fixed Income Securities. These risks impact both the earnings and the economic value of the Group.

The Group's objective for management of interest rate risk in the trading and banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle.

Fixed income trading activity within the Group is guided by a combination of absolute portfolio position limits, Management action triggers and sensitivity analysis. Portfolio limits, both Interday and intraday, complemented by PV01 limits are in place for the trading book and the represent the maximum exposure permissible. The trading book is fair valued daily by an independent operations function with profit/loss taken to the income statement. Board approved Stop loss limits are used to define the maximum threshold of unrealised losses on the trading positions before being realised. Modified duration at 1bp, 100bps, 200bp & 500bps incorporating convexity effects is used as an interim measure for the quantification of interest rate risk inherent in trading positions with plans to introduce Value at Risk (VaR), back-testing and other robust statistical techniques in the immediate future.

As at December 31, 2013, the sensitivity analysis of the trading book to an extreme but unlikely adverse movement of 500bps parallel movement in the market yield curve revealed a potential loss of not more than 0.1% of the Group's Capital.

Banking book Interest rate risk limits also defined to mitigate the bank's exposure to non-traded interest rate risk arising from increases or decreases in market interest rates, assuming parallel and unparallel movement yield curves and a constant financial position. The Economic value of equity methodology is planned for the immediate future.

Exposure to interest rate risk-non-trading portfolio

The principal risk to which non-trading portfolio are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and having pre-approved limits for repricing bands.

The table below summarizes the Group's interest rate gap positions:

Group

Re-pricing period

In millions of Naira		Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2013	*Note*	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-derivative assets								
Cash and cash equivalents	17	100,925	46,566	46,566				
Non-pledged trading assets	18	2,847	2,847	2,847	-	-	-	-
Pledged assets	19	65,167	65,167	2,578	3,209	-	33,384	25,996
Loans and advances to customers	21	229,542	229,542	124,826	12,485	21,090	68,151	2,991
Investment securities	23	289,353	289,353	84,809	41,179	72,288	31,497	59,579
		687,834	633,476	261,626	56,873	93,378	133,032	88,567
Non-derivative liabilities								
Deposits from banks	31	(46,794)	(46,794)					
Deposits from customers	32	(482,706)	(482,706)	(477,018)	(3,495)	(2,153)	(40)	-
Other borrowed funds	38	(45,280)	(45,280)	(4,607)	(513)	(3,026)	(34,443)	(2,692)
		(574,780)	(574,780)	(481,624)	(4,008)	(5,179)	(34,483)	(2,692)
Total interest re-pricing gap		113,054		(219,999)	52,865	88,198	98,549	85,875

Re-pricing period

Group		Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2012	*Note*	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Non-derivative assets								
Cash and cash equivalents	17	200,260	175,751	175,751	-	-	-	-
Non-pledged trading assets	18	1,895	1,895	1,713	-	-	94	88
Pledged assets	19	44,503	44,503	-	16,571	672	-	27,260
Loans and advances to customers	21	160,669	160,669	44,826	14,841	28,382	60,926	11,694
Investment securities	23	314,416	300,005	25,127	167,601	762	103,248	3,267
		721,743	682,823	247,417	199,013	29,816	164,268	42,309
Non-derivative liabilities								
Deposits from banks	31	(45,112)	(45,112)	(45,112)	-	-	-	-
Deposits from customers	32	(522,443)	(522,443)	(520,218)	(2,041)	(184)	-	-
Liabilities on investment contracts	33	(803)	(803)	(225)	-	(578)	-	-
Liability on insurance contract	34	(2,691)	(2,691)	(254)	-	(2,437)	-	-
Other borrowed funds	38	(34,564)	(34,564)	-	-	-	(7,614)	(26,950)
		(605,613)	(605,613)	(565,809)	(2,041)	(3,199)	(7,614)	(26,950)
Total interest re-pricing gap			77,210	(318,392)	196,972	26,617	156,654	15,359

The management of interest risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Interest rate movement affects reported income by causing an increase or decrease in net interest income and fair value changes.

The information below shows the impact on the Group's profit before tax if interest rates on financial instruments held at amortized cost or at fair value should increase or decrease by 100 basis points, and if all other variables are held constant.

	Dec. 2013	Dec. 2012
	₦ million	₦ million
Effect of 100 basis points movement on profit before tax	1,131	772

Bank — Re-pricing period

In millions of Naira		Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2013	*Note*	N million	N million	N million	N million	N million	N million	N million
Non-derivative assets								
Non-pledged trading assets	18	2,847	2,847	2,847	-	-	-	-
Pledged assets	19	65,167	65,167	2,578	3,209	-	33,384	25,996
Loans and advances to customers	21	210,118	210,118	176,563	2,561	1,450	16,667	12,878
Investment securities	23	290,377	290,377	90,617	40,381	71,491	30,512	57,375
		621,650	568,509	272,605	46,151	72,941	80,563	96,250
Non-derivative liabilities								
Deposits from banks	31	(3,200)	(3,200)	3,200	-	-	-	-
Deposits from customers	32	(479,956)	(479,956)	(476,495)	(2,686)	(775)	-	-
Other borrowed funds	38	(45,280)	(45,280)	(4,607)	(513)	(3,026)	(34,443)	(2,692)
		(528,436)	(528,436)	(477,901)	(3,199)	(3,801)	(34,443)	(2,692)
Total interest re-pricing gap		93,214	40,073	(205,296)	42,952	69,139	46,120	93,558

Re-pricing period

In millions of Naira **Bank**		Carrying amount	Total amount sensitive to Rate	Less than 3 months	6 months	12 months	5 years	More than 5 years
31 December 2013	*Note*	N million	N million	N million	N million	N million	N million	N million
Non-derivative assets								
Cash and cash equivalents	17	142,938	110,951	110,951	-	-	-	-
Non-pledged trading assets	18	867	867	685	-	-	94	88
Pledged assets	19	44,503	44,503	-	16,571	672	-	27,260
Loans and advances to customers	21	136,982	136,982	31,111	12,586	29,796	51,155	12,334
Investment securities	23	280,449	271,262	5,571	158,414	762	103,248	3,267
		605,739	564,565	148,318	187,571	31,230	154,497	42,949
Non-derivative liabilities								
Deposits from banks	31	(3,500)	(3,500)	(3,500)	-	-	-	-
Deposits from customers	32	(482,005)	(482,005)	(479,780)	(2,041)	(184)	-	-
Other borrowed funds	38	(33,951)	(33,951)	-	-	-	-	(33,951)
		(519,456)	(519,456)	(483,280)	(2,041)	(184)	-	(33,951)
Total interest re-pricing gap			45,109	(334,962)	185,530	31,046	154,497	8,998

The management of interest rate risk against rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standards interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 100basis point *(bp)* parallel fall or rise in all yield curves worldwide and a 50 bp rise or fall in the greater than 12-month portion of all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

	Dec. 2013	Dec. 2012
	₦ million	₦ million
Effect of 100 basis points movement on profit before tax	401	451

The effect of 100 basis points movement on profit is considered moderate and we do not expect all the rates to move at the same time and in the same direction. This risk can largely be handled by the flexibility in the changing/adjustment rates on loans and deposits.

Foreign currency risk
The table below summaries the Group's financial assets and liabilities at carrying amount, categorised by currency:

Group	**Total**	**US Dollar**	**Euro**	**Pound**	**Naira**	**Others**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2013						
Cash and cash equivalents	100,925	55,638	7,717	8,093	29,211	266
Non-pledged assets	2,847	-	-	-	2,847	-
Pledged assets	65,167	-	-	-	65,167	-
Loans and advances to customers	229,542	92,667	658	1,689	134,478	50
Investment securities	289,353	3,984	-	-	285,369	-
Total financial assets	687,834	152,289	8,375	9,782	517,072	316
Deposits from banks	(46,794)	-	-	(43,594)	(3,200)	-
Deposit from customers	(482,706)	(39,733)	(3,048)	(3,996)	(435,773)	(155)
Other borrowed funds	(45,280)	(15,735)	-	-	(29,545)	-
Total financial liabilities	(574,780)	(55,468)	(3,048)	(47,590)	(468,518)	(155)
Net on-balance sheet position	113,054	96,820	5,326	(37,808)	48,554	161

	Total	**US Dollar**	**Euro**	**Pound**	**Naira**	**Others**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2012						
Cash and cash equivalents	200,260	83,479	3,154	9,670	103,586	371
Non-pledged assets	867	-	-	-	867	-
Pledged assets	44,503	-	-	-	44,503	-
Derivative financial institutions	78	-	-	78	-	-
Loans and advances to customers	164,931	34,737	125	1,516	128,549	3
Investment securities	313,386	4,982	-	-	308,404	-
Total financial assets	724,025	123,198	3,280	11,264	585,909	374
Derivative financial institutions	(78)	-	-	(78)	-	-
Deposits from banks	(45,111)	(38,445)	(530)	(2,466)	(3,670)	-
Deposit from customers	(522,442)	(50,154)	(897)	(8,826)	(462,565)	(1)
Other borrowed funds	(37,228)	-	-	-	(37,228)	-
Total financial liabilities	(604,860)	(88,599)	(1,427)	(11,370)	(503,463)	(1)
	119,165	34,599	1,853	(106)	82,446	373

The Group's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigeria Naira affects reported earnings through revaluation gain or loss through increase or decrease in the revalued amounts of assets and liabilities denominated in US Dollars.

Bank	**Total**	**US Dollar**	**Euro**	**Pound**	**Naira**	**Others**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2013						
Cash and cash equivalents	53,141	6,720	3,020	2,079	41,164	158
Non-pledged assets	2,847	-	-	-	2,847	-
Pledged assets	65,167	-	-	-	65,167	-
Loans and advances to customers	210,118	75,640	-	-	134,478	-
Investment securities	290,377	-	-	-	290,377	-
Total financial assets	621,650	82,360	3,020	2,079	534,033	158
Deposits from banks	(3,200)	(3,200)	-	-	-	-
Deposit from customers	(479,956)	(17,913)	(297)	(3,540)	(458,206)	(1)
Other borrowed funds	(45,280)	(15,735)	-	-	(29,545)	-
Total financial liabilities	(525,236)	(36,847)	(297)	(3,540)	(487,751)	(1)
Net on-balance sheet position	96,414	45,512	2,723	(1,462)	46,282	158

	Total	US Dollar	Euro	Pound	Naira	Others
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
31 December 2012						
Cash and cash equivalents	142,938	32,348	2,087	2,948	105,350	205
Non-pledged assets	867	-	-	-	867	-
Pledged assets	44,503	-	-	-	44,503	-
Loans and advances to customers	136,982	21,339	8	9	115,626	-
Investment securities	280,449	-	-	-	280,449	-
Total financial assets	605,739	53,687	2,095	2,957	546,795	205
Deposits from banks	(3,500)	-	-	-	(3,500)	-
Deposit from customers	(482,005)	(30,602)	(241)	(3,156)	(448,005)	(1)
Other borrowed funds	(33,951)	-	-	-	(33,951)	-
Total financial liabilities	(519,456)	(30,602)	(241)	(3,156)	(485,456)	(1)
Net on-balance sheet position	86,283	23,085	1,854	(199)	61,339	204

The Bank's exposure to foreign currency risk is largely concentrated in the US Dollar. Movement in exchange rate between the US Dollar and the Nigeria Naira affects reported earnings through revaluation gain or loss through increase or decrease in the revalued amounts of assets and liabilities denominated in US Dollars.

(e) Operational risk management

The Group has adopted the Basel II definition of Operational Risk as the Risk of loss resulting from inadequate or failed internal processes, people, or external events. This definition includes Legal Risk but excludes strategic and Reputational Risk.

Our overall objective for managing Operational Risk in the Bank, given the scope of our operations as well as the geographical spread, is anchored on three important elements as follows:

- Ensuring that effective and efficient processes and services standards are entrenched as part of doing business;
- Constantly leverage on the existing Anti-Fraud Risk structures that seek to continuously reduce to the barest minimum the frequency and financial impact/severity of operational Risk exposures in our businesses, products and processes while ensuring superior performance standards and practices;
- Create a corporate culture that would view operational Risk management as a good business practice and not just as compliance or regulatory issue. This, we would achieve by embedding a decent Risk consciousness in our staff and management to enable them to identify, assess and report potential operational Risk issues in their different work environments.

The Bank would ensure that processes and policies are constantly streamlined, reviewed on a regular basis and clearly communicated to staff and at same time, making sure that new products are rigorously evaluated and tested before being introduced into the market.

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the banking markets where the entities within the Group operate;
(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on the guidelines developed by the Central Bank of Nigeria *(CBN)*, for supervisory purposes. The required information is filed with the CBN on a monthly basis. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation *(NDIC)* that includes the computed capital adequacy ratio of the Group.

The CBN requires each international bank to:
(i) Hold the minimum level of the regulatory capital of N25 billion, and
(ii) Maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 15%.

In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are 'directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is divided into two tiers:
(a) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and intangible assets is deducted in arriving at Tier 1 capital; and
(b) Tier 2 capital: preference shares, non-controlling interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments – convertible bonds.

Capital Adequacy Ratio
The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 15% is to be maintained by international banks. The following table provides an overview of the development of the capital ratios and risk-weighted assets *(RWA):*

Group	***Note***	**Dec. 2013**	**Restated Dec. 2012**
		N million	N million
Tier 1 Capital			
Ordinary share capital	40	8,468	8,468
Share premium	40	391,641	391,641
Retained deficit	40	(274,871)	(274,300)
Other reserves	40	35,742	21,904
		160,980	147,713

Less:			
Investment in equity accounted investee	22	(25)	(5,557)
Deferred tax assets	29	(95,889)	(98,354)
Intangible assets	28	(808)	(1,055)
Total qualifying Tier 1 Capital		64,258	42,747
Tier 2 Capital			
Fair value reserves		31,201	26,492
Collective allowances for impairment		10,709	8,346
Non controlling interests		7,162	4,979
Total qualifying Tier 2 Capital		49,072	39,817
Total regulatory capital		113,330	82,564
Risk-weighted assets		451,379	382,976
Risk weighted Capital Adequacy Ratio (CAR)		25%	22%

Bank	*Note*	**Dec. 2013** N million	**Restated Dec. 2012** N million
Tier 1 Capital			
Ordinary share capital		8,468	8,468
Share premium		391,641	391,641
Retained deficit		(272,064)	(273,716)
Other reserves		29,479	20,489
		157,524	146,882
Less:			
Investment in subsidiaries	26	(12,892)	(17,445)
Investment in equity accounted investee	22	(16)	(91)
Deferred tax assets	29	(95,875)	(95,875)
Intangible assets	28	(685)	(522)
Total qualifying Tier 1 Capital		48,056	32,949
Tier 2 Capital			
Fair value reserves		30,260	24,789
Collective allowances for impairment		10,673	7,838
Total qualifying Tier 2 Capital		40,933	32,627
Total regulatory capital		88,989	65,576
Risk-weighted assets		358,796	333,582
Risk weighted Capital Adequacy Ratio (CAR)		25%	20%

(g) Underwriting risk

Underwriting is the process by which an insurer appraises a risk being presented by the proposer and decides whether or not to accept the risk and the consideration *(premium)* to receive. Weaknesses in the systems and controls surrounding the underwriting process can expose an insurer to the risk of unexpected losses which may threaten the capital adequacy of the insurer. The Group's underwriting process is subjected to internal audit and peer review process to ensure effectiveness.

In addition, there is a process for assessing brokers' procedures and systems to ensure that the quality of information provided to the Group is of a suitable standard; and in the case of reinsurers, audits of ceding companies to ensure that reinsurance assumed is in accordance with treaties.

The government through the Nigeria Content Bill has empowered insurers to underwrite 70 per cent of risks in the country, which has also paved way for insurers to improve their operations. The factors that the Company uses to classify risks is considered highly objective and clearly related to the likely cost of providing coverage, practical to administer, consistent with applicable law, and designed to protect the long-term viability of the insurance program.

Underwriting Process Risk – This is risk from exposure to financial losses related to the selection and acceptance of risks to be insured.

Mispricing Risk – Risk that insurance premium will be too low to cover the Company's expenses related to underwriting, claim handling and administration.

Brokers' Underwriting Risk – This is the risk that brokers may:
(i) Be inadequately trained to assess the risk and offer professional advise to the client; or
(ii) Fail to remit premium collected to the Insurer

(a) Underwriting Risk Appetite
The following factors constitute the basis for the Company underwriting risk appetite:
- Risk not understood shall not be underwritten;
- We will not underwrite unquantifiable risks;
- Extreme caution shall be taken underwriting risk with low safety standards or businesses with excessively high risk profile;
- Businesses and Opportunities that can create systemic risk exposure will be adequately evaluated;
- We shall exercise caution when underwriting discrete *(one-off)* risks, particularly where there is no requisite experience or know-how;
- We shall ensure compliance with NAICOM's guideline on KYC.

The Group develops own products through its research and development unit. We always ensure that our marketers interact with our customers in order to get a feedback. These feedbacks guide us in product development that meets their individual/corporate needs. The limits, standard and exposure are guided by prudent underwriting procedure and Reinsurance treaties.

(b) Underwriting Responsibilities
The Underwriting unit has the following responsibilities:
- Ensure adherence to reinsurance strategy and delegated limits;
- Manage risk appetite by adhering to delegated authority standards;
- Manage underwriting risk exposure and ensure a high quality policy standards;
- To put in place, records of all exposures in the different lines of insurance business;
- Demonstrate skills and capability in executing underwriting activities;
- Review the suitability of cover and contact terms, and ensure that all words used are correct, appropriate and authorized.

The overall strategy motive that form the basis for the Group's underwriting policies is to achieve growth in gross written premium/market share and also to price *(underwrite)* risks to ensure that the company makes a targeted return on equity.

(c) Underwriting Risk Management and Control
Risk management and Control department of the Group is responsible for the following:
- Ensure compliance with the regulatory requirements at it relates to underwriting;
- Coordinate issues tracking activities and ensure action plans are developed for all identified gaps;
- Collaborate with the underwriting risk committee to develop appetite and tolerance limits;
- Identify and manage the company's underwriting risk;

- Review and approve reinsurance and retrocession arrangements as mandated by NAICOM.

(d) Risk Pricing Processes
Good and prudent pricing is a key element of an insurance underwriting process. Stakeholders and decision takers in underwriting are made to know the profit implications of underwriting pricing decisions. It is important to know that appropriate pricing is necessary to maintain the quality of insurance portfolio in terms of risk underwritten. Although all risks can be priced, but not all risks should be underwritten.

(e) Risk Reporting And Monitoring
There is regular reporting and monitoring process for each class of insurance business. This is to evaluate the level of performance of each of the insurance portfolio. The level of information reported ranges from a Profit/Loss account to reporting on risk segments. Some of the elements reported are listed below:
- Gross Premium written;
- Types of risks written;
- Lines of Business written
- Policy volume

Also monitoring activities include:
- Peer review processes established within the underwriting department;
- Risk management and control review
- Monthly underwriting Risk Committee meetings where result and performances are discussed

(f) Insurance risk
Insurance risk is the risk that future risk claims and expenses will exceed the value placed on insurance liabilities. It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. The timing is specifically influenced by future mortality, longevity, morbidity, persistency and expenses about which assumptions are made in order to place a value on the liabilities. Deviations from assumptions will result in actual cash flows differing from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

(g) Insurance premium rating
(i) Individual life products – Term-assurance, Mortgage protection and Savings Plan
The price for an individual life product is adjusted for the following risk factors:
- Age;
- Gender;
- Smoker status;
- Medical conditions;
- Financial condition; and
- Hazardous pursuits.

The Company employs the following additional controls and measures to ensure that only acceptable risks are accepted and risks are appropriately priced:
- Underwriting controls, with risk classification based on the above risk factors;
- Regular review of premium rates; and
- Appropriate policy conditions, including any exclusion on the cover on the individual's life.

Premium rates are guaranteed for the period up to the renewal of a policy, typically, after 1 year.

(ii) *Deposit administration*
Premium rating on deposit administration policies distinguishes between the ages and genders of prospective policyholders. Annual premiums, payable up-front, are repriced at renewal of the deposit administration policies.

(iii) *Group life products*
Underwriting on group business is much less stringent than for individual business, as there is typically less scope for anti-selection. The main reason for this is that participation in the group schemes is normally compulsory, and members have limited choice in the level of the benefits.

The Group's policies are priced using standard mortality tables. The price for an individual scheme is adjusted for the following risk factors:
- Region;
- Salary structure;
- Gender structure; and
- Industry.

For large schemes, a scheme's past experience is a crucial input in setting rates for the scheme. The larger the scheme the more weight is given to the scheme's past experience. Rates are guaranteed for one year and reviewable at the renewal of the policy.

(iv) *Short term insurance products*
Underwriting on short-term insurance products takes the form of the insurance applicant completing a proposal form. The following risk factors are used in the risk classification:
- Age and gender of the insured driver or operator;
- Value of the item(s) to be covered;
- Use of the item(s) to be insured, for example, premium rates distinguish business and personal use for vehicle cover;
- Physical condition of the item(s) to be insured;
- Safety and security features installed; and
- Past claims experience, for example, the premium rate payable on vehicle cover reflects the past claims experience on the vehicle and driver to be insured.

Where the value of the item(s) to be insured exceeds a pre-specified limit, the underwriting becomes more stringent. This is particularly the case for marine and aviation cover. In this case the Group makes use of specialist underwriting agents to assess the risks and set an appropriate premium for cover.

Premium rates are guaranteed for the period up to the renewal of a policy, typically, after 1 year.

6 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Group Audit Committee the development, selection and disclosure of the Group's critical accounting policies and their application, and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is disclosed below.

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

Impairment
Assets accounted for at amortised cost are evaluated for impairment on a basis described in the accounting policy in note 3(j).

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

Investments in equity securities were evaluated for impairment on the basis described in note 3(j). For an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. In this respect, the Group regarded a decline in fair value in excess of 20 percent to be significant and a decline in a quoted market price that persisted for nine months or longer to be prolonged.

Determining fair values
The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Financial asset and liability classification
The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

(a) In classifying financial assets or liabilities as *"trading"*, the Group has determined that it meets the description of trading assets and liabilities set out in the accounting policy in note 3(j).

(b) In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in the accounting policy in 3(j).

(c) In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by the accounting policy in note 3(j).

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

Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in note 3(j)

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

(i) Level 1: Inputs that are quoted market prices *(unadjusted)* in an active market for identical instruments.

(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable either *(i.e. as prices)* or indirectly *(i.e. derived from prices)*. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: inputs that are unobservable. This category includes instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the value recognised in the statement of financial position

31 December 2013	Note	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Total ₦ million
Non pledged trading assets	19	1,223	1,624	-	2,847
Investment securities		8,993	1,709	7,103	17,805
		10,216	3,333	7,103	20,652

31 December 2012	Note	Level 1 ₦ million	Level 2 ₦ million	Level 3 ₦ million	Total ₦ million
Non pledged trading assets	19	675	192	-	867
Derivative assets held for risk management	21	-	-	78	78
Investment securities		17,223	3,370	10,482	31,075
		17,898	3,562	10,560	32,020

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other inputs used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

7 Operating segments

Segment information is presented in respect of the Bank's geographic segments which represents the primary segment reporting format and is based on the Bank's management and reporting structure.

(a) By geograpgical location

The Group's business is organized along two (2) main geographical areas:

(i) Nigeria
(ii) Europe

Transactions between the business segments are on normal commercial terms and conditions.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged on these funds is based on the Group's cost of capital. There are no other material items of income or expense between the business segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each segment. Revenue sharing agreements are used to allocate external customer revenues to a segment on a reasonable basis.

Segment report by geographical location:

31 December 2013	Nigeria ₦ million	Europe ₦ million	Total ₦ million
Derived from external customers	103,436	2,043	105,479
Derived from other segments	-	-	-
Total revenues	103,436	2,043	105,479
Interest and similar expenses	(23 354)	(222)	(23 576)
Operating income	80,082	1,821	81,903
Share of profit of equity accounted investee	(4)	-	(4)
	80,078	1,821	81,899
Operating expenses	(58,420)	(1,536)	(59,956)
Net impairment loss on financial assets	(16,440)	(362)	(16,802)
(Loss)/profit before taxation	5,218	(77)	5,141
Income tax expense	914	19	933
(Loss)/profit after taxation	6,132	(58)	6,074

	Nigeria N million	Europe N million	Total N million
Assets and liabilities:			
Total assets	921,937	80,819	1,002,756
Total liabilities	(734,236)	(69,177)	(803,413)
Net assets	187,701	11,642	199,343

31 December 2012	Nigeria N million	Europe N million	Total N million
Derived from external customers	99,298	2,375	101,673
Derived from other segments	-	-	-
Total revenues	99,298	2,375	101,673
Interest and similar expenses	(22,323)	(271)	(22,594)
Operating income	76,975	2,104	79,079
Share of profit of equity accounted investee	34	-	34
	77,009	2,104	79,113
Operating expenses	(71,474)	(1,530)	(73,004)
Net impairment loss on financial assets	(1,661)	(106)	(1,767)
(Loss)/profit before taxation	3,874	468	4,342
Income tax expense	(278)	(113)	(391)
(Loss)/profit after taxation	3,596	355	3,951
Assets and liabilities:			
Total assets	859,978	155,300	1,015,278
Total liabilities	(692,410)	(143,684)	(836,094)
Net assets	167,568	11,616	179,184

(b) By business segment

The Banking Group is divided into five main business segments on a worldwide basis:

Retail banking

Retail banking incorporates private banking services, private customer current accounts, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

Corporate banking

Corporate banking incorporates direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities and foreign currency products.

Treasury and investment banking

Treasury and investment banking incorporates financial instruments trading, structured financing, corporate leasing and advisory service.

Asset management

Asset management which involves the provision of financial intermediation services to its corporate and individual customers comprises of trust services, granting of loans and advances, equipment leasing, LPO financing, loan syndication, fixed tenured borrowings and insurance brokerage.

Insurance

Offers life assurance, Covers for bonds, Pension scheme and general insurance to individuals and corporate customers.

31 December 2013	**Retail banking**	**Corporate banking**	**Treasury and investment banking**	**Asset management**	**Insurance**	**Total**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Revenue:						
Derived from external customers	29,683	17,318	58,474	-	-	105,475
Derived from other business segments	33,702	6,567	(40,269)	-	-	-
Total Revenue	63,385	23,885	18,205	-	-	105,475
Interest expenses	(12,921)	(2,704)	(7,951)	-	-	(23,576)
(Loss)/profit before income tax	2,579	1,783	778	-	-	5,141
Income tax expense						933
Profit after tax						6,074
Assets and liabilities:						
Reportable segment assets	241,319	280,404	481,033			1,002,756
Reportable segment liabilities	(465,327)	(193,051)	(145,035)	-	-	(803,413)
Net Assets/(Liabilities)	(224,008)	87,353	335,998	-	-	199,343
31 December 2012						
Revenue:						
Derived from external customers	31,380	14,723	55,604	-	-	101,707
Derived from other business segments	35,601	(2,974)	(32,627)	-	-	-
Total Revenue	66,981	11,749	26,172			104,902
Interest expenses	(14,424)	(2,749)	(5,421)	-	-	(22,594)
(Loss)/profit before income tax	4,302	(1,586)	1,626	-	-	4,342
Income tax expense						(391)
Profit after tax						3,951
Assets and liabilities:						
Reportable segment assets	131,758	218,372	665,148	-	-	1,015,278
Reportable segment liabilities	(532,987)	(157,440)	(145,667)	-	-	(836,094)
Net Assets/(Liabilities)	(401,229)	60,932	519,481	-	-	179,184

8 **Financial assets and liabilities**

Accounting classification, measurement basis and fair values

The table below sets out the Group's and Bank's classification of each class of financial assets and liabilities, and their fair values (excluding accrued interest).

Group	*Note*	**At fair value through P/L**	**Held - to- maturity**	**Loans and receivables at amortised cost**	**Available - for sale**	**Other ammortised cost**	**Other financial liabilities**	**Total carrying amount**	**Fair value**
31 December 2013		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	18	-	-	100,925	-	-	-	100,925	100,925
Non pledged trading assets	19	2,847	-	-	-	-	-	2,847	2,847
Pledged assets	20	-	-	-	-	65,167	-	65,167	57,169
Loans and advances to customers	22	-	-	229,542	-	-	-	229,542	201,248
Investment securities	24	-	272,572	-	16,781	-	-	289,353	286,137
		2,847	272,572	330,467	16,781	65,167	-	687,834	648,326
Deposits from banks	32	-	-	-	-	-	46,794	46,794	46,794
Deposits from customers	33	-	-	-	-	-	482,706	482,706	482,706
Interest bearing loans and borrowings	39	-	-	-	-	-	45,280	45,280	45,280
		-	-	-	-	-	574,780	574,780	574,780
31 December 2012									
Cash and cash equivalents	18	-	-	200,260	-	-	-	200,260	200,260
Non pledged trading assets	19	1,895	-	-	-	-	-	1,895	1,895
Pledged assets	20	-	-	-	-	44,503	-	44,503	36,223
Loans and advances to customers	22	-	-	160,669	-	-	-	160,669	153,583
Investment securities	24	-	277,155	-	37,261	-	-	314,416	310,184
		1,895	277,155	360,929	37,261	44,503	-	721,743	702,145
Deposits from banks	32	-	-	-	-	-	45,112	45,112	45,112
Deposits from customers	33	-	-	-	-	-	522,443	522,443	522,443
Liabilities on investment contracts	35	-	-	-	-	-	803	803	803
Liability on insurance contract	36	-	-	-	-	-	2,691	2,691	2,691
Interest bearing loans and borrowings	39	-	-	-	-	-	34,564	34,564	34,564
		-	-	-	-	-	605,613	605,613	605,613

Bank	Note	At fair value through P/L	Held - to-maturity	Loans and receivables at amortised cost	Available - for sale	Other ammortised cost	Other financial liabilities	Total carrying amount	Fair value
31 December 2013		₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	18		-	53,141	-	-	-	53,141	53,141
Non pledged trading assets	19	2,847	-	-	-	-	-	2,847	2,847
Pledged assets	20	-	-	-	-	65,167	-	65,167	57,169
Loans and advances to customers	22	-	-	210,118	-	-	-	210,118	186,118
Investment securities	24	-	272,572	-	17,805	-	-	290,377	287,161
		2,847	272,572	263,259	17,805	65,167	-	621,650	586,436
Deposits from banks	32	-	-	-	-	-	3,200	3,200	3,200
Deposits from customers	33	-	-	-	-	-	479,956	479,956	479,956
Interest bearing loans and borrowings	39	-	-	-	-	-	45,280	45,280	45,280
		-	-	-	-	-	528,436	528,436	528,436
31 December 2012									
Cash and cash equivalents	18	-	-	142,938	-	-	-	142,938	142,938
Non pledged trading assets	19	867	-	-	-	-	-	867	867
Pledged assets	20	-	-	-	-	44,503	-	44,503	36,223
Loans and advances to customers	22	-	-	136,982	-	-	-	136,982	145,182
Investment securities	24	-	256,850	-	23,599	-	-	280,449	277,541
		867	256,850	279,920	23,599	44,503	-	605,739	602,751
Deposits from banks	32	-	-	-	-	-	3,500	3,500	3,500
Deposits from customers	33	-	-	-	-	-	482,005	482,005	482,005
Interest bearing loans and borrowings	39	-	-	-	-	-	33,951	33,951	33,951
		-	-	-	-	-	519,456	519,456	519,456

Investment securities - unquoted equity securities at cost

The above table includes N11,986 million and N11,186 million for the Group and Bank respectively (December 2012: N10,482 million (Group) and N7,448 million (Bank)) of available for sale investment securities in both the carrying amount and fair value columns that are measured at cost and for which disclosure of fair value is not provided because their fair value cannot be reliably measured.

9 Net interest income

	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Interest income				
Cash and cash equivalents	7,061	7,540	6,366	6,268
Loans and advances to customers	31,230	31,054	30,223	28,606
Investments securities	42,706	46,795	42,456	46,355
Total interest income	80,997	85,389	79,045	81,229
Interest expense				
Deposits from banks	128	158	-	-
Deposits from customers	16,874	14,652	17,344	14,539
Other borrowed funds	6,574	7,784	6,574	8,078
Total interest expense	23,576	22,594	23,918	22,617
Net interest income	57,421	62,795	55,127	58,612

Interest income for the year ended 31 December 2013 for the Group includes N1.45 billion (2012: N1.66 billion) accrued income on impaired financial assets and the assets have been specifically tested for impairment.

10 Net Fees and commission income

	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Retail banking customer fees & commissions	6,744	7,581	6,744	7,581
Corporate banking credit related fees & commissions (See note (a))	732	593	442	309
Commission on off balance sheet transactions	1,399	978	1,399	978
Other fees and commission	314	246	92	35
	9,189	9,398	8,677	8,903

(a) Credit related fees and commissions relate to fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortised cost.

11 Net trading (loss)/income

	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Fixed income securities	(808)	1,171	(808)	158
Equities	(2)	(984)	-	-
Foreign exchange gain on trading	507	510	431	380
	(303)	697	(377)	538

Net trading (loss)/income includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

12 Other operating income

	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Dividends on available-for-sale equity securities	2,551	775	5,670	775
Gains on disposal of property and equipment	759	29	761	29
Gains on disposal of trading property	546	222	-	-
Revaluation gain on 'fair value through profit or loss	655	-	-	-
Gain on disposal of investments	828	826	1,374	826
Foreign exchange income	1,060	(122)	1,060	(245)
Rental income	679	213	224	116
Sundry income	8,518	4,246	6,791	4,313
	15,596	6,189	15,880	5,814

13 Net Impairment loss on financial assets

(a) Impairment charge for credit losses

In millions of Nigerian Naira	Group Dec.2013 ₦ million	**Restated** Group Dec.2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Net impairment charge for credit losses:				
-specific impairment (see note 22)	11,172	545	12,361	2,413
-portfolio impairment (see note 22)	2,836	2,075	2,836	(17)
Total impairment charge on loans and advances	14,008	2,620	15,197	2,396
Recoveries on loans and advances	(1,942)	(1,071)	(1,942)	(2,946)
	12,066	1,549	13,255	(550)
(b) *Net impairment loss on other financial assets:*				
Reversal of impairment on cash and short term funds (see note 18(a))	(201)	(2,517)	(201)	(2,517)
(Reversal of impairment)/impairment loss on investment securities (see note 24)	(49)	(1,087)	410	(297)
Impairment loss on other investments	75	863	1,111	(65)
Impairment loss on other assets (see note 31(iii))	4,911	2,959	3,845	2,959
	4,736	218	5,165	80
Total net impairment loss on financial assets	**16,802**	**1,767**	**18,420**	**(470)**

14 Personnel expenses

	Group Dec.2013 ₦ million	**Restated** Group Dec.2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Wages and salaries	28,820	33,103	27,696	31,545
Contributions to defined contribution plans	1,622	1,115	1,613	1,665
Increase/ (decrease) in liability for defined benefit plans	1,410	8,342	1,410	8,125
Termination benefits	7,800	-	7,800	-
	39,652	42,560	38,519	41,335

(i) As a result of amendments to IAS 19, the Group changed its accounting policy with respect to the basis for determining the income or expenses relating to its defined benefit plans. See note 43 for the impact of the retrospective application of the new amendment.

(ii) The average number of persons employed by the Bank during the year is as follows:

	Bank Dec.2013	Bank Dec.2012
Executive directors	6	5
Management	56	56
Non-management	4,583	4,738
	4,645	4,799

iii The average number of persons in empoyment during the year is shown below:

	Bank Dec.2013	Bank Dec.2012
North Directorate	887	916
South Directorate	2,299	2,375
Finance & Business Strategy	20	20
General Services	90	93
Corporate/institutional Banking Division	66	68
Corporate Affairs	7	7
Payment and Settlement	414	427
Central Operations	141	139
Risk Management	30	30
Systems and control	337	335
Public Sector Group	4	4
Human Resources	57	59
Others	293	326
	4,645	4,799

iv The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions) were

	Bank Dec.2013	Bank Dec.2012
N1,000,000 - N1,500,000	87	278
N1,500,001 - N2,000,000	59	152
N2,000,001 - N2,500,000	-	1,086
N2,500,001 - N3,000,000	1,159	-
N3,000,001 - N3,500,000	-	1,141
N3,500,001 - N4,000,000	910	784
N4,000,001 - N4,500,000	530	-
N4,500,001 - N5,000,000	-	584
Above N5,000,000	1026	769
	3,771	4,794

15 Other operating expenses

	Group Dec.2013	Restated Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Auditors' remuneration	118	118	84	80
NDIC Premium	2,615	2,797	2,615	2,797
Rents and Rates	1,023	892	1,001	830
Business travels	1,231	1,095	1,199	1,040
Repair and Maintenance	828	706	828	706
Professional fees	3,186	1,759	2,972	1,660
Advertising and Promotion expenses	290	427	290	427
General administrative expenses	3,172	13,614	1,399	13,123
Insurance	287	334	287	308
AMCON surcharge (see note (a) below)	4,432	4,418	4,432	4,418
	17,182	26,160	15,107	25,389

(a) This represents the Bank's contribution to Banking Sector Stabilization Fund for the year ended 31 December 2013. Effective 1 January 2011, banks were required to contribute 0.3% of their total assets as at the year end to the fund in line with existing guidelines. The rate changed to 0.5% during the year ended 31 December 2012.

(b) **Directors' Remuneration**

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

	Group Dec.2013	Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Fees as directors	260	20	260	20
Other allowance and benefits	11	105	11	105
	271	125	271	125
Executive compensation	662	1,066	662	1,066
	933	1,191	933	1,191

(ii) The directors'remuneration shown above includes

	Group Dec.2013	Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	N million	N million	N million	N million
Chairman	30	27	30	27
Highest paid director	208	353	208	353

(iii)

The number of directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Bank Dec.2013	Bank Dec.2012
N20,000,000 - N30,000,000	11	5
N30,000,001 - N40,000,000	-	1
N40,000,001 - N50,000,000	-	-
N50,000,001 - N100,000,000	5	1
N100,000,001 - N200,000,000	-	4
N200,000,001 - N400,000,000	1	1
	17	12

16 Income tax expense

(a) Recognised in the profit or loss

	Group Dec.2013 ₦ million	Group Dec.2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Current tax expense				
Company Income Tax	(22)	84	-	
Education tax	-	37	-	
NITDA Levy	57	270	57	268
Prior year over provision	(978)	-	(977)	-
	(943)	391	(920)	268
Deferred tax expense				
Origination and reversal of temporary differences	10	-	-	-
Total income tax expense	(933)	391	(920)	268

In line with the Company Income Tax Act, 1990, as amended, the Bank is not liable to pay income tax as the Bank recorded a tax loss for the year. The Bank is exempted from paying minimum tax under the Act, as it has imported share capital of over 25%. No education tax was charged because the Bank has no assessable profit for the year.

(b) Reconciliation of effective tax rate

	Group Dec.2013	Group Dec.2013 ₦ million	Group Dec.2012	Group Dec.2012 ₦ million	Bank Dec.2013	Bank Dec.2013 ₦ million	Bank Dec.2012	Bank Dec.2012 ₦ million
Profit/(loss) before income tax		5,141		4,342		4,201		3,438
Income tax using the domestic corporation tax rate	30%	1,542	30%	1,303	0%	-	0%	-
Income tax based on minimum tax computation	0%	-	0%	-	0%	-	0%	-
Effect of tax rates in foreign jurisdictions	0%	19	3%	113	0%	-	0%	-
Education tax levy	0%	-	1%	37	0%	-	0%	-
Capital gains tax	0%	-	0%	-	0%	-	0%	-
NITDA levy	1%	57	6%	270	1%	57	8%	268
Tax losses (utilised)/unutilised	-31%	(1,573)	-31%	(1,332)	0%	-	0%	-
Change to estimates for prior years	-19%	(978)	0%	-	-23%	(977)	0%	-
Total income tax expense in compre	-19%	(933)	9%	391	-22%	(920)	8%	268

The effective income tax rate for 31 December 2013 is -19% (December 2012: 9%)

17 Earnings per share

(a) Basic earnings per share

Earnings/(loss) per share has been computed based on profit after taxation attributable to the Group ordinary shareholders and the weighted average number of shares in issue during the year is as follows.

Weighted average number of ordinary shares

In millions of Nigerian Naira	*Group* Dec.2013	*Group* Dec.2012	Bank Dec.2013	Bank Dec.2012
Issued ordinary shares at beginning of the year	16,936	16,936	16,936	16,936
Weighted effect of shares issued during the year	16,936	16,936	16,936	16,936

Profit attributable to ordinary shareholders

In millions of Nigerian Naira	*Group* Dec.2013	**Restated** *Group* Dec.2012	Bank Dec.2013	Bank Dec.2012
Profit/(Loss) for the period attributable to equity holders	5,457	4,134	5,121	3,170
Basic earnings/(loss) per share (in kobo)	32	24	30	19
Profit from continuing operations attributable to equity holders of bank	6,074	3,951	5,121	3,170
Basic earnings/(loss) per share (in kobo)	36	23	30	19

(b) Diluted earnings per share

The Group does not have any dilutive potential ordinary shares, therefore, Basic EPS and Diluted EPS are the same for the Group.

18 Cash and cash equivalents

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and balances with banks	27,288	32,895	77,459	26,070	40,159
Unrestricted balances with central bank	27,071	10,131	10,966	27,071	10,115
Money market placements	46,566	175,751	171,622	-	110,951
	100,925	218,777	260,047	53,141	161,225
Impairments (see note (a) below)	-	(18,517)	(21,034)	-	(18,287)
	100,925	200,260	239,013	53,141	142,938

(a) The movement on impairment on cash and cash balance was as follows:

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	18,517	21,034	22,990	18,287	20,804
Charge/(reversals) during the year	(201)	(2,517)	(1,956)	(201)	(2,517)
Reclassification to other assets	(18,316)	-	-	(18,086)	-
Balance, end of the year	-	18,517	21,034	-	18,287

19 Non-pledged trading asset

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Government bonds	1,223	374	812	1,223	374
Treasury bills	1,624	493	3,389	1,624	493
Equities	-	1,028	1,662	-	-
	2,847	1,895	5,863	2,847	867

20 Pledged assets

Financial assets that may be repledged or resold by counterparties

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Treasury bills	3,208	3,121	28,067	3,208	3,121
Bonds	61,919	41,382	41,627	61,919	41,382
Placement	40	-	-	40	-
	65,167	44,503	69,694	65,167	44,503

Financial assets are pledged as collateral as part of securities borrowing under terms that are usual and customary for such activities.

21 Derivative financial instruments

Group

	Dec.2013		Dec.2012		Jan-12	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	₦ million	₦ million	N million	N million	₦ million	₦ million
Instrument Type:						
Foreign exchange	-	-	78	78	-	-
	-	-	78	78	-	-

The Group uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risks. The instruments used include forward contracts and cross currency linked forward contracts. The face value of the derivatives as at 31 December 2012 was N78 million.

22 Loans and advances to customers
Amortised cost

	Group	Restated Group	Restated Group	Bank	Bank
	Dec.2013	Dec.2012	Jan.2012	Dec.2013	Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Gross amount	249,148	191,794	191,095	230,720	148,790
Specific impairment	(8,897)	(22,779)	(17,720)	(9,929)	(3,970)
Portfolio impairment	(10,709)	(8,346)	(7,203)	(10,673)	(7,838)
Total impairment	(19,606)	(31,125)	(24,923)	(20,602)	(11,808)
Carrying amount	229,542	160,669	166,172	210,118	136,982

At 31 December 2013 N71,142 million (2012: N72,620million) of the Group's loan and advances to customers are expected to be recovered more than 12 months after the reporting date.

Impairment allowance on loans and advances to customers

	Group	Group	Restated Group	Bank	Bank
	Dec.2013	Dec.2012	Jan.2012	Dec.2013	Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Specific impairment					
Balance, beginning of the year	22,779	17,720	89,779	3,970	3,522
Prior year adjustment	-	4,327	-	-	-
Balance, beginning of the year (Restated)	22,779	22,047	89,779	3,970	3,522
Impairment loss for the year:					
- Charge for the year (See note 13(a))	11,172	1,412	32,783	12,361	2,413
- Recoveries (See note 13(a))	(1,942)	(1,938)	(18,272)	(1,942)	(2,934)
Net impairment for the year	9,230	(526)	14,511	10,419	(521)
Allowances reversed on transfer to AMCON	-	(491)	(8,429)	-	(491)
Effect of foreign currency movements	3	(1)	2	-	-
Provision re-instated during the year	-	1,652	-	-	1,652
(Write-offs)/writebacks	(4,460)	481	(78,143)	(4,460)	191
Reclassification	-	(383)	-	-	(383)
Impairment transferred to discontinued operations	(18,655)	-	-	-	-
Balance, end of the year	8,897	22,779	17,720	9,929	3,970
Portfolio impairment					
Balance, beginning of the year	8,346	7,203	8,280	7,838	7,867
Prior year adjustment	-	(64)	-	-	-
Balance, beginning of the year (Restated)	8,346	7,139	8,280	7,838	7,867
Impairment loss for the year:					
Impairment loss/(credit) for the year:	2,836	1,208	(1,115)	2,836	(17)
- Recoveries	-	-	38	-	
Excess interest refund	-	-	-	-	(12)
Net impairment for the year	2,836	1,208	(1,077)	2,836	(29)
Effect of foreign currency movements	-	(1)	-	-	-
Impairment transferred to discontinued operations	(473)	-	-	-	
Balance, end of the year	10,709	8,346	7,203	10,673	7,838

23 Investment in equity accounted investee

	Group	Restated Group	Bank	Bank
	Dec.2013	Dec.2012	Dec.2013	Dec.2012
	₦ million	₦ million	₦ million	₦ million
Cost				
Balance, beginning of the year	15,242	7,540	91	75
Prior year adjustments (see note 43(a))	(9,685)	(7,465)	-	-
Balance, beginning of the year (Restated)	5,557	75	91	75
Reclassification from investment securities	-	5,402	-	16
Dividend income	-	(242)	-	-
Share of current year result	(4)	343	-	-
Previously unconsolidated reserves	-	(21)	-	-
Assets classified as discontinued operations	(5,453)	-	-	-
Impairments	(75)	-	(75)	-
Balance, end of the year	25	5,557	16	91

This represents the Group's equity investment in Unique Venture Capital Management Company Limited (40%).

Summary of the financial information for equity-accounted investees is as follows:

31 December 2013	Reporting date	Total assets	Total liabilities	Net assets	Profit/(loss)	Group share of profit/(loss)	Group share of net assets
Unique Venture Capital Management Company Limited	31 December	174	(139)	35	(11)	(4)	13
		174	(139)	35	(11)	(4)	13

31 December 2012	Reporting date	Total assets	Total liabilities	Net assets	Profit/(loss)	Group share of profit/(loss)	Group share of net assets
Unique Venture Capital Management Company Limited	31 December	182	(109)	73	85	34	29
Union Homes Real Estate Investment Trust Plc	31 December	14,243	(610)	13,633	773	309	5,453
		14,425	(719)	13,706	858	343	5,482

24 Investment securities

	Group	Group	Restated Group	Bank	Bank
	Dec.2013	Dec.2012	Jan. 2012	Dec.2013	Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Available-for-sale investment securities comprise:					
Treasury bills	3,304	18,273	15,989	1,709	10,462
Equity: Quoted	824	7,306	12,043	7,091	5,156
Unquoted	13,632	10,482	14,464	12,832	7,409
Managed funds	715	756	913	715	756
Bonds	1,404	10,048	8,409	-	8,308
Others	985	-	-	-	-
	20,864	46,865	51,818	22,347	32,091
Less: specific impairment allowance	(4,083)	(9,604)	(13,156)	(4,542)	(8,492)
	16,781	37,261	38,662	17,805	23,599
Held to maturity investment securities comprise:					
Treasury bills	122,148	153,546	119,391	122,148	137,006
Bonds	150,424	123,609	111,613	150,424	119,844
	272,572	277,155	231,004	272,572	256,850
Investment securities	289,353	314,416	269,666	290,377	280,449

Investments in unquoted equity were measured at cost because their value cannot be reliably measured

Specific allowance for impairment on available-for-sale investment securities:

	Group	Group	Restated Group	Bank	Bank
	Dec.2013	Dec.2012	Jan. 2012	Dec.2013	Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	9,604	13,156	12,195	8,492	10,592
Prior year adjustment		(662)			
Balance, beginning of the year (Restated)	9,604	12,494	12,195	8,492	10,592
Allowance no longer required (See note 13(b))	(49)	(1,087)	1,677	410	(297)
Reclassification	(4,360)	(1,803)	(716)	(4,360)	(1,803)
Assets classified as discontinued operations	(1,112)	-	-	-	-
Balance, end of the year	4,083	9,604	13,156	4,542	8,492

25 Trading properties

This represents the cost of real estate properties held by the Group which are designated for resale to customers. The movement on the trading properties account during the year was as follows:

	Group Dec.2013 ₦ million	Group Dec.2012 ₦ million	Restated Group Jan. 2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Balance, beginning of the year	6,971	-	-	2,282	-
Additions	28	2,748	-	-	-
Disposal	(2,112)	(1,341)	-	(352)	-
Reclassifcation	(140)	5,564	-	-	2,282
Balance, end of the year	4,747	6,971	-	1,930	2,282

26 Investment Properties

These investment properties were last revalued during the year ended 31 December 2013 by Messers Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 16 March 2013 and 16 December 2013 for Union Homes Savings and Loans Plc and UBN Property Company Limited respectively. As at 31 December 2013, the Directors are of the opinion that there were no material fluctuations in the value of the Bank's investment properties since its last valuation.

	Group Dec.2013 ₦ million	Restated Group Dec.2012 ₦ million	Restated Group Jan. 2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Balance, beginning of the year	14,985	29,140	21,960	-	-
Prior year adjustment	-	(6,152)			
Balance, beginning of the year (Restated)	14,985	22,988	21,960	-	
Additions	11,651	59	9,174	-	
Disposal	-	(4,123)	(3,741)	-	-
Revaluation gains/(losses)	655	85	1,681	-	-
Assets classified as held for sale	(10,878)	-	66	-	-
Reclassification	-	(4,024)		-	-
	16,413	14,985	29,140	-	-
Impairment allowance	-	(1,841)	(7)	-	-
Balance, end of the year	16,413	13,144	29,133	-	-

(a) Movement on impairment for investment property was as follows:

	Group Dec.2013 ₦ million	Restated Group Dec.2012 ₦ million	Restated Group Jan. 2012 ₦ million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Balance, beginning of the year	1,841	7	-	-	-
Allowance made during the year	-	1,834	-	-	
Assets classified as held for sale	(1,841)		-		
Reclassification	-	-	7	-	-
Balance, end of the year	-	1,841	7	-	-

27 **Investment in subsidiaries**

Cost

	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million
Continued operations:		
Atlantic Nominees Limited	325	325
UBN Property Company Limited	2,195	2,195
Union Bank UK Plc	8,372	8,372
Union Pension Fund Custodian	2,000	2,000
	12,892	12,892
Discontinued operations classified as held for sale:		
Union Trustees Limited	5	5
Union Registrars Limited	114	480
Union Capital Markets Limited	1,842	2,620
Union Homes Savings and Loans Plc	1,834	1,834
Union Assurance Company Limited	1,448	1,448
	5,243	6,387
Reclassification to assets classified as held for sale	(5,243)	-
	-	6,387
Impairment on investment in subsidiary (See (a) below)	-	(1,834)
	12,892	17,445

(a) The movement on impairment on investment in subsidiaries during the year is as follows:

	Group Dec.2013	Group Dec.2012	Group Jan. 2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	-	-	-	1,834	-
Additional/(Writeback) during the year	-	-	-	1,036	(65)
Reclassification from investment securities	-	-	-	-	1,899
Reclassification to assets classified as held for sale				(2,870)	-
Balance, end of the year	-	-	-	-	1,834

(b) The subsidiary companies, country of incorporation, nature of business and percentage equity holding are detailed below:

Company Name	Country Incorpora	Nature of business	Year end	Status	Direct ownership interest Dec. 2013	Direct ownership interest Dec. 2012
					%	%
Union Homes Savings and Loans Plc	Nigeria	Property Development and Mortgage Finance	31 December	Discontinued	31	31
Union Trustees Limited	Nigeria	Trusteeship	31 December	Discontinued	90	90
Union Assurance Company Limited	Nigeria	Insurance	31 December	Discontinued	30	30
UBN Property Company Limited	Nigeria	Property Development	31 December	Continuing	39	39
Union Bank UK Plc	Nigeria	Licensed UK Bank	31 December	Continuing	100	100
Union Registrars Limited	Nigeria	Registrar	31 December	Discontinued	80	80
Union Capital Markets Limited	Nigeria	Investment Banking	31 December	Discontinued	48	48
Union Pension Custodian Limited	Nigeria	Pension Custodial	31 December	Continuing	100	100
Atlantic Nomnees Limited	Nigeria	Real Estate	31 December	Continuing	100	100

(i.) **Union Homes Savings and Loans Plc** ***(Registered office at 153, Ikorodu Road, Lagos)***

The Company has 7,812,500,000 ordinary shares of N1.00 each of which 30.6% is held directly by Union Bank of Nigeria Plc and 14.2% by Union Trustees Limited and 15.3% by Williams Street Trustees Limited, the nominee company for Union Bank of Nigeria Plc Staff Pension Fund. A trust deed dated 18 July 1972, executed between Union Bank of Nigeria Plc, Union Trustees Limited and Williams Street Trustees Limited, appointed Union Trustees Limited as Managers of the Staff Pension Fund. Effectively Union Bank of Nigeria Plc has power over more than half of the voting rights in Union Homes Savings and Loans Plc. The carrying value of the investment in Union Homes Savings and Loans Plc in 2013 is included in *'assets classified as held for sale'(see Note 39)*

(ii.) **Union Trustees Limited** *(Registered Office at 131, Broad Street, Lagos)*
90% direct equity holding of the ordinary shares of the company, whilst the remaining 10% ordinary shares of the company is held by Union Capital Market Limited. The carrying value of the investment in Union Trustees Limited in 2013 is included in *'assets classified as held for sale' (see Note 39)*

(iii.) **Union Assurance Company Limited** *(Registered office at 131 Broad Street, Lagos)*
30.5% direct holding in 7,515,098,000 ordinary shares of 50K each and 30.6% indirect holding through Union Homes Savings and Loans Plc. Williams Street Trustees Limited, the nominees company for Union Bank of Nigeria Plc Staff Pension Fund held 4.9% and 16.4% is held by Union Properties Limited. The carrying value of the investment in Union Assurance Company Limited in 2013 is included in *'assets classified as held for sale' (see Note 39)*

(iv.) **UBN Property Company Limited** *(Registered office at 36, Marina, Lagos)*
The Company has 5,626,416,051 ordinary shares of N1.00 each of which 39.01% *(December 2011 - 39.01%)* is held directly by the Bank and 8.8% each by Union Homes Savings and Loans Plc and Union Assurance Company Limited. Williams Street Trustees Limited; the nominee company for Union Bank of Nigeria Plc Staff Pension Fund held 2.04%. Union Bank of Nigeria Plc has power over more than half of the voting rights by virtue of indirect holding through Union Homes Savings and Loans Plc, and Union Assurance Company Limited. The Bank also governs the financial and operating policies of UBN Property Company Limited.

(vi.) **Union Bank UK Plc** *(Registered office at 14-18 Copthal Avenue, London EC2R7BN)*
The Bank directly holds 100% holding of Union Bank UK's 60,000,000 ordinary shares and 99% in 50,000 deferred shares of GBP1 each and 1% indirect holding through Williams Street Trustees Limited, the nominee company for Union Bank of Nigeria Plc. Union Bank UK Plc was incorporated in October, 2004 as an authorised United Kingdom subsidiary to carry out the business formerly conducted by London Branch of Union Bank of Nigeria Plc.

(viii.) **Union Registrars Limited** *(Registered office at 2, Burma Road, Apapa, Lagos)*
The Company has 1,320,000,000 ordinary shares of N0.50 each which is 80% held by the Bank. The carrying value of the investment in Union Registrar Limited in 2013 is included in *'assets classified as held for sale' (see Note 39)*

(ix.) **Union Capital Markets Limited** *(Registered office at 97, Ahmadu Bello Way, Victoria Island, Lagos)*
The Bank holds 798,000,000 *(approx. 100%)* out of 800,000,000 ordinary shares of N1 each. The balance of 2,000,000 is being held by Union Trustees Limited. The company was formerly Union Stockbrokers Ltd registered to deal in shares and stocks on all trading floors of the Nigerian Stock Exchange. The carrying value of the investment in Union Capital Market Limited in 2013 is included in *'assets classified as held for sale' (see Note 39)*

(x.) **Union Pension Limited** *(Registered Office 9b Oko Awo Street, Victoria Island, Lagos)*
The Bank owns 1,999,999,999 *(approx. 100%)* of the ordinary shares of Union Pension Limited while Union Trustees Limited holds 1 ordinary share of N1 each. The carrying value of the investment in Union Pension Limited in 2013 is included in *'assets classified as held for sale' (see Note 39)*

(xi) **Atlantic Nominees Limited**
The Bank holds 49,990 *(approx. 100%)* out of 50,000 ordinary shares of N1 each. The balance of 10 is held by Union Trustees Limited. The Company is a Special Project Vehicle of former Universal Trust Bank Plc, one of the banks acquired by Union Bank in 2005. The Company was incorporated to hold interests in landed properties.

(xii) **Union Homes Real Estate Investment Trust *(REIT)***
The Group holds 145,570,979 *(approx. 37%)* out of 250,019,781 units of N50 each. Union Bank holds 48,543,600 units while Union Homes Savings and Loans Plc holds 97,027,379 units.

(c) Condensed results of consolidated entities
(i) The condensed financial data of the continuing operations as at 31 December 2013, are as follows

Condended statement of comprehensive income

Statement of Comprehensive income	*Group balances*	*Consolidation entries*	*Total*	*Bank*	*Union Properties*	*Union Pension*	*Atlantic Nominees*	*Union Bank UK*	*Union Homes REIT*
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Operating income	81,903	(3,414)	85,317	79,307	2,240	270	-	1,806	1,694
Net operating income after net impairment loss	65,102	564	65,469	60,887	1,175	270	-	1,443	1,694
Operating Expenses	(59,957)	-	(59,957)	(56,686)	(1,363)	(111)	-	(1,536)	(261)
Net impairment loss on financial assets	(16,801)	3,047	(19,848)	(18,420)	(1,066)	-	-	(362)	-
Share of proit of equity accounted investees	(4)		(4)	-					
Profit before income tax	**5,141**	**(367)**	**5,508**	**4,201**	**(188)**	**159**	-	**(92)**	**1,433**
Taxation	933	-	933	920	-	(6)	-	19	-
Profit after income tax	**6,074**	**(367)**	**6,441**	**5,121**	**(188)**	**154**	-	**(74)**	**1,433**

Condensed Statement of financial position

	Group balances	*Consolidation entries*	*Total*	*Bank*	*Union Properties*	*Union Pension*	*Atlantic Nominees*	*Union Bank UK*	*Union Homes REIT*
	N million	N million	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	100,925	(15,780)	116,705	53,141	1,460	2,538	-	56,880	2,686
Non-pledged trading assets	2,847	-	2,847	2,847	-	-	-	-	-
Pledged assets	65,167	-	65,167	65,167	-	-	-	-	-
Derivative financial instrument	-	-	-	-	-	-	-	-	-
Loans and advances to customers	229,542	-	229,542	210,118	-	-	-	19,424	-
Investments in equity-accounted investee	25	9	16	16	-	-	-	-	-
Investment securities	289,353	(5,808)	295,161	290,377	800	-	-	3,984	-
Assets held for sale	51,684	51,684	-	-	-	-	-	-	-
Trading properties	4,747	-	4,747	1,930	2,817	-	-	-	-
Investment properties	16,413	-	16,413	-	4,485	-	325	-	11,603
Investment in subsidiaries	-	(15,266)	15,266	15,266	-	-	-	-	-
Property and equipment	45,526	-	45,526	45,351	22	88	-	65	-
Intangible assets	808	-	808	685	-	-	-	123	-
Deferred tax assets	95,889	-	95,889	95,875	-	-	-	14	-
Other assets	99,829	(2,303)	102,132	101,324	78	77	-	327	326
Total assets	1,002,755	12,536	990,219	882,097	9,662	2,703	325	80,817	14,615
Financed by:									
Deposits from banks	46,794	-	46,794	3,200	-	-	-	43,594	-
Deposits from customers	482,706	(22,339)	505,045	479,956	-	-	-	25,089	-
Liability on investment contract	-	-	-	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-	-	-	-
Current tax liabilities	534	-	534	472	56	6	-	-	-
Other liabilities	156,405	(1,172)	157,577	155,190	950	264	-	492	681
Retirement benefit obligations	10,261	-	10,261	10,216	45	-	-	-	-
Other borrowed funds	45,280	-	45,280	45,280	-	-	-	-	-
Liabilities classified as held for sale	61,432	61,432	-	-	-	-	-	-	-
Equity and reserves	199,343	(25,385)	224,728	187,783	8,611	2,434	325	11,642	13,934
Total liabilities	1,002,755	12,536	990,219	882,097	9,662	2,703	325	80,817	14,615

(ii) The condensed financial data of the consolidated entities as at 31 December 2012, are as follows:

Condensed statement of comprehensive income

	Group balances	*Consolidation entries*	*Bank*	*Union Trustees*	*Union Registrars*	*Union Homes*	*Union Assurance*	*UBN Property*	*Union Capital*	*Union Pension*	*Atlantic Nominees*	*Union Bank UK*
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Operating income	79,113	(5,274)	73,867	3,772	3,481	(1,420)	1,265	625	399	294	-	2,104
Operating expenses	(73,004)	3,928	(66,218)	(1,016)	(1,824)	(4,299)	(1,241)	(364)	(326)	(122)	-	(1,522)
Net impairment loss on financial assets	(1,767)	(4,499)	470	111	(305)	2,623	(177)	-	116	-	-	(106)
Profit before tax	4,342	(5,844)	8,119	2,867	1,352	(3,096)	(153)	261	189	172	-	476
Taxation	(391)	3,921	(268)	(609)	(584)	(2,683)	-	-	(47)	-	-	(121)
Profit after tax	3,951	(1,923)	7,851	2,258	768	(5,779)	(153)	261	142	172	-	355

Condensed statement of financial position

	Group balances	*Consolidation entries*	*Bank*	*Union Trustees*	*Union Registrars*	*Union Homes Plc*	*Union Assurance*	*UBN Property*	*Union Capital*	*Union Pension*	*Atlantic Nominees*	*Union Bank UK*
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Assets												
Cash and cash equivalents	200,260	(22,706)	142,938	266	13,113	775	1,918	1,272	1,264	2,336	-	59,084
Non-pledged trading assets	1,895	(21)	867	381	-	-	-	-	668	-	-	-
Pledged assets	44,503	-	44,503	-	-	-	-	-	-	-	-	-
Derivative financial instruments	78	-	-	-	-	-	-	-	-	-	-	78
Loans and advances to customers	160,669	(11,900)	136,982	-	-	20,562	-	-	-	-	-	15,025
Investments in equity accounted investee	5,557	13	91	-	-	5,453	-	-	-	-	-	-
Investment securities	314,416	(3,874)	280,449	9,497	10,093	9,035	2,942	1,292	-	-	-	4,982
Assets held for sale	84	-	84	-	-	-	-	-	-	-	-	-
Trading properties	6,971	-	2,282	-	-	-	-	4,689	-	-	-	-
Investment properties	13,144	(7)	-	310	-	7,637	1,090	3,789	-	-	325	-
Investment in subsidiaries	-	(17,445)	17,445	-	-	-	-	-	-	-	-	-
Property and equipments	48,466	246	45,137	22	116	1,191	1,480	26	39	145	-	64
Intangible assets	1,055	(1)	522	-	31	247	144	-	-	-	-	112
Deferred tax assets	98,354	2,929	95,875	22	12	(350)	(158)	(1)	-	-	-	25
Other assets	119,826	(4,825)	119,293	527	387	1,003	2,991	161	26	70	-	193
Total assets	**1,015,278**	**(57,590)**	**886,468**	**11,025**	**23,752**	**45,553**	**10,407**	**11,228**	**1,997**	**2,551**	**325**	**79,562**

	Group balances	Consolidation entries	Bank	Union Trustees	Union Registrars	Union Homes	Union Assurance	UBN Property	Union Capital	Union Pension	Atlantic Nominees	Union Bank UK
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Financed by:												
Derivative financial instruments	78	-	-	-	-	-	-	-	-	-	-	78
Deposits from banks	45,112	-	3,500	-	-	-	-	-	-	-	-	41,612
Deposits from customers	522,443	(23,162)	482,005	-	-	37,722	-	-	-	-	-	25,878
Liability on investment contract	803	-	-	-	-	-	803	-	-	-	-	-
Liability on insurance contract	2,691	-	-	-	-	-	2,691	-	-	-	-	-
Current tax liabilities	2,312	2	495	715	844	71	(16)	57	93	-	-	51
Other liabilities	176,181	(5,849)	145,478	4,581	20,170	7,022	1,505	2,322	270	270	-	412
Retirement benefit obligations	51,910	83	49,368	83	-	2,323	-	52	1	-	-	-
Other borrowed funds	34,564	(2,747)	33,951	-	83	3,277	-	-	-	-	-	-
Equity and reserves	179,184	(25,917)	171,671	5,646	2,655	(4,862)	5,424	8,797	1,633	2,281	325	11,532
	1,015,278	**(57,590)**	**886,468**	**11,025**	**23,752**	**45,553**	**10,407**	**11,228**	**1,997**	**2,551**	**325**	**79,562**

28 Property and equipment

(a) **Group:**

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

	Leasehold land and buildings	Leasehold improvements	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost						
Balance at 1st January, 2013	52,794	922	28,147	7,115	2,049	91,027
Exchange difference	5	-	3	1	-	9
Additions	1,402	-	2,061	42	1,348	4,853
Disposals	(247)	-	(46)	(1,320)	-	(1,613)
Reclassification to other assets	3,773	(922)	802	(1,074)	(2,579)	-
Write off	(2,065)	-	(17,768)	(2,802)	-	(22,635)
Assets classified as discontinued operations	(3,319)	-	(1,523)	(802)		(5,644)
Balance as at 31 December 2013	52,343	-	11,676	1,160	818	65,997
Balance as at 1 January 2012	51,533	922	26,943	7,059	2,156	88,613
Exchange difference	(4)	-	(4)	(1)	-	(9)
Additions	1,291	-	1,207	373	205	3,076
Disposals	-	-	(10)	(316)	-	(326)
Reclassification to other assets	(62)	-	-	-	-	(62)
Write off	-	-	-	-	(265)	(265)
Transfers	36	-	11	-	(47)	-
Balance as at 31 December 2012	52,794	922	28,147	7,115	2,049	91,027
Depreciation and impairment losses						
Balance at 1st January, 2013	10,997	87	25,692	5,785	-	42,561
Exchange difference	3	-	2	-	-	5
Charge for the year	1,170	-	1,447	326	-	2,943
Disposals	(36)	-	(46)	(1,310)	-	(1,392)
Write-off	66	-	(19,360)	(2,753)		(22,047)
Reclassification to other assets	450	(87)	1,295	(516)	-	1,142
Assets classified as discontinued operations	(1,120)	-	(1,121)	(660)	159	(2,742)
Balance as at 31 December 2013	11,530	-	7,909	872	159	20,470
Balance as at 1 January 2012	9,447	87	23,084	5,462	-	38,080
Exchange difference	(3)	-	(3)	-	-	(6)
Charge for the year	1,421	-	2,619	628	-	4,668
Disposals	-	-	(8)	(305)	-	(313)
Reclassification to other assets	132	-	-	-	-	132
Balance as at 31 December 2012	10,997	87	25,692	5,785	-	42,561
(iii) **Net Book Value**						
Balance as at 3I December 2013	40,813	-	3,767	288	659	45,527
Balance as at 3I December 2012	41,797	835	2,455	1,330	2,049	48,466
Balance as at I January 2012	42,086	835	3,859	1,597	2,156	50,533

(iv) In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

(v) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2012: nil)

(b) **Bank:**

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

(i) **Cost**	**Leasehold land and buildings** ₦ million	**Leasehold improvements** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January, 2013	53,190	-	26,038	5,195	197	84,620
Additions	1,163	-	2,031	38	1,348	4,580
Disposals	(247)	-	(46)	(1,307)	-	(1,600)
Transfers	141	-	60	-	(201)	-
Reclassification to other assets	-	-	-	-	(526)	(526)
Write off	(2,065)	-	(17,768)	(2,802)	-	(22,635)
Balance as at 31 December 2013	**52,182**	**-**	**10,315**	**1,124**	**818**	**64,439**
Balance as at 1 January 2012	51,702	-	24,929	5,110	304	82,045
Additions	1,170	-	1,092	306	205	2,773
Disposals	-	-	(3)	(221)	-	(224)
Reclassification to other assets	291	-	-	-	-	291
Transfers	27	-	20	-	(47)	-
Write off	-	-	-	-	(265)	(265)
Balance as at 31 December 2012	53,190	-	26,038	5,195	197	84,620

(ii) **Accumulated depreciation**	**Leasehold land and buildings** ₦ million	**Leasehold improvements** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January, 2013	10,219	-	24,681	4,583		39,483
Charge for the year	1,148	-	1,432	319	-	2,899
Disposals	(36)	-	(46)	(1,303)	-	(1,385)
Write-off	66	-	(19,222)	(2,753)		(21,909)
Balance, end of the year	**11,397**	**-**	**6,845**	**846**	**-**	**19,088**
Balanceas at 1 January 2012	8,855	-	22,314	4,309	-	35,478
Charge for the year	1,232	-	2,369	495	-	4,096
Disposals	-	-	(2)	(221)	-	(223)
Reclassification to other assets	132	-	-	-	-	132
Balance as at 31 December 2012	**10,219**	**-**	**24,681**	**4,583**	**-**	**39,483**
(iii) **Net Book Value**						
Balance as at 3I December 2013	40,785	-	3,470	278	818	45,351
Balance as at 3I December 2012	42,971	-	1,357	612	197	45,137

(iv) In the opinion of the directors, the market value of the Bank's properties is not less than the value shown in the financial statements.

(v) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2012: nil)

29 Intangible assets

Software

	Group Dec.2013 ₦ million	Restated Group Dec.2012 ₦ million	Restated Group Jan.2012 N million	Bank Dec.2013 ₦ million	Bank Dec.2012 ₦ million
Cost					
Balance, beginning of the year	2,725	1,522	1,273	1,318	826
Prior year adjustment (see note 43)		609			
Balance, beginning of the year (Restated)	2,725	2,131	1,273	1,318	826
Additions	381	609	249	292	492
Reclassification	-	-	-	-	-
Write-off	(63)	-			
Exchange translation difference	10	(15)	-	-	-
Assets of subsidiaries disposed	(919)				
Balance, end of the year	2,134	2,725	1,522	1,610	1,318
Amortization and impairment losses					
Balance, beginning of the year	1,670	922	751	796	717
Prior year adjustment		475			
Balance, beginning of the year (Restated)	1,670	1,397	751	796	717
Amortisation for the period	179	285	171	161	79
Reclassification	(16)	-	-	(16)	-
Write-off	(16)	-	-	(16)	-
Exchange translation difference	6	(12)	-	-	-
Assets of subsidiaries disposed	(497)	-	-	-	-
Balance, end of the year	1,326	1,670	922	925	796
Carrying amounts as at year end	808	1,055	600	685	522
Balance as at 1 January	1,055	600	522	522	109

(i) In the opinion of the directors, the market value of the Group's software is not less than the value shown in the financial statements.
(ii) There were no capitalised borrowing costs related to the acquisition of software during the year (December 2012 : nil)

30 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

31 December 2013

	Assets ₦ million	**Liabilities** ₦ million	**Net** ₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,644	-	100,644
Others	1,711	-	1,711
Net tax assets/liabilities	102,928	7,039	95,889

31 December 2012

	Assets ₦ million	**Liabilities** ₦ million	**Net** ₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	103,109	-	103,109
Others	1,711	-	1,711
Net tax assets/liabilities	105,393	7,039	98,354

Bank

31 December 2013

	Assets	Liabilities	Net
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets/liabilities	102,914	7,039	95,875

31 December 2012

	Assets	Liabilities	Net
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets/liabilities	102,914	7,039	95,875

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

	Group Dec.2013	Group Dec.2012	Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	98,354	95,349	95,349	95,875	95,875
Prior year adjustment		3,005	-	-	-
Balance, beginning of the year (Restated)	98,354	98,354	95,349	95,875	95,875
Credit for the year	(10)	-	-	-	-
Charge for the year	-	-	-	-	-
Charge for the year	-	-	-	-	-
Net (liabilities) of discontinued operations	(2,455)	-	-	-	-
Net deferred tax assets/(liabilities)	95,889	98,354	95,349	95,875	95,875
Out of which					
Deferred tax assets	102,928	105,393		102,914	102,914
Deferred tax liabilities	(7,039)	(7,039)		(7,039)	(7,039)

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N95,889 (2012: 98,354) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's enities will have taxable profits against which these assets can be utilized. As at year end, the Group has an unrecognised deferred tax asset of N47 billion.

31 Other assets

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Accounts receivable and prepayments	4,462	16,391	16,039	4,366	11,283
Restricted deposits with central bank (see (i))	72,971	55,117	34,593	72,971	55,117
Insurance receivables	-	1,963	1,766	-	-
Receivable from AMCON (see note (ii) below)	7,447	47,696	42,209	7,447	47,696
Sundry assets	147,463	107,498	93,546	147,989	110,949
Statutory deposit	-	500	500	-	
Clearing	47,519	45,341	75,916	47,519	45,341
	279,862	274,506	264,569	280,292	270,386
Impairment on other assets	(180,033)	(154,680)	(144,205)	(178,968)	(151,093)
	99,829	119,826	120,364	101,324	119,293

(i) The Bank had restricted balances of N72,971 million *(N55,117 million)* with the Central Bank of Nigeria *(CBN)* as at 31 December 2013. This balance is made up principally of CBN cash reserve requirement. The cash reserve is a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with central banks are not available for use in the Group's day-to-day operations

(ii) The amount represents receivable from Asset Management Corporation of Nigeria *(AMCON)* as at year end in respect of proceeds on sale of loans and accrued interest. Subsequent to year end, the Bank has received full payment from AMCON.

(iii) The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contigent rents payable. The future minimum lease rentals under non-cancellable operating leases were as follows:

	Group Dec.2013	Group Dec.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million
Less than one year	862	2,005	764	1,081
Between one and five years	962	163	907	163
More than five years	432	551	432	551
	2,256	2,719	2,103	1,796

Movement in impairment on other assets:

	Group Dec.2013	Group Dec.2012	Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	154,680	144,205	81,618	151,093	142,888
Prior year adjustment	-	1,471	-	-	-
Balance, beginning of the year (Restated)	154,680	145,676	81,618	151,093	142,888
Charge for the year (see note 13(b))	4,911	3,966	56,487	3,845	2,959
Allowance written off	(10)	-	-	(10)	-
Reclassification	24,039	5,038	6,100	24,039	5,246
Assets classified as held for sale	(3,587)	-	-	-	-
Balance, end of the year	180,033	154,680	144,205	178,967	151,093

32 Deposits from banks

	Group Dec.2013	Group Dec.2012	Restated Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Money market deposits	3,200	3,500	-	3,200	3,500
Other deposits from banks	43,594	41,612	62,214	-	-
	46,794	45,112	62,214	3,200	3,500

33 Deposits from customers

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Term deposits	147,468	123,094	181,004	151,973	96,968
Current deposits	201,448	272,979	198,387	194,193	261,660
Savings	133,790	126,370	121,582	133,790	123,377
	482,706	522,443	500,973	479,956	482,005

At 31 December 2013 N40 million (2012: Nil) of the Group's deposits from customers are expected to be settled more than 12 months after the reporting date.

34 Liability on investment contracts

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Deposit administered funds (secured funds)	-	803	569	-	-
Other managed funds	-	-	-	-	-
	-	803	569	-	-

Liability on investment contracts was transferred to liability classified as held for sale in line with the Group's decision to divest from insurance subsidiary

35 Liability on insurance contracts

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Life assurance contracts	-	1,794	1,434	-	-
Non-life insurance contracts	-	897	1,210	-	-
	-	2,691	2,644	-	-

Liability on insurance contracts was transferred to liability classified as held for sale in line with the Group's decision to divest from insurance subsidiary

36 Current tax liability

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	2,312	2,668	4,198	495	1,358
Prior year adjustment (see note 43(b))		(5)			
Balance, beginning of the year (Restated)	2,312	2,663	4,198	495	1,358
Foreign exchange translation difference	-	(4)	7	-	-
Prior period over provision (See note 16)	(978)	-	-	(977)	-
Reclassification	977	-	-	977	-
Charge for the year (See note 16)	35	1,685	1,806	57	268
Payments during the year	(102)	(2,032)	(3,343)	(80)	(1,131)
Transfer to assets held for sale	(1,710)				
Balance, end of the year	534	2,312	2,668	472	495

37 Other liabilities

	Group Dec.2013	Group Dec.2012	Restated Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Deposit for foreign currency	40,633	20,157	41,837	40,633	20,157
Deposit for properties	-	-	2,484	-	-
Deposit for dividend	-	13,503	21,237	-	-
Open buy-back takings	-	-	23,600	-	-
PAYE and other statutory deductions	1,937	2,491	2,456	1,841	2,491
Draft and bills payable	23,278	22,998	32,933	23,278	22,998
Sundry creditors	21,774	29,999	14,461	21,791	29,999
Creditors and accruals	26,641	27,873	30,776	25,977	26,372
Provision for claims and contigencies (see (a) below)	1,643	4,701	1,919	1,643	4,701
Accounts payable	1,219	5,422	10,276	853	780
Other credit balances	39,281	49,037	24,221	39,173	37,980
	156,406	176,181	206,200	155,189	145,478

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

	Group Dec.2013	Group Dec.2012	Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	4,701	1,919	1,327	4,701	1,919
Charge/reversal during the year	(1,879)	2,782	592	(1,879)	2,782
Reclassification	(1,179)	-	-	(1,179)	-
Balance, end of the year	1,643	4,701	1,919	1,643	4,701

38 Retirement benefit obligations

	Group Dec. 2013 ₦ million	Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million	Bank Dec. 2013 ₦ million	Bank Dec. 2012 ₦ million
Defined contribution scheme (see (a) below)	131	304	219	131	247
Defined benefit obligation (see (b) below)	10,130	51,606	59,167	10,085	49,121
	10,261	51,910	59,386	10,216	49,368

(a) Defined Contribution Scheme

	Group Dec. 2013 ₦ million	Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million	Bank Dec. 2013 ₦ million	Bank Dec. 2012 ₦ million
Balance, beginning of the year	304	219	-	247	218
Prior year adjustment (see note 43(b))	-	45	-	-	-
Balance, beginning of the year (Restated)	304	264	-	247	218
Charge during the year	1,622	1,736	1,697	1,613	1,665
Reclassification to discontinued operations	(5)		-	-	-
Reclassification to defined benefit obligation	(52)		-	-	-
Contribution remitted during the year	(1,738)	(1,696)	(1,478)	(1,729)	(1,636)
Balance, end of the year	131	304	219	131	247

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with employees' nominated Pension Fund Administrators.

(b) Defined benefit obligation

The Group has a defined benefit scheme where qualifying employees receive a lump sum payment based on the number of years served and gross salary on date of retirement.

The basis of determining the benefit due to an employee is as stated below:
(i) Less than 5 years of service: 12 weeks total emolument for each completed year of service.
(ii) 5 years but less than 15 years of service: 14 weeks total emolument for each completed year of service.
(iii) 15 years of service and above: 16 weeks total emolument for each completed year of service.

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

	Group Dec. 2013 ₦ million	Restated Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million	Bank Dec. 2013 ₦ million	Bank Dec. 2012 ₦ million
Present value of unfunded obligation	10,130	51,606	59,167	10,085	49,121
Present value of funded obligation	-	11,585	11,115	-	11,585
Total present value of the obligation	10,130	63,191	70,282	10,085	60,706
Fair value of plan assets	-	(11,585)	(11,115)	-	(11,585)
Present value of net obligation	10,130	51,606	59,167	10,085	49,121
Recognised liability for defined benefit obligations	10,130	51,606	59,167	10,085	49,121

(ii) The movement in present value of defined benefit obligation includes:

	Group Dec. 2013 ₦ million	Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million	Bank Dec. 2013 ₦ million	Bank Dec. 2012 ₦ million
Defined benefit obligation at 1 January	51,606	59,167	55,048	49,121	58,410
Prior year adjustment (see note 43(b))		1,979			
Balance, beginning of the year (Restated)	51,606	61,146	55,048	49,121	58,410
Benefits paid by the plan	(17,700)	(13,269)	(1,968)	(17,693)	(12,733)
Current service costs and interest	3,650	3,729	6,087	3,650	3,444
Curtailment	(2,240)	-	-	(2,240)	-
Actuarial gain	(5,521)	-	-	(5,521)	-
Reclassification to other liabilities	(17,232)	-	-	(17,232)	-
Reclassification from defined contribution scheme	52				
Reclassification to discontinued operations	(2,485)				
Defined benefit obligation at 31 December	10,130	51,606	59,167	10,085	49,121

(iii) Expense recognised in income statement

Current service costs and interest	1,410	3,729	6,087	1,410	3,444

The above expense is recognised as personnel expenses, see note 14.

(iv) Plan assets for funded obligations consist of the following

	Group Dec. 2013 ₦ million	Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million	Bank Dec. 2013 ₦ million	Bank Dec. 2012 ₦ million
Cash and bank balances	-	21	34	-	21
Money market investment	-	598	138	-	598
FRN development stock	-	-	-	-	-
Quoted entities	-	3,117	3,776	-	3,117
Investment properties	-	6,185	6,185	-	6,185
Unquoted entities	-	1,160	476	-	1,160
Debenture	-	4	4	-	4
Mixed fund	-	500	500	-	500
	-	11,585	11,113	-	11,585

(vi) The defined benefit obligation at the end of year represents the balance as actuarially determined by HR Consulting Nigeria Limited. The principal actuarial assumptions at reporting date, expressed as weighted averages, were:

	Group Dec. 2013	Group Dec. 2012	Group Jan. 2012	Bank Dec. 2013	Bank Dec. 2012
- discount rate	13.5%	13%	13%	13.5%	13%
- average rate of inflation	12%	10%	10%	12%	10%
- future salary increases	9%	12%	12%	9%	12%

Demographic assumptions:

Mortality in service

Assumptions regarding future mortality are based on published statistics and mortality tables in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

Sample age	Number of deaths in year out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Withdrawal from service

Age band	Rate
Less than or equal to 30	5.0%
31 - 39	4.0%
40 - 44	3.0%
45 - 60	0.0%

39 Other borrowed funds

	Group Dec. 2013 N million	Group Dec. 2012 N million	Group Jan 2012 N million	Bank Dec. 2013 N million	Bank Dec. 2012 N million
Due to CAC (see (a))	16,667	18,167	14,859	16,667	18,167
BOI on-lending facility (see note (b) below)	12,878	15,784	12,091	12,878	15,784
Other borrowings (see (c))	15,735	613	-	15,735	-
	45,280	34,564	26,950	45,280	33,951

(a) The amount of N18,167,000,000 represents an unsecured facility disbursed by the Central Bank of Nigeria (CBN), as part of its developmental role, in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Water Resources which established the Commercial Agriculture Credit Scheme for promoting agricultural enterprises in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agricultural enterprises at a maximum rate of 9.00% p.a.

(b) The amount represents an intervention credit granted to the Bank by the Bank of Industry *(BOI),* a company incorporated in Nigeria for the purpose of refinancing/ or restructuring existing loans to Small and Medium Scale Enterprises *(SMEs)* and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth N18.4 billion *(Dec. 2012: N14.4 billion)* and has a 15-year tenor and repayable quarterly.

A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

(c) Other borrowings of USD100 million represents a 3 year Medium Term Loan Facility from Standard Chartered Bank for general corporate and trade finance purposes. This loan is secured with FGN Bond with total face value of N19.5 billion.

40 Discontinued operations

(a) Profit for the year from discontinued operations

Profit for the year from discontinued operations represents the operating results of subsidiaries held for sale in line with management strategy to divest from non-banking subsidiaries.

The profit for the year from discontinued operations comprises:

	Group Dec.2013 ₦ million	Group Dec.2012 ₦ million
Gross income	**15,924**	**15,505**
Gross expense	**(17,296)**	**(16,975)**
Interest income	9,743	11,642
Interest expense	(3,465)	(3,075)
Net interest income	6,278	8,567
Net fee and commission income	1,104	947
Net trading income	507	(724)
Other operating income	3,882	2,659
Underwriting profit	688	672
Total operating income	6,181	3,554
Operating income	12,459	12,121
Net impairment loss on financial assets	(5,706)	(5,186)
Net operating income after net impairment loss on other financial assets	6,753	6,935
Personnel expenses	(3,053)	(4,544)
Depreciation and amortization	(695)	(668)
Other operating expenses	(4,377)	(3,502)
	(8,125)	(8,714)
Share of profit of equity accounted investee	-	309
Loss before tax from discontinued operations	(1,372)	(1,470)
Income tax expense	(866) -	1,294
Loss from discontinued operations (net of tax)	(2,238)	(2,764)

(b) Assets classified as held for sale

	Group Dec.2013	Group Dec.2012	Group Jan.2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	N million	₦ million	₦ million
Cash and cash equivalents	779	-	-	-	-
Investments in subsidiaries (See Note 26)	-	-	-	5,243	-
Non-pledged trading assets	991	-	-	-	-
Loans and advances to customers	9,719	-	-	-	-
Investment securities	26,715	-	-	-	-
Investment properties	5,494	-	-	-	-
Property and equipment	2,292	-	-	-	-
Intangible assets	323	-	-	-	-
Deferred tax assets	1,393	-	-	-	-
Other assets	3,978	84	807	-	84
	51,684	84	807	5,243	84
Impairment allowance	-	-	-	(2,869)	-
	51,684	84	807	2,374	84

(c) Liabilities for assets classified as held for sale

	Group Dec.2013	Group Dec.2012	Group Jan. 2012	Bank Dec.2013	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Deposits from customers	26,615	-	-	-	-
Liability on investment contract	1,143	-	-	-	-
Liability on insurance contract	3,689	-	-	-	-
Current tax liabilities	1,373	-	-	-	-
Deferred tax liabilities	305	-	-	-	-
Other liabilities	25,434	-	-	-	-
Retirement benefit obligations	614	-	-	-	-
Other borrowed funds	2,259	-	-	-	-
	61,432	-	-	-	-

In the opinion of the Directors, assets held for sale have been recognised at the lower of their carrying amount and fair value less costs to sell.

(d) Condensed results of discontinued operations

The condensed financial data of the discontinued operations as at 31 December 2013, are as follows

Statement of Comprehensive income	*Union Homes*	*Union Trustees*	*Union Assurance*	*Union Registrars*	*Union Capital*	*Intragroup adjustments*	*Group Total*
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Interest income	6,617	1,283	-	1,970	129	(256)	9,743
Interest expense	(3,463)	-	-	-	(3)	1	(3,465)
Net interest income	3,154	1,283	-	1,970	126	(255)	6,279
Impairment charge for credit losses	(4,989)	-	-	-	-	-	(4,989)
Net interest income after impairment charge for credit losses	(1,835)	1,283	-	1,970	126	(255)	1,290
Net fee and commission income	373	640	-	38	52	-	1,104
Net trading income	242	132	-	(14)	147	-	507
Other operating income	629	353	757	2,676	8	(542)	3,882
Underwriting profit	-	-	688	-	-	-	688
	1,244	1,125	1,446	2,700	207	(542)	6,180
Operating income	(591)	2,408	1,446	4,670	333	(797)	7,470
Net impairment loss on other financial assets	28	(1,101)	(567)	(777)	-	1,700	(717)
Net operating income after net impairment loss on other financial assets	(563)	1,307	879	3,893	333	903	6,753
Personnel expenses	(1,069)	(347)	(891)	(643)	(103)	-	(3,053)
Depreciation and amortisation	(384)	(14)	(185)	(95)	(17)	-	(695)
Other operating expenses	(1,283)	(187)	(2,061)	(750)	(87)	(9)	(4,377)
Total expenses	(2,736)	(549)	(3,137)	(1,488)	(207)	(9)	(8,126)
Share of profit of equity accounted investee	(19)	-	-	-	-	19	-
Profit/(loss) before income tax	(3,317)	759	(2,259)	2,405	126	913	(1,373)
Income tax	(28)	(190)	(261)	(360)	(27)	-	(866)
Profit/(loss) for the period	(3,345)	569	(2,520)	2,045	99	913	(2,239)

Condensed statement of financial position for discontinued operations

Statement of financial position	*Union Homes*	*Union Trustees*	*Union Assurance*	*Union Registrars*	*Union Capital*	*Intragroup adj*	*Total*
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS							
Cash and cash equivalents	71	1,196	1,062	3,513	1,642	(6,705)	779
Non-pledged trading assets	-	331	609	51	-	-	991
Pledged assets	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to customers	9,713	-	-	-	6	-	9,719
Investments in equity accounted investee	5,434	-		-	-	(5,434)	-
Investment securities	2,573	6,249	2,802	14,792	318	(19)	26,715
Assets held for sale	-	-	-	-	-	-	-
Trading properties	-	-	-	-	-	-	-
Investment properties	4,349	-	1,145	-	-	-	5,494
Investment in subsidiaries	-	-	-	-	-	-	-
Property and equipment	792	14	1,344	118	24	-	2,292
Intangible assets	205	-	97	21	-	-	323
Deferred tax assets	-	14	-	21	87	1,271	1,393
Other assets	349	1,216	2,079	366	4	(986)	3,028
Assets classified as held for sale and discontinued operations							
TOTAL ASSETS	23,486	9,020	9,138	18,882	2,081	(11,873)	50,734
LIABILITIES							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	30,006	-	-	-	-	(3,391)	26,615
Liability on investment contract	-	-	1,143	-	-	-	1,143
Liability on insurance contract	-	-	3,689	-	-	-	3,689
Current tax liabilities	116	179	361	646	71	-	1,373
Deferred tax liabilities	174	-	63	68	-	-	305
Other liabilities	3,838	5,455	1,132	15,386	1,038	(1,415)	25,434
Retirement benefit obligations	365	61	-	126	62	-	614
Other borrowed funds	2,259	-	-	-	-	-	2,259
TOTAL LIABILITIES	36,758	5,695	6,388	16,226	1,171	(4,806)	61,432

41 Capital and reserves

Share capital

		Group Dec. 2013	Group Dec. 2012	Bank Dec. 2013	Bank Dec. 2012
		₦ million	₦ million	₦ million	₦ million
(a)	Authorised :				
	19,023,125,000 Ordinary shares of 50 kobo each	9,512	9,512	9,512	9,512

		Group Dec. 2013	Group Dec. 2012	Bank Dec. 2013	Bank Dec. 2012
		₦ million	₦ million	₦ million	₦ million
(b)	Issued and fully paid -				
	16,935,806,472 Ordinary shares of 50kobo each	8,468	8,468	8,468	8,468

	Group Dec. 2013	Group Dec. 2012	Bank Dec. 2013	Bank Dec. 2012
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	8,468	8,468	8,468	8,468
Additions during the year	-	-	-	-
Balance, end of the year	8,468	8,468	8,468	8,468

(c) Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

	Group Dec. 2013	Group Dec. 2012	Bank Dec. 2013	Bank Dec. 2012
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the year	391,641	391,641	391,641	391,641
Premium on shares issued	-	-	-	-
Balance, end of the year	391,641	391,641	391,641	391,641
Share capital and share premium	**400,109**	**400,109**	**400,109**	**400,109**

(d) **Treasury shares**

Treasury shares represent the cost of 3,376,916 units *(December 2012: 4,546,249 units)* of the Bank's shares held by Union Registrars Limited and Union Trustees Limited as at 31 December 2013.

(e) **Other reserves**

The other reserves includes Statutory reserves, Fair value reserve, Regulatory risk reserves, Small and Medium Scale Industries Reserve *(SMEEIS)*, Contingency reserve, Capital reserve, Translation reserve and Excess Clawback reserve.

(i) **Statutory reserves:**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16*(1)* of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank made a total transfer of N766million *(December 2012: N1,178million)* to statutory reserves as at year end.

(ii) **Fair value reserve**

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments securities recognised in other comprehensive income.

(iii) **Regulatory risk reserve**

The regulatory risk reserve warehouses the difference between the impairment on loans and advances computed under the Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the incurred loss model used in calculating the impairment under IFRSs.

(iv) **Small and Medium Scale Industries Reserve *(SMEEIS)*:**
The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria *(CBN)* requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline *(amended by CBN letter dated 11 July 2006),* the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory and therefore no reserve was made during the year. The small and medium scale industries equity investment scheme reserves are non-distributable.

(v) **Contingency reserve:**
The contingency reserve is maintained to comply with the National Insurance Commission *(NAICOM)* requirement that insurance companies set funds aside to cover fluctuations in securities and variations in statistical estimates. The contingency reserves shall be credited with an amount not less than 3 per centum of the total premium or 20 per centum of the net profits *(whichever is greater)* and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or 50 per centum of the premiums (whichever is greater) for a non-life insurance company and an amount equal to 1 percent of the gross premiums or 10 percent of the profits (whichever is greater) and accumulated until it reaches the amount of the minimum paid-up capital for a life assurance company.

(vi) **Capital reserve**
Capital reserve warehouses the nominal value of shares cancelled during the capital reconstruction exercise that occurred during the financial year ended December 2012.

(vii) **Translation reserve**
Translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations.

(viii) **Excess Capital Clawback**
Under the recapitalisation plan of the Bank executed in 2011, the Asset Management Corporation of Nigeria *(AMCON)* provided Financial Accommodation to bring the Bank's Completion Net Assets Value *(NAV)* to zero.

The Financial Accommodation provided by AMCON exceeded the Bank's Completion NAV of zero, calculated as at 31 December 2011, by N14.918 billion. In line with the Clawback Rights Agreement (CRA) and the recapitalisation plan, this excess amount is refundable to AMCON and was recognised as distribution to AMCON being a shareholder.

(f) **Retained deficit**
Retained deficit represents the carried forward income net of expenses plus current period profit attributable to Group's shareholders.

42 Non-controlling Interest

Movement in the non controlling interest	Group Dec. 2013 ₦ million	Group Dec. 2012 ₦ million	Group Jan. 2012 ₦ million
Balance, beginning of the year	4,979	5,346	6,996
Loss for the year	(1,621)	(2,947)	(4,883)
Increase/(dimunition) in non controlling interest	4,118	2,580	3,233
Dividend paid to minority interest	(314)	-	-
Balance, end of the year	7,162	4,979	5,346

43 Prior period restatements and changes in accounting policies
The table below presents the summary of quantitative impacts of the prior period restatements and changes in accounting policies on the results of the Group for the year ended 31st December 2012

Statement of comprehensive income

	Group					Bank Dec		
	Group Dec.2012	Prior year restatement	New Accounting policies	Reclassification	Group Dec.2012	Bank Dec.2012	New Accounting policies	Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Interest income	92,956	4,075	-	(11,642)	85,389	81,229	-	81,229
Interest expense	(25,669)	-	-	3,075	(22,594)	(22,617)	-	(22,617)
Net interest income	67,287	4,075	-	(8,567)	62,795	58,612	-	58,612
Impairment charge for credit losses	(682)	(4,075)	-	3,208	(1,549)	550	-	550
Net interest income after impairment charge for credit losses	66,605	-	-	(5,359)	61,246	59,162	-	59,162
Net fee and commission income	10,345	-	-	(947)	9,398	8,903	-	8,903
Net trading income	(27)	-	-	724	697	538	-	538
Other operating income	8,848	-	-	(2,659)	6,189	5,814	-	5,814
Underwriting profit	672	-	-	(672)	-	-	-	-
	19,838	-	-	**(3,554)**	**16,284**	15,255	-	15,255
Operating income	**86,443**	-	-	**(8,913)**	**77,530**	**74,417**	-	**74,417**
Net impairment loss on other financial assets	(2,196)	-	-	1,978	(218)	(80)	-	(80)
Net operating income after net impairment loss on other financial assets	**84,247**	-	-	**(6,935)**	**77,312**	**74,337**	-	**74,337**
Personnel expenses	(42,423)	-	(4,681)	4,544	(42,560)	(36,654)	(4,681)	(41,335)
Depreciation and amortisation	(4,952)	-		668	(4,284)	(4,175)	-	(4,175)
Other operating expenses	(29,662)	-		3,502	(26,160)	(25,389)	-	(25,389)
Total expenses	(77,037)	-	(4,681)	8,714	(73,004)	(66,218)	(4,681)	(70,899)
Share of profit of equity accounted investee	1,850	(1,507)		(309)	34	-	-	-
Profit before income tax	**9,060**	**(1,507)**	**(4,681)**	**1,470**	**4,342**	8,119	(4,681)	3,438
Income tax expense	(1,685)	-		1,294	(391)	(268)	-	(268)
Profit for the year	**7,375**	**(1,507)**	**(4,681)**	**2,764**	**3,951**	**7,851**	**(4,681)**	**3,170**

	Group					Bank Dec		
	Group Dec.2012	**Prior year restatement**	**New Accounting policies**	**Reclassification**	**Group Dec.2012**	**Bank Dec.2012**	**New Accounting policies**	**Bank Dec.2012**
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Discontinued operations								
Gross income from discontinued operations	-	-	-	15,505	15,505	-	-	-
Gross expense from discontinued operations	-	-	-	(16,975)	(16,975)	-	-	-
Loss before tax from discontinued operations	**-**	**-**		**(1,470)**	**(1,470)**	-	-	-
Income tax expense from discontinued operations	-	-		(1,294)	(1,294)	-	-	-
Loss for the year from discontinued operations	**-**	**-**		**(2,764)**	**(2,764)**	-	-	-
Continuing and discontinued operations:								
Profit before tax	9,060	(1,507)	(4,681)	-	2,872	8,119	(4,681)	3,438
Income tax	(1,685)	-	-	-	(1,685)	(268)	-	(268)
Profit after tax	**7,375**	**(1,507)**	**(4,681)**	**-**	**1,187**	**7,851**	**(4,681)**	**3,170**
Other comprehensive income, net of income tax								
Remeasurement of defined benefit liability	-	-	4,681	-	4,681	-	4,681	4,681
Impact on EPS for profit attributable to equity holders of Bank	61	(9)	(28)	-	24	46	(27.64)	18.72

Statement of financial position

	Group Dec.2012	**Prior year restatement**	**New Accounting policies**	**Reclassification**	Restated Group Dec.2012	Bank Dec.2012	**New Accounting policies**	Restated Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS								
Cash and cash equivalents	200,260	-	-	-	200,260	142,938	-	142,938
Non-pledged trading assets	1,895	-	-	-	1,895	867	-	867
Pledged assets	44,503	-	-	-	44,503	44,503	-	44,503
Derivative assets held for risk manage	78	-	-	-	78	-	-	-
Loans and advances to customers	164,931	(8,557)	-	4,295	160,669	136,982	-	136,982
Investments in equity accounted inves	15,242	(9,685)	-	-	5,557	91	-	91
Investment securities	313,754	-	-	662	314,416	280,449	-	280,449
Trading properties	6,971	-	-	-	6,971	2,282	-	2,282
Investment properties	19,296	-	-	(6,152)	13,144	-	-	-
Investment in subsidiaries	-	-	-	-	-	17,445	-	17,445
Property and equipment	48,466	-	-	-	48,466	45,137	-	45,137
Intangible assets	921	-	-	134	1,055	522	-	522
Deferred tax assets	95,349	-	-	3,005	98,354	95,875	-	95,875
Other assets	121,297	-	-	(1,471)	119,826	119,293	-	119,293
	1,032,963	(18,242)	-	473	1,015,194	886,384	-	886,384
Assets classified as held for sale	84	-	-	-	84	84	-	84
TOTAL ASSETS	1,033,047	(18,242)	-	473	1,015,278	886,468	-	886,468

	Group Dec.2012	**Prior year restatement**	**New Accounting policies**	**Reclassification**	Restated Group Dec.2012	Bank Dec.2012	**New Accounting policies**	Restated Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
LIABILITIES								
Derivative liabilities	78	-	-	-	78	-	-	-
Deposits from banks	45,112	-	-	-	45,112	3,500	-	3,500
Deposits from customers	522,443	-	-	-	522,443	482,005	-	482,005
Liability on investment contract	803	-	-	-	803	-	-	-
Liability on insurance contract	2,691	-	-	-	2,691	-	-	-
Current tax liabilities	2,317	-	-	(5)	2,312	495	-	495
Deferred tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	180,755	(2,169)	-	(2,405)	176,181	145,478	-	145,478
Retirement benefit obligations	49,886	-	-	2,024	51,910	49,368	-	49,368
Other borrowed funds	34,564	-	-	-	34,564	33,951	-	33,951
TOTAL LIABILITIES	838,649	(2,169)	-	(386)	836,094	714,797	-	714,797

	Group Dec.2012	Prior year restatement	New Accounting policies	Reclassification	Restated Group Dec.2012	Bank Dec.2012	New Accounting policies	Restated Bank Dec.2012
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
EQUITY								
Share capital and share premium	400,109	-	-	-	400,109	400,109		400,109
Treasury shares	(65)	-	-	-	(65)	-		-
Capital reconstruction reserve	-			-	-	-		-
Retained deficit	(265,747)	(9,685)	(4,681)	5,813	(274,300)	(269,035)	(4,681)	(273,716)
Other Reserves	55,122	(6,388)	4,681	(4,954)	48,461	40,597	4,681	45,278
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK	189,419	(16,073)	-	859	174,205	171,671	-	171,671
Non-controlling interest	4,979	-	-	-	4,979	-		-
TOTAL EQUITY	194,398	(16,073)	-	859	179,184	171,671	-	171,671
TOTAL LIABILITIES AND EQUI	1,033,047	(18,242)	-	473	1,015,278	886,468	-	886,468

(a) Prior year restatements

Prior year restatements comprise the following:

(i) Restatement to share of profit of equity accounted investee

This restatement relates to the reversal of prior periods' carrying value of investment in an associated entity - Consolidated Discounts Limited (CDL) previously equity accounted. During the year there was a regulatory intervention in CDL as a result of fraudulent financial reporting in relation to prior years which resulted in the shareholders losing their investment in the company.

The effect of the restatement on these financial statements as at 31 December 2012 is shown as follows:.

Impact on line items of statement of comprehensive income

	Effect on 2012 Group
	₦ million
(Decrease) in share of profit of equity	(1,507)

Impact on line items of statement of financial position

	Effect on 2012 Group
	₦ million
(Decrease) in investment in equity	(9,685)
(Decrease) in retained earnings	(9,685)

The net impact of the restatement on the Group's basic and diluted earnings per share is an earnings loss per share of 9 kobo.

(ii) *Restatement to interest income, net interest income and impairment charge*
This restatement relates to the correction of the erroneous set off *(debit)* of interest in suspense on loans and advances in respect of the consolidated balances of a subsidiary company against specific impairment on loans in the consolidated financial statements and a credit recognised in the Group's regulatory risk reserve *(RRR)* and other liabilities which reduced the Group's loan loss allowance in the balance sheet and increased the RRR *(Non-distributable reserves)* and other liabilities.

The financial statements have been restated to correct this erroneous classification. The effect of the restatement on these financial statements is summarised as follows:.

Impact on line items of statement of comprehensive income	**Effect on 2012 Group**
	₦ million
Increase in interest income	4,075
Increase in impairment charge for credit losses	(4,075)
Net impact on profit after tax	-

This restatement has a nil impact on basic and diluted earnings per share

Impact on line items of statement of financial position	**Effect on 2012 Group**
	₦ million
Increase in specific impairment allowance on loans	8,557
Decrease in regulatory risk reserve	(6,388)
Decrease in other liabilities	(2,169)

(b) ***New Accounting policies***
(i) *Accounting for employee benefits*
As a result of IAS 19 *(2011)* effective 2013 , the Group has changed its accounting policy with respect to the basis for determining the income or expense relating to its defined benefit plans. The new amendment requires that actuarial gain/losses resulting from remeasurement of defined benefit obligations be recognised in other comprehensive income rather than profit or loss.

	Effect on 2012 Group	**Effect on 2012 Bank**
	₦ million	₦ million
Increase in personnel cost	4,681	4,681
Increase in other reserves	4,681	4,681

(c) ***Reclassification***
Reclassification comprises the following;
(i) *Application of the provisions of IFRS 5 on Non-current assets held for sale and discontinued operations*
During the year ended 31 December 2013, the Board of Directors approved the Bank's Regulation 3 Compliance Plan to divest from all non-banking business activities within the Group. Consequently, the financial results of Union Homes Savings and Loans Plc, Union Assurance Company Limited, Union Registrar Limited, Union Trustees Limited and Union Capital Limited for both the current year and prior year have been presented as results from discontinued operations; and the assets and liabilities of these entities as at 31 December 2013 has been separately shown as *"assets classified as held for sale"* and *"liabilities classified as held for sale"* respectively in the statement of financial position.

(ii) *Prior year reclassification*
Certain prior year balances on the statement of financial position have been properly reclassified during the year in order to correctly reflect the comparatives for each of these line item

44 Events after the balance sheet date

Subsequent to year end, the Bank has completed the sales process of two of its subsidiaries – Union Capital Limited and Union Assurance Company Limited. As at the date of issuing these financial statements, the Bank was in the process of fulfilling the Conditions Precedent required to conclude the sale of both companies.

45 Contingencies

(a) Litigations and claims

The Group in the ordinary course of business is currently involved in 639 litigation cases *(December 2012: 597 cases)*. The Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending or threatened claims and litigations besides those included in the above number.

There are contingent liabilities in respect of legal actions against the Bank for amounts totalling N138 billion *(December 2012: N138 billion)* for which provisions amounting to N1.6 billion *(December 2012: N4.7 billion)* have been made. The actions are being vigorously contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provision made in the financial statements.

(b) Contingent liabilities and commitments

The Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

(c) Provision Clawback

Under a Clawback Rights Agreement *(CRA)* executed among the Bank, Union Global Partners Limited *(UGPL)* and Asset Management Corporation of Nigeria *(AMCON)* as part of the recapitalisation program of the Bank, if specified provisions that were in the books of the Bank as at 31 December 2011 do not crystalise and/or are not utilised in settlement of intended obligations within 5 years from December 2011, the extent of the provisions which do not crystalise and/or are not utilised shall be refunded to AMCON. The refund is on the ground that the Financial Accomodation provided by AMCON to bring the Bank's Completion Net Assets Value (NAV) to zero funded those provisions.

46 Acceptances, bonds, guarantees and other obligations for the account of customers

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the Group was N69.64 billion *(December 2012: N46.5 billion)*.

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

	Group Dec. 2013	Group Dec. 2012	Group Dec. 2012	Bank Dec. 2013	Bank Dec. 2012
	₦ million	₦ million	₦ million	₦ million	₦ million
Performance bonds and guarantees	41,596	44,450	74,406	41,596	44,450
Letters of credit	12,226	2,062	25,302	12,226	2,062
Bankers Acceptances	-	-	920		-
Fx-sold spot	15,816	-	-	15,816	-
	69,638	46,512	100,628	69,638	46,512

47 Customers' complaints

The Bank in its ordinary course of business received 3,489 complaints *(2012: 1312)* as at December 31, 2013. The details of the complaints are illustrated in the table below:

Description	Dec 2013	Dec 2012
Unresolved brought forward	120	-
Complaints received	3,489	1,312
Complaints resolved	3,455	1,921
Complaints unresolved	154	120

The total amount resolved was N12,755,095,104.75 *(2012: N4,083,449,443.48)* while the total disputed amount in cases which remain unresolved stood at N5,760,698,856.88 *(2012: N117,065,485,544.45)*. No complaints were referred to the Central Bank of Nigeria (CBN) for intervention during the year *(2012: nil)*.

The Directors are of the opinion that these outstanding complaints will be ultimately resolved. The Bank has a total provision of N2.58 billion *(2012: N2.54 billion)* for these complaints.

48 Related party transactions

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, placements and off balance sheet transactions. The volumes of related-party transactions, outstanding balances at the year-end was as follows:

(i) **Parent**
The parent company, which is also the ultimate parent company, is Union Bank Plc of Nigeria.

(ii) **Subsidiaries**
Transactions between Union Bank of Nigeria Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management personnel includes close members of family of key personnel and any entity over which key management personnel exercises control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank and its subsidiaries.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the year:

Loans and advances:	Dec. 2013	Dec. 2012
	₦ million	₦ million
Loans and advances (see note (a) below)	13,764	9,083
Total loans and advances	13,764	9,083

The status of performance of each facility is as shown below:

(a) Secured loans and advances

Borrower	*Relationship*	*Facility Type*	*Amount*	*Status*
			₦ million	
Emeka Emuwa	Group Managing	Takeover Loan	8	Performing
Adewale Oyinkansade	Executive Director	Mortgage Loan	65	Performing
Akin Ishola	Former Executive	Term Loan	1	Performing
C. J. Omoijiade	Director, Union Homes	Term Loan/Overdraft	2	Performing
Union Homes Savings and Loans	Subsidiary	Overdraft	1,552	Lost
Notore Chemicals Industries Ltd	Former Director	Fcy Term Loan	7,352	Watchlist
Sailand Nig. Ltd	Former Director	Overdraft	25	Non performing
Swift Networks Ltd	Non-Executive Directors	Term Loan	4,000	Performing
Swift Networks Ltd	Non-Executive Directors	Overdraft	759	Performing
			13,764	

Key management personnel compensation for the year comprises:

	Dec. 2013	Dec. 2012
	₦ million	₦ million
Salaries, short term benefits and pensions	662	1,066
Other allowances and benefits	11	105
Fees as directors	260	20
	933	1,191

Transactions with shareholders

During the year ended 31 December 2013, the following transactions ensued between the Bank and the Asset Management Corporation of Nigeria (AMCON), one of the shareholders of the Bank:

	Dec. 2013	Dec. 2012
	₦ million	₦ million
Due from AMCON	7,447	47,696
Due to AMCON	21,791	29,999
Interest income earned from AMCON	1,960	5,487
Interest expense paid to AMCON	4,427	6,368

49 Compliance with banking regulations

Details of the banking regulation which the Bank contravened during the year was as follows:

	Banking Legislation	Nature of transaction	Penalties ₦ million
(a)	TED/FEM/FPC/GEN/01/110 of July 8 2009	Crediting WDAS winning 86/2012 of 12 November, 2012 totalling $1,000,000 to trading account (auto purchases) instead of the FEM Main account	2
(b)	TED/FEM/FPC/GEN/01/016 of July 5 2012	Non utilisation of WDAS within 2 working days	2
(c)	Assessment Criteria for Approved Persons Regime for Financial Institutions dated June 21, 2011	Appointments/promotions to top management positions without prior approval from the CBN. This covers appointments made between 2006 and 2011.	104
(d)	CBN Guideline on Disbursement of funds under the BOI Intervention Fund	Late return to CBN in respect of funds for Gemini Pharmaceuticals Limited	25
(e)	BSD/DIR/GEN/LAB/06/034 of July 25, 2013	Wrong classification of public sector account	2
			135

50 Current/non-current classification

The following table shows the analysis of the Group's financial assets and liabilities and on the basis of their current/ non-current classification.

Group	31 December 2013			31 December 2012		
	Carrying amount	Current	Non-current	Carrying amount	Current	Non- current
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS						
Cash and cash equivalents	100,925	100,925	-	200,260	200,260	-
Non-pledged trading assets	2,847	2,847	-	1,895	1,713	182
Pledged assets	65,167	5,787	59,380	44,503	17,243	27,260
Derivative assets held for risk management	-	-	-	78	78	-
Loans and advances to customers	229,542	158,400	71,142	160,669	88,049	72,620
Investments in equity accounted investee	25	-	25	5,557	-	5,557
Investment securities	289,353	198,277	91,076	314,416	207,901	106,515
Trading properties	4,747	-	4,747	6,971	-	6,971
Investment properties	16,413	-	16,413	13,144	-	13,144
Investment in subsidiaries	-	-		-	-	-
Property and equipment	45,527	-	45,527	48,466	-	48,466
Intangible assets	808	-	808	1,055	-	1,055
Deferred tax assets	95,889	-	95,889	98,354	-	98,354
Other assets	99,829	15,814	84,015	119,826	52,517	67,309
	951,072	482,050	469,022	1,015,194	567,761	447,433
Assets classified as held for sale	51,684	51,684	-	84	84	-
TOTAL ASSETS	1,002,756	533,734	469,022	1,015,278	567,845	447,433

Group

	31 December 2013			31 December 2012		
	Carrying amount	Current	Non-current	Carrying amount	Current	Non- current
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
LIABILITIES						
Derivative liabilities held for risk managemer	-	-	-	78	78	-
Deposits from banks	46,794	46,794	-	45,112	45,112	-
Deposits from customers	482,706	482,666	40	522,443	522,443	-
Liability on investment contract	-	-	-	803	269	534
Liability on insurance contract	-	-	-	2,691	364	2,327
Current tax liabilities	534	534	-	2,312	2,312	-
Other liabilities	156,406	127,777	28,629	176,181	136,663	39,518
Retirement benefit obligations	10,261	10,261	-	51,910	51,910	-
Other borrowed funds	45,280	8,146	37,134	34,564	-	34,564
	741,981	676,178	65,803	836,094	759,151	76,943
Liabilities classified as held for sale	61,432	61,432	-	-		
TOTAL LIABILITIES	803,413	737,610	65,803	836,094	759,151	76,943

Bank

	31 December 2013			31 December 2012		
	Carrying amount	Current	Non-current	Carrying amount	Current	Non- current
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS						
Cash and cash equivalents	53,141	53,141	-	142,938	142,938	-
Non-pledged trading assets	2,847	2,847	-	867	685	182
Pledged assets	65,167	5,787	59,380	44,503	17,243	27,260
Loans and advances to customers	210,118	129,339	80,779	136,982	73,493	63,489
Investments in equity accounted investee	16	-	16	91	-	91
Investment securities	290,377	202,489	87,888	280,449	173,934	106,515
Trading properties	1,930	-	1,930	2,282		2,282
Investment in subsidiaries	12,892	-	12,892	17,445	-	17,445
Property and equipment	45,351	-	45,351	45,137	-	45,137
Intangible assets	685	-	685	522	-	522
Deferred tax assets	95,875	-	95,875	95,875	-	95,875
Other assets	101,324	18,489	82,835	119,293	52,551	66,742
	879,723	412,092	467,631	886,384	460,844	425,540
Assets classified as held for sale	2,374	2,374	-	84	84	-
TOTAL ASSETS	882,097	414,466	467,631	886,468	460,928	425,540
LIABILITIES						
Deposits from banks	3,200	3,200	-	3,500	3,500	-
Deposits from customers	479,956	479,956	-	482,005	482,005	-
Current tax liabilities	472	472	-	495	495	-
Other liabilities	155,189	126,606	28,583	145,478	111,488	33,990
Retirement benefit obligations	10,216	10,216	-	49,368	49,368	-
Other borrowed funds	45,280	8,146	37,134	33,951	-	33,951
	694,313	628,596	65,717	714,797	646,856	67,941

Value Added Statement
For the year ended 31 Dec 2013

Group:

	Dec. 2013 ₦ million	%	Dec. 2012 ₦ million	%
Gross earnings	121,403		116,869	
Group share of associate's profit	(4)		343	
Interest expenses	(27,041)		(25,669)	
	94,358		91,543	
Net impairment loss on financial assets	(22,508)		(6,953)	
	71,850		84,590	
Bought in materials and services	(25,307)		(34,874)	
Value added	46,543	100	49,716	100
Distribution:				
Employee				
- Employees as personnel expenses	39,652	85	42,560	86
Government				
- Taxation	(67)	(0)	1,685	3
Retained in the Group				
- For replacement of property and equipment and intangible assets	3,122	7	4,284	9
- Profit for the year (including non controlling interests)	3,836	8	1,187	2
	46,543	100	49,716	100

Bank:

	Dec. 2013 ₦ million	%	Dec. 2012 ₦ million	%
Gross earnings	103,225		96,484	
Interest expenses	(23,918)		(22,617)	
	79,307		73,867	
Net impairment loss on financial assets	(18,420)		470	
	60,887		74,337	
Bought in materials and services	(15,107)		(25,389)	
Value added	45,780	100	48,948	100
Distribution:				
Employee				
- Employees as personnel expenses	38,519	84	41,335	84
Government				
- Taxation	(920)	(2)	268	1
Retained in the Group				
- For replacement of property and equipment and intangible assets	3,060	7	4,175	9
- Profit for the year	5,121	11	3,170	6
	45,780	100	48,948	100

Financial summary

Group

STATEMENT OF FINANCIAL POSITION	IFRS Dec. 2013 ₦ million	Restated Dec. 2012 ₦ million	Restated Dec. 2011 ₦ million	Dec. 2010 ₦ million
ASSETS				
Cash and cash equivalents	100,925	200,260	239,013	150,811
Non-pledged trading assets	2,847	1,895	5,863	9,516
Pledged assets	65,167	44,503	69,694	51,019
Derivative assets held for risk management	-	78	-	-
Loans and advances to customers	229,542	156,375	166,172	198,296
Investments in equity-accounted investee	25	5,557	75	6,588
Investment securities	289,353	313,754	269,666	343,091
Trading properties	4,747	6,971	-	-
Investment properties	16,413	19,296	29,133	21,960
Property and equipment	45,527	48,466	50,533	58,229
Intangible assets	808	921	600	522
Deferred tax assets	95,889	95,349	95,349	68,403
Other assets	99,829	121,297	120,364	86,744
Assets classified as held for sale	51,684	84	807	1,404
	1,002,756	**1,014,806**	**1,047,269**	**996,583**
LIABILITIES				
Share capital	8,468	8,468	8,468	6,755
Share premium	391,641	391,641	391,641	53,023
Reserves	(207,928)	(226,762)	(219,790)	(187,161)
Non-controlling interest	7,162	4,979	5,346	6,996
Derivative financial instrument	-	78	-	-
Deposits from banks	46,794	45,112	62,214	97,045
Deposits from customers	482,706	522,443	500,973	646,186
Liability on investment contract	-	803	569	225
Liability on insurance contract	-	2,691	2,644	2,734
Current tax liabilities	534	2,317	2,668	4,198
Other liabilities	156,406	178,587	206,200	161,775
Deferred tax liabilities	-	-	-	-
Retirement benefit obligations	10,261	49,886	59,386	55,048
Other borrowed funds	45,280	34,564	26,950	149,759
Liabilities included in discontinued operations	61,432	-	-	-
	1,002,756	**1,014,806**	**1,047,269**	**996,583**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	IFRS Dec. 2013 ₦ million	Restated Dec. 2012 ₦ million	Dec. 2011 ₦ million
Net operating income	81,903	79,079	50,789
Group share of associates' profits	(4)	34	952
Exceptional item	-	-	-
Impairment losses on financial assets	(16,802)	(1,767)	(69,528)
	65,097	77,346	(17,787)
Operating expenses	(59,956)	(73,004)	(89,897)
Profit before tax	**5,141**	**4,342**	**(107,684)**
Taxation	933	(391)	25,133
Profit after tax	**6,074**	**3,951**	**(82,551)**
Profit for the year from discontinued operations	(2,238)	(2,764)	-
Profit for the period	3,836	1,187	(82,551)
Non-controlling interest	(1,621)	(2,947)	(4,883)
Profit attributable to equity holders	**5,457**	**4,134**	**(77,668)**
Earnings/(Loss) per share (basic)	32k	24k	(1266)k
Earnings/(Loss) per share (adjusted)	32k	24k	(1266)k

Bank

STATEMENT OF FINANCIAL POSITION	IFRS Dec. 2013	Dec. 2012	Dec. 2011	Dec. 2010
	₦ million	₦ million	₦ million	₦ million
ASSETS				
Cash and cash equivalents	53,141	142,938	84,658	52,309
Non-pledged trading assets	2,847	867	2,851	7,385
Pledged assets	65,167	44,503	69,694	51,019
Loans and advances to customers	210,118	136,982	144,358	172,140
Investments in equity-accounted investee	16	91	75	75
Investment securities	290,377	280,449	246,725	324,845
Assets classified as held for sale	2,374	84	807	1,404
Trading properties	1,930	2,282	-	-
Investment properties	-	-	-	-
Investment in subsidiaries	12,892	17,445	19,279	16,697
Property and equipment	45,351	45,137	46,567	53,827
Intangible assets	685	522	109	33
Deferred tax assets	95,875	95,875	95,875	68,944
Other assets	101,324	119,293	116,155	89,927
	882,097	**886,468**	**827,153**	**838,604**
LIABILITIES				
Share capital	8,468	8,468	8,468	6,755
Share premium	391,642	391,641	391,641	53,023
Reserves	(212,326)	(228,438)	(221,207)	(202,813)
Deposits from banks	3,200	3,500	1,580	32,028
Deposits from customers	479,956	482,005	399,775	598,922
Current tax liabilities	472	495	1,358	2,609
Other liabilities	155,189	145,478	159,960	143,204
Retirement benefit obligations	10,216	49,368	58,628	54,119
Other borrowed funds	45,280	33,951	26,950	150,757
	882,097	**886,468**	**827,153**	**838,604**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	IFRS Dec. 2013	Restated Dec. 2012	Dec. 2011
	₦ million	₦ million	₦ million
Net operating income	79,307	73,867	39,942
Exceptional item	-	-	-
Impairment losses on financial assets	(18,420)	470	(69,367)
	60,887	74,337	(29,425)
Operating expenses	(56,686)	(70,899)	(73,208)
Profit before tax	**4,201**	**3,438**	**(102,633)**
Taxation	920	(268)	25,922
Profit after tax	**5,121**	**3,170**	**(76,711)**
Earnings/(Loss) per share (basic)	30k	19k	(1251)k
Earnings/(Loss) per share (adjusted)	30k	19k	(1251)k

The financial information presented above reflects historical summaries based on International Financial Reporting Standards. Information related to prior periods has not been presented as it is based on a different financial reporting framework (Nigerian GAAP) and is therefore not directly comparable.

UNION BANK IN NIGERIA

ABIA STATE

1. Aba-Factory Road
1, Factory Road
P.M.B. 7106, Aba
Tel: 07019914247-50

2. 2nd Factory Road
2, Factory Road
Railway Goods' Shed, Aba
Tel: 07019914251-2

3. Aba-Faulks Road
Maobison Tower
34, Faulks Road, Aba
Tel: 07019914259-60

4. Aba-Market Road
58 Azikiwe Road
P. M. B. 7127, Aba
Tel: 07019914261-4

5. Aba-Main
17, Port Harcourt Road, Aba
Tel: 07019914275-6

6. Abayi
Merchandise House
21 Aba-Owerri Road
P. M. B. 7359, Aba
Tel: 07019914255-6

7. Ariaria Market
228, Faulks Rd. Ariaria Market
Ariara - Aba
P. M. B. 7515, Aba
Tel: 07019914271-2

8. Arochukwu
Barracks Road, Arochukwu
P. M. B. 542, Arochukwu
Tel: 07019914273-4

9. Ngwa-Road
49a Ngwa Road, Aba
P. M. B. 7552, Aba
Tel: 07019914257-8

10. Ohafia
Presbyterian Mission Hilltop
Arochuckwu/Ohafia Road
Elu, Ohafia
Tel: 07019914265-6

11. Umuahia
No 10 Library Avenue
P. M. B. 1195, Umuahia
Tel: 07019914267-70

12. Umudike
National Root Crop Research
Institute Premises
Umuahia-Ikot Ekpene Road
Umudike-Ikwuano LGA
P. M. B. 7081, Umuahia
Tel: 07019914245-6

13. Umuocham
Merchandise House
121 Aba-Owerri Road
P. M. B. 7359, Aba
Tel: 07019914253-4

ADAMAWA STATE

14. Demsa
Yola Road, Demsa
P. M. B. 0032, Demsa
Tel: 07019914619-20

15. Guyuk
Ghakawo Road
P. M. B. 104, Guyuk, Adamawa
Tel: 07019914625-6

16. Gyawana
Off Numan Gombe Road
Gyawana
Tel: 07019914627-8

17. Jada
Ganye Road
Jada, Adamawa
Tel: 07019914629-30

18. Mayo-belwa
Along Zing Road Mayo-Belwa
P. O. Box 5, Jalingo Road,
Adamawa State
Tel: 07019914623-4

19. Michika
Bama Road Opposite Nitel Office
P. M. B. 1022
Michika, Adamawa State
Tel: 07019914621-2

20. MUBI
Ahmadu Bello Way
P. M. B. 27, Mubi Adamawa
Tel: 07019914617-8

21. Yola Main
2, Aminu Mustapha Way
P. M. B. 2005
Jimeta, Yola
Tel: 07019914613-6

AKWA IBOM STATE

22. Abak
28 Hospital Road
P. M. B. 1145 Abak
Tel: 07019914116-7

23. Eket
1, Grace Bill Road
P. M. B. 31, Eket
Tel: 07019914100-03

24. Ete
1 IkotAbasi Road
Ete Junction,
P. M. B. 049 Ikot Abasi
Tel: 07019914096-7

25. Ikot-Abasi
1, Ibekwe Road
P. M. B. 1046
Ikot Abasi
Tel: 07019914098-9

26. Ikot-Edibon
Nsit Ubium L.G.A.
C/O P. M. B. 1065, Ikot Edibon, Eket
Tel: 07019914112-3,

27. Ikot-Ekpene
Plot B, Bank Layout,
Opp. Old Stadium Road.
Ikot Ekpene
Tel: 07019914114-5

28. Okopedi
Uyo/Oron Rd. Okobo Local Govt.
Area
Tel: 07019914108-9

29. Qua Iboe Terminal *(QIT)*
Exxon Mobil Terminal Ibeno
P.M.B. 1090, Ibeno
Tel: 07019914118-9

30. Uyo
15 Abak Road
P.M.B. 1084, Uyo
Tel: 07019914104-7

31. 2ND Uyo
Plot Banking Estate
Udo Udoma Avenue
Opposite AKS House of Assembly,
Uyo
Tel: 07019914110-11

ANAMBRA STATE

32. Abagana
Orofia Village/Olympic
Factory Premises
P.O.Box 2005
Umudum Village, Abagana
Tel: 07019914186-7

33. Ajalli
P.M.B. 1010, Ajalli
Orumba North L.G.A.
Tel: 07019914188-9

34. Awka
Old Enugu Onitsha Road
P.M.B. 500, Awka
Tel: 070199190-93

35. Enugu-Ukwu
Umueze Awobu Village
Old Enugu/Onitsha Road
P.M.B. 3005
Enugu-Ukwu
Tel: 07019914202-3

36. **Igbo Ukwu**
Ekwulobi/Nnewi Road
P M B 2, Igbo Ukwu
Tel: 07019914204-5

37. **New Market Road, Nkpor**
34, New Market Road, Nkpor
Anambra State
Tel: 07019914224-5

38. **Nkpor**
21, Park Lane
New Auto Parts Market
Tel: 07019914234-5

39. **Nkpor Junction**
33, New Market Road, Nkpor
P.M.B. 1807 Onitsha
Tel: 07019914230-31

40. **Nnewi Main**
Edo Ezennewi Rd,
P.M.B. 4, Nnewi
Tel: 07019914196-9

41. **Nnewi (Oraifite)**
138, Nkwo Market
Nnewi
Tel: 07019914200-01

42. **Edo Ezemewi, Nnewi**
2, Edo Ezemeri Road
Nnewi
Tel: 07019914206-7

43. **Oko**
Ekwulobia-Umunze Road
Ezioko Village, P.M.B. 20
Aguata
Tel: 07019914194-5

44. **Onitsha-Ajaegbueze Street**
1, Ajaegbu Eze Street
Off Ozomagala Street
Onitsha
Tel: 07019914216-7

45. **Bridge Head Atani Road**
3, Atani Road
P.M.B. 007, Fegge - Onitsha
Tel: 07019914228-9

46. **Onitsha-Niger Bridgehead**
41,Uga Street Fegge
P.M.B. 1565, Onitsha
Anambra State
Tel: 07019914226-7

47. **Onitsha-Bright Street**
1, Bright Street
P.M.B. 1520, Onitsha
Tel: 07019914222-3

48. **Ogidi**
Building Materials Market
Ogidi
Tel: 07019914232-3

49. **Onitsha-New Market**
18, New Market Road
P.M.B. 1500, Onitsha
Tel: 07019914218-9

50. **Venn Road, Onitsha**
33, New Market/Venn Road,
North Onitsha
P.O.Box 1790, Onitsha
Tel: 07019914220-1

51. **Upper Iweka**
By Nigerian Police Officers Wives
Market, POWA Plaza,
Onitsha
Tel: 07019914236-7

BAUCHI STATE

52. **Yandoka By Pass, Bauchi**
Tel: 07019914682-3

53. **Commercial Road, Bauchi**
18, Commercial Road
P.M.B. 002, Bauchi
Tel: 07019914672-5

54. **Misau**
Kano Kari road,
Misau, Bauchi
Tel: 07019914684-5

BAYELSA STATE

55. **Yenagoa Main**
204 Mbioma Yenagoa Road
P.M.B. 68, Yenagoa
Tel: 07019914002-05

56. **Ovom**
70, Mbiama/Yenagoa Road
Yenegoa
Tel: 07019914006-07

BENUE STATE

57. **Aliade**
Gboko Road, Aliade (Gwer LGA)
P.M.B. 1005, Aliade
Tel: 07019914732-3

58. **Gboko**
Market Road Gboko
P.M.B. 21, Gboko
Tel: 07019914726-7

59. **Ogiri Oko**
3A, Ogiri-Oko Road,
Opp. Police Hq. Makurdi
Tel: 07019914740-41

60. **Bank Road**
Opposite Ministry of Works,
Makurdi
Tel: 07019914728-9

61. **Makurdi Main**
Oturkpo Road
P.M.B. 102025, Makurdi
Tel: 07019914722-25

62. **Oju**
Secretariat Road
P.M.B. 2001, Oju
Tel: 07019914730-31

BORNO STATE

63. **Baga**
Lawanti Road, Baga
Kukawa Local Govt Area, Borno
P.M.B. 1006,
Tel :07019914658-9

64. **Gamboru-Ngala**
Gamboru- Ngala
Ngala Local Govt Area
Maiduguri, Borno State.
Tel: 07019914656-7

65. **Kwaya-Kusar**
Gombe Road, Maiduguri
Tel: 07019914660-61

66. **Kirikasama**
13, Kirikasama Road
P.M.B. 1585, Maiduguri
Tel: 07019914662-3

67. **Maiduguri**
Sir Kashim Ibrahim Road
P.M.B. 1006, Maiduguri
Tel: 07019914646-9

CROSS RIVER STATE

68. **Calabar Main**
12 Calabar road
Calabar, Cross River
Tel: 07019914134-7

69. **Akamkpa**
Calabar – Ikom Highway
Akamkpa, Cross River State
P.M.B. 1012, Calabar
Tel: 07019914138-9

70. **Calabar Free Trade Zone**
Calabar Free Trade Zone
Calabar
P.M.B. 1255, Calabar
Tel: 07019914132-3

71. **Ogoja**
25A Mission Road
P.M.B. 111, Igoli Ogoja,
Calabar
Tel: 07019914128-9

72. **Tinapa**
Tinapa Business Resort,
Calabar
Tel: 07019914130-31

DELTA STATE

73. **Agbor**
9 Old Lagos/Asaba Road
Agbor
Tel: 07019914044-5

74. Asaba Main
119 Nnebisi Road
P.M.B. 1003, Asaba
Tel: 07019914036-9

75. Nnebisi Asaba
318/319, Nnebisi Road
Tel: 07019914040-43

76. Effurun Main
35 Effurun/Sapele Road
P.M.B. 5, Effurun
Tel: 07019914020-21

77. Effurun 2
126, Effurun/Sapele Road
P.O. Box 1036
Tel: 07019914030-31

78. Ibusa
137,Umejei Road, Ibusa
P.M.B. 1002, Ibusa
Tel: 07019914046-7

79. Ogwashi-Uku Branch
2, Local Government Road
P M B 1031
Tel: 07019914048-9

80. Oghara
111 Oghara/Ajagbodudu Road
P.O. Box 120, Oghara
Tel: 07019914028-9

81. Oleh
111 Emore Road
Isoko South LGA
P.M.B. 15, Oleh
Tel: 07019914034-5

82. Ovwian/Aladja
34 Udu Road
Ovwian Aladja
Tel: 07019914032-3

83. Sapele Main
5, Yoruba Road
P.M.B. 4003, Sapele
Tel: 07019914024-5

84. Ughelli
Patani Road
P.M.B. 9, Ughelli
Tel: 07019914022-3

85. Warri Main
6, Warri/Sapele Road
P.O. Box 422, Warri
Tel: 07019914016-9

86. Warri-Airport Road
60, Airport Road, Warri
Tel: 07019914026-7

EBONYI STATE

87. Abakaliki
1, Ogoja Road
P.M.B. 12, Abakaliki
Tel: 07019914150-53

88. Uburu-Ohaozara
Okposi Road,
Ohaozara Local Govt. Area
Ebonyi State
Tel: 07019914174-5

EDO STATE

89. Agbor Road
60, Agbor Road
P.M.B. 18
Benin City
Tel: 07019914044-5

90. Airport Road
74, Airport Road
P.M.B. 1215
Benin City
Tel: 07019914086-7

91. Akpakpava
85, Akpakpava Street
Benin City
Tel: 07019914062-3

92. Akpakpava Main
96, Akpakpava Street
P.M.B. 1114, Benin City
Tel: 07019914068-71

93. Auchi
31 Warrake Road
P.M.B. 18, Auchi
Tel: 07019914074-5

94. Dawson Road
33, Dawson Road
P M B 1244
Benin City
Tel: 07019914064-5

95. Ekpoma
7, Royal Market Road
P.M.B. 29, Ekpoma
Tel: 07019914082-3

96. Igueben
1, Ralph Oboh Road
P.M.B. 1, Igueben
Tel: 07019914080-81

97. Iguobazuwa
7, Forestry Road
P.M.B. 1019
Benin City
Tel: 07019914084-5

98. Iruekpen
Benin/Auchi Road
P.O. Box 20, Iruekpen
Tel: 07019914078-9

99. Mission Road
5/7 Mission Road
P.M.B. 1019, Bein City
Tel: 07019914058-61

100. Benin-Lagos Road (Ugbowo)
224, Ugbowo/New Benin-Lagos
Road, P.M.B. 005
Benin City
Tel: 07019914072-3

101. Uromi
13, Unity Road, Uromi
P.M.B. 6, Uromi
Tel: 07019914076-7

EKITI STATE

102. Ado-Ekiti
No 8, Ijigbo Street
P.M.B. 5310
Ado-Ekiti
Tel: 07019914874-7

103. Ado-Ekiti-Fajuyi Road
1, Adekunle Fajuyi Road,
Opp. State Police Command
Tel: 07019914902-03

104. Igede-Ekiti
King Street
Ado-Ekiti Road
P.M.B. 03, Igede-Ekiti
Tel: 07019914888-9

105. Ilawe-Ekiti
1, Iro Street
P.M.B. 7, Ilawe Ekiti
Tel: 07019914890-91

ENUGU STATE

106. Agbani
Akpugo Road.
P.O. Box 98, Agbani
Tel: 07019914454-5

107. Emene
No. 19 Abiriba Street,
Emene Industrial Layout, Enugu
P.M.B. 1001, Emene
Tel: 07019914156-7

108. Garden Avenue
3, Garden Avenue
P.M.B. 1711, Enugu
Tel: 07019914146-9

109. 9th Mile Corner Ngwo
Enugu Road 9th Mile Ngwo
P.M.B. 1, Ngwo
Tel: 07019914168-9

110. Nsukka Branch
Afrihub Centre
University of Nigeria Nsukka
Nsukka LGA
Tel: 07019914176-7

111. Ogbede
Igbo Etiti Local Govt Area Secretariat
P.M.B. 5003, Ogbede
Tel: 07019914172-3

112. Ogbete Market Enugu
Ogbete Main Market Enugu
P.M.B. 1492 Enugu
Tel: 07019914158-9

113. Okpara Avenue
8 Okpara Avenue, Enugu
Okpara Avenue
P.M.B. 1119, Enugu
Tel: 07019914162-5

114. 2nd Okpara Avenue
19/55, Okpara Avenue
Enugu
Tel: 07019914166-7

115. Ogui Road
21 Ogui-Road
P.M.B. 1010, Enugu
Tel: 07019914160-61

116. Zik Avenue
58, Zik Avenue
Near Kenyatta Market
Uwani – Enugu
Tel: 07019914170-71

FEDERAL CAPITAL TERRITORY

117. Abuja Federal Secretariat
Block A, Hall A35 Ground Floor
Bullet Building
Federal Secretariat, Abuja
Tel: 07019914772-3

118. Abuja *(NASS)*
National Assembly Annex
3 Arm Zone, Maitama District
Abuja
Tel: 07019914762-3

119. Abuja-Cadastral
Plot 399, UTB Close
Off Mohammadu Buhari Rd.
Central Business District Abuja
Tel: 07019914768-71

120. Head Office Annexe
Plot 787, Bank Road
Off Tafawa Balewa Road
Central Business District
Abuja
Tel: 07019914764-5

121. Abuja Main
No 7 Hadejia Close,
by Fsakari Crescent Area 3, Garki
P.M.B. 35, Abuja FCT
Tel: 07019914745-8

122. Abuja UAC
UAC Building
Plot 272/273 Central Business District
Abuja
Tel: 07019914779-82

123. Area 8, Abuja
6, Ogbomosho Street
Area 8, Garki, Abuja
Tel: 07019914760-1

124. Area 10, Abuja
Gidan Isa
Plot 2104, Moshood Abiola Road
Area 10, Garki, Abuja
Tel: 07019914783-6

125. Dei Dei
Dei-Dei Market, Abuja
Tel: 07019914789-90

126. Maitama District
Plot 2793, Aguiyi Ironsi Street
By British Council
Maitama District, Abuja
Tel: 07019914758-9

127. Wuse II
Plot 1259 Aminu Kano Crescent
Wuse II, Abuja
Tel:07019914787-8

GOMBE STATE

128. Bajoga
Gombe-Potiskum Road, Bagoja
P.M.B. 03
Tel: 07019914680-81

129. Gombe
Biu Road,
P.M.B. 2 Gombe
Tel: 07019914678-9

130. Talasse
Tula Road,
Tallase Gombe
Tel: 07019914686-7

IMO STATE

131. Abba
77 Douglas Road
P.M.B. 1, Abba Nkwerre
Via Orlu, Imo State
Tel: 07019914296-7

132. Aboh-Mbaise
Ogbor Oboama Ezinihitte,
Mbaise
Tel: 07019914292-3

133. Anara
Anara Town, Orlu Road
Anara, Isiala Mbano LGA
Tel: 07019914300-01

134. Imo Concord
Imo Concord Hotel Complex
Port Harcourt Road
Owerri
Tel: 07019914298-9

135. Okigwe
103 Owerri Road, Okigwe
Tel: 07019914302-3

136. Orlu
4, Bank Road
P.M.B. 12, Orlu
Tel: 07019914290-91

137. Owerri
77 Douglas Road
P.M.B. 1031, Owerri
Tel: 07019914284-7

138. 2nd Owerri
23 Port Harcourt Road
P.M.B. 1181
Owerri
Tel: 07019914294-5

139. 3rd Owerri
Plot 19, Ikenegbu Layout
Okigwe Road
Owerri
Tel: 07019914288-9

JIGAWA STATE

140. Dutse
Sani Abacha Way, Yadi Dutse,
P.M.B. 7002, Dutse
Tel: 07019914600-03

141. Hadejia
2, Ringim Road
P.M.B. 0018, Hadejia
Tel: 07019914604-5

KADUNA STATE

142. Ahmadu Bello Way
7/8 Ahmadu Bello Way
P.M.B. 2094, Kaduna
Tel: 07019914520-21

143. J7 Ahmadu Bello Way
J7, Ahmadu Bello Way
P.M.B. 2407, Kaduna
Tel: 07019914522-3

144. Jaji
ICS Quarters
Jaji Military Cantonment
Tel: 07019914526-7

145. Kaduna South
Kachia Road, Kakuri
P.M.B. 2112, Kaduna
Tel: 07019914506-9

146. Mogadishu
Plot C8, Mogadishu Layout
Kaduna
Tel: 07019914524-5

147. Moh'd Buhari Way
4 Major General Muhammadu
Buhari Way, NNIL Building
Kaduna
Tel: 07019914518-9

148. PPMC Kaduna
16 Kachia Road PPMC *(NNPC)*
Kaduna
Tel: 07019914528-9

149. Samaru
1 Sokoto Road, Opp. ABU Main Gate
P.M.B. 1001, Samaru
Tel: 07019914516-7

150. Yakubu Gowon Way
Yakubu Gowon Way, Opp. CBN
P.M.B. 2081, Kaduna
Tel: 07019914510-13

151. Zaria (Main)
2 Circular Road, PZ GRA
P.M.B. 1001, Zaria
Tel: 07019914514-5

KANO STATE

152. Ado Bayero Road
48E Ado Bayero Road
P.M.B. 3033, Kano
Tel: 07019914572-5

153. Bank Road
4 Bank Road
P.M.B. 3007, Kano
Tel: 07019914568-71

154. Bello Road
145, Bello Road
P.M.B. 3476, Kano
Tel: 07019914606-7

155. Bompai Road
3, Bompai Road, Kano
Tel: 07019914598-9

156. Challawa
Industrial Layout
P.M.B. 3564, Kano
Tel: 07019914596-7

157. Doguwar Giginya
2 Bank Road,
Doguwa L.G.A Kano
Tel: 07019914580-81

158. Hotoro
40, Maiduguri Road
Opposite NNPC Depot
Kano
Tel: 07019914582-3

159. Murtala Mohammed Way
71, Murtala Mohammed Way
Yankura Area
P.M.B. 12755, Kano
Tel: 07019914578-9

160. Post Office Road
18B, Post Office Road
Kano
Tel: 07019914594-5

161. Sharada
Industrial Estate
Phase 1 Sharada
P.M.B. 3296, Kano
Tel: 07019914592-3

162. Zoo Road
7B, Zoo Road
P.M.B. 3075, Kano
Tel: 07019914576-7

KATSINA STATE

163. Funtua
Katsina Road,
Opposite Upper Sharia Court of Appeal,
GRA Funtua Town
P.M.B. 6001, Funtua
Tel: 07019914489-90

164. Jibia
Kaura Namoda/Jibia Road
P.M.B. 2044, Katsina
Tel: 07019914491-2

165. Katsina Main
18 Trading Area, Nagogo Road
P.M.B. 2012, Katsina
Tel: 07019914495-6

166. Katsina-Yahaya Madaki Way
Magudu House Annex, Yaya Madaki
P.M.B. 2167, Katsina
Tel: 07019914493-4

KEBBI STATE

167. Bagudo
Opposite Motor Garage
Bagudo, Kebbi
Tel: 07019914558-9

168. Birnin Kebbi
Haliru Abdul Way
Opposite General Hospital
P.M.B. 1010, Birnin Kebbi
Tel: 07019914546-9

169. Jega
4, Mohammed Dado Street
P.M.B. 9004
Jega, Kebbi
Tel: 07019914552-3

170. Yelwa
Bank Road
P.M.B. 1002, Yelwa-Yauri
Yauri, kebbi
Tel: 07019914550-51

KOGI STATE

171. Ajaokuta
Road 6, Geregu Campus Ajaokuta
Tel: 07019914854-5

172. Egume
Egume Town Road,
Opposite Onu Palace
P.M.B. 1003, Egume, Kogi State
Tel: 07019914876-7

173. Idah
Ayegba Omaldoko Road, Idah
P.M.B. 007, Idah, Kogi
Tel: 07019914848-9

174. Murtala Mohammed Way Lokoja
Opp. Obasanjo Square
P.M.B. 14, Lokoja
Tel: 07019914850-53

175. IBB Way Lokoja *(low density)*
Plot 495 IBB Way,
Lokoja
Tel: 07019914856-7

176. Okene
22, Lafia Street
Okene, Kogi
Tel: 07019914860-61

177. Okengwe
Ihima Road, Okengwe
P.M.B. 1027, Okene, Kogi
Tel:07019914846-7

KWARA STATE

178. Bacita
22 Ahmadu Pategi Road
P.M.B. 106, Bacita
Tel: 07019914836-7

179. Bode Saadu
Sabo Area
P.M.B 004, Bode Saadu
Tel: 07019914834-5

180. Ilorin Market
173 Abdul Azeez
Attah Road, Surulere
P.M.B. 1533, Ilorin
Tel: 07019914820-21

181. Lafiagi
Emir's Road
P.M.B. 85, Lafiagi
Tel: 07019914830-31

182. Murtala Mohammed Way
67 Murtala Mohammed Way
P.M.B. 1347, Ilorin
Tel: 07019914818-9

183. Offa
60-62 Olofa Way, Offa
P.M.B. 401, Offa-Kwara State
Tel: 07019914824-5

184. Omu Aran
Aperan Way
P.M.B. 1010, Omu Aran
Tel: 07019914826-7

185. Oro
Oyelagbawo Road, Oke Ola,
P.M.B. 308, Oro
Tel: 07019914828-9

186. Unilorin
254 Umar Saro Road
Sawmill Area
P.M.B. 1347, Ilorin
Tel: 07019914822-3

187. **Pategi**
New Market Road
c/o P.M.B. 106, Bacita
Tel: 07019914832-3

LAGOS STATE

188. **Adeniji Adele**
183B, Adeniji Adele Road
Lagos
Tel: 07019914363-4

189. **Agbara**
Agbara Industrial Estate
P.M.B. 1163
Tel: 07019913929-30

190. **Agege**
118 Ipaja Road, Shofunde Agege
P.M.B. 21084, Agege
Tel: 07019914400-03

191. **Agidingbi**
Lateef Jakande Road
Agidingbi, Ikeja
Tel: 07019914475-6

192. **Ajah**
Shops H119-122, H155-158
Ikota Shopping Complex
Lekki – Epe Express Road
Ajah
Tel: 07019914346-7

193. **Alaba Market (New)**
Shop F453
Alaba International Market
Alaba, Lagos
Tel: 07019913945-6

194. **Alaba Int. Market**
1, Afeff Road
Alaba, Lagos
Tel: 07019913941-2

195. **Allen Avenue**
39, Allen Avenue
P.M.B. 21779, Ikeja
Tel: 07019914469-70

196. **Amuwo Odofin**
1A Old Ojo Road
Maza Maza
Amuwo Odofin
P.M.B. 006, Festac Town
Tel: 07019913912-3

197. **Apapa-Creek Road**
16, Burma Road, Apapa
Tel: 07019913916-9

198. **Apapa-Tin Can Island Port**
Tin Can Island Port, Apapa
Island Complex
P.M.B. 1147, Apapa, Lagos
Tel: 07019913910-11

199. **Apapa-Eleganza Plaza**
1, Commercial Road, Apapa
Tel: 07019913914-5

200. **Apapa-Wharf Road**
32, Wharf Road, Apapa,
P.M.B. 1172, Apapa
Tel: 07019913902-5

201. **Apapa-Yinka Folawiyo Avenue**
27, Yinka Folawiyo Avenue
P.M.B. 1166, Apapa
Tel: 07019913896-9

202. **Awolowo Road, Ikoyi**
77, Awolowo Road
P.O. Box 2, Ikoyi
Tel: 07019914312-5

203. **Badagry**
42 African Church Street
P.M.B. 1002, Badagry
Tel: 07019913931-2

204. **Balogun Square**
34 Balogun Street
P.M.B. 2356, Lagos
Tel: 07019914347-4

205. **Broad Street**
118/120 Broad Street
Broad Street, Lagos
Tel: 07019914381-2

206. **131 Broad Street**
Broad Street, Lagos
P.M.B. 2002 Lagos
Tel: 07019914369-72

207. **Davies Street**
4, Davies Street
Marina
Tel: 07019914383-4

208. **Dopemu**
26, Shasha Road, Akowonjo
Dopemu
Tel: 07019914410-11

209. **Ebute Metta**
Mainland Hotel Building
P.M.B. 1007, Ebute Metta
Tel: 07019914437-40

210. **Ebute Metta**
6, Herbert Macaulay Way
Ebute Metta
Tel: 07019914473-4

211. **Egbe**
64, Isolo/Ikotun Road
Egbe, Lagos
Tel: 07019914430-31

212. **Falomo-Marble House**
1, Alfred Rewane Road, Marble House,
Falomo Round-about, Lagos
Tel: 07019914316-19

213. **Federal Secretariat**
Ikoyi Federal Secretariat Complex
Alagbon Close, Ikoyi Lagos
Tel: 07019914328-9

214. **Festac Town**
Plot 1327B, 32 Road
3rd Avenue, Festac
Tel: 07019913943-4

215. **Idi-Araba**
Lagos University Teaching Hospital
Compound Idi-Araba
P.M.B. 1127, Mushin
Tel: 07019914406-9

216. **Idimu**
40, Ikotun/Idimu Road, Ikotun
Tel: 07019914404-5

217. **Idumota-Docemo**
6, Idoluwo Street, Idumota
Tel: 07019914387-8

218. **Iganmu**
Eric Moore Road
P.M.B. 3006, Surulere
Tel: 07019913906-9

219. **Ijesha-Tedo**
62, Adesina Street, Ijesha-Tedo
Surulere, Lagos
Tel: 07019914412-3

220. **Ijora**
6 Ijora Causeway
P.M.B. 5053, Lagos
Tel: 07019913900-01

221. **Iju**
169 Iju Road, Fagba
P.M.B. 21081, Agege, Lagos
Tel: 07019914414-5

222. **Ikeja**
Plot 16, Oba Akran Avenue
P.M.B. 21064, Ikeja
Tel: 07019914481-3

223. **Ikeja, Obafemi Awolowo Way**
Alfa House
Plot 166, Obafemi Awolowo Way
Agidingbi Junction, Ikeja
Tel: 07019914471-2

224. **Ikorodu**
62, Lagos Road
Beside Ragolis Water Ltd
Tel: 07019914457-8

225. **Foreshore Towers**
Foreshore Towers
2A, Osborne Road
Ikoyi
Tel: 07019914334-5

226. **Ilupeju**
25, Ilupeju Industrial Avenue
Ilupeju Industrial Estate
P.M.B. 21091, Ikeja
Tel: 07019914453-6

227. Isolo
Plot 8, Block K, Isolo Industrial Estate
Apapa Oshodi Express Way
P.M.B. 1123, Mushin
Tel: 07019914461-2, 07019914472-3

228. Kakawa
21/23 Kakawa Street
P.M.B. 12076, Lagos
Tel: 07019914365-8

229. Ketu
549 Ikorodu Road
Ketu, Lagos
Tel: 07019914426-7

230. Ladipo
90, Ladipo Road, Matori
P.M.B. 1170, Mushin
Tel: 07019914418-9

231. Lawanson
123 Itire Road
Surulere, Lagos
Tel: 0107019914459-60

232. Lewis Street
61 Lewis Street, Lagos
Tel: 07019914320-21

233. Head Office Branch - Marina
1st Floor Stallion Plaza
36 MARINA, P.M.B. 2027
GPO Marina, Lagos
Tel: 07019914393-4, 07019914970-71

234. Moloney
6, Moloney Street, Obalende
P.O. Box 3425, Lagos
Tel: 07019914377-80

235. Mushin
131, Agege Motor Road
P.M.B 1014 ,Mushin
Tel: 07019914420-21

236. Obalende
13/15, Nojim Maiyegun Road
Obalende, Lagos
Tel: 07019914336-7

237. Obun-Eko
6/8 Obun Eko Street, Idumota
P.O. Box 2008, Lagos
Tel: 07019914375-6

238. Ogba
Acme Road Rales, Glass House, Ogba
P.M.B. 2159, Ikeja
Ogba Industrial Estate
P.M.B. 21559, Ikeja
Tel: 07019914463-4

239. Ogudu
Binukonu Market, Ogudu Road
Ogudu GRA, Ojota
Tel: 07019914422-3

240. Oil Estate, Lekki
2 Chevron Drive, Lekki Pennisula
Km 20, Lagos/Epe Express Way
P.M.B. 80032, Victoria Island
Tel: 07019914348-51

241. Ojomu
By Eti-Osa Local Govt. Council
Lekki/Epe Expressway
P.M.B. 80032, Lekki
Tel: 07019914352-3

242. Oke Arin
Lagos Island Shopping Complex
34, John Street, Lagos
Tel: 07019914385-6

243. Sanusi Olusi, Oke-Arin
109B, Alakoro Street,
Oke-Arin Market, Lagos
Tel: 07019914389-90

244. Okokomaiko
405 Lagos/BadagryExpressway
Opposite PPL B/Stop
Okokomaiko, Lagos
P.M.B. 0201
Festac Post Office, Lagos
Tel: 07019913933-4

245. Oregun
Plot G, Ikosi Road
P.M.B. 21455, Ikeja
Tel: 07019914465-8

246. Orile
36B, Coker Street
Awaye House, Odunade Bus-stop
Badagry Expressway
Orile Iganmu, Lagos
Tel: 07019913920-21

247. Oshodi
18A, Oshodi-Apapa Expressway,
Oshodi, Lagos
Tel: 07019914424-5

248. Otta
152/154, Idi-Iroko Road
Ojuore Otta
Tel: 07019914416-7

249. Palms Plaza Shopping Mall
Shop Number 34/35
Palms Shopping Mall
1, British International School Way
Lekki, Lagos
Tel: 07019914342-3

250. Pen Cinema
Stro House
4, Iju Road, Pen Cinema
Agege, Lagos
Tel: 07019914428-9

251. Seme Border
Bank Road, Seme
Tel: 07019913935-6

252. Shomolu
Adebowale House,
150 Ikorodu Road, Onipanu
P.M.B. 40, Shomolu
Tel: 07019914449-52

253. Surulere
3, Western Avenue
P.M.B. 3002
Surulere
Tel: 07019914441-4

254. Tinubu Square
19, Tinubu Square
P.M.B. 12040, Lagos
Tel: 07019914359-62

255. Trade Fair Complex
Olusegun Obasanjo Hall
P.M.B. 003, Festac Town
Tel: 07019913937-8

256. Aspamda Main Gate
Zone B, ASPAMDA Main Gate
Lagos International Trade Fair
Tel: 07019913939-40

257. Atiku Abubakar
BBA, Atiku Abubakar Hall
Trade Fair Complex *(BBA)*
Lagos Badagry Expressway
Tel: 07019913949-50

258. J. Anyi Plaza *(BBA)*
New BBA, J. Anyi Plaza
2, Chief Okey Ezeibe Street
Trade Fair Complex
Lagos Badagry Expressway
Tel: 07019913947-8

259. Victoria Island
PC33 Adeola Hopewell Street
Victoria Island, Lagos
Tel: 07019914324-7

260. Victoria Island-Adeola Odeku
Plot 97, Ahmadu Bello Way,
Victoria Island
Tel: 07019914322-3

261. Victoria Island-Adeyemo Alakija
29, Adeyemo Alakija Street
Off Idowu Taylor Street
Victoria Island, Lagos
Tel: 07019914340-41

262. Victoria Island-Ajose Adeogun
275, Ajose Adeogun Street
P.M.B 80022; Victoria Island
Tel: 07019914338-9

263. Victoria Island-Oyin Jolayemi
1668B, Oyin Jolayemi Street
Victoria Island, Lagos
Tel: 07019914330-33

264. Yaba
349 Herbert Macaulay Street
P.M.B. 1002, Sabo, Yaba
Tel: 07019914445-8

NASARAWA STATE

265. Lafia
Jos Road, Lafia
Tel: 07019914734-7

266. Awe
Court Road Sabon Gari, Awe
Tel: 07019914738-9

267. Karu
New Nyanyan Keffi Road
Tel: 07019914791-2

NIGER STATE

268. Agaie
Bida Road
P.M.B. 3, Bida
Tel: 07019914806-7

269. Bida
9 Lemu Road
P.M.B. 3, Bida
Tel: 07019914804-5

270. Minna
Bank Street, Minna
P.M.B. 22, Minna
Tel: 07019914798-801

271. Paiko
Minna/Suleja Road
P.M.B. 22, Minna
Tel: 07019914808-9

272. Suleja
G.R.A. Suleja
P.M.B. 22, Suleja
Tel: 07019914802-3

OGUN STATE

273. Abeokuta
Plot B, Commercial Bank Site
Onikolobo Road, Ibara
P.M.B. 3030, Abeokuta
Tel: 07019914924-7

274. Ijebu-Ode
15 Ibadan Road
P.M.B. 2003, Ijebu-Ode
Tel: 07019914922-3

275. 2nd Ijebu Ode
56 Ibadan Road
Ijebu Ode
Tel: 07019914938-9

276. Ilaro
1, Thomas Isola Akinola Crescent
P.M.B. 05, Ilaro
Tel: 07019914930-31

277. Iwopin
Borode Street, Iwopin, Water Side
P.M.B. 2032, Ijebu-Ode
Tel: 07019914934-5

278. Ogere
27 Abeokuta Road, Ogere Remo
P.M.B. 12, Iperu Remo
Tel: 07019914932-3

279. Sagamu
High Court Junction
2, Oba Awolesi Erinwole Road
Dual Carriage Way
P.M.B. 2033, Shagamu
Tel: 07019914928-9

ONDO STATE

280. Akure-Oba Adesida Road
9, Oba Adesida Street
Akure
Tel: 07019914884-5

281. Akure Main
Alagbaka Street
P.M.B. 625, Akure
Tel: 07019914870-3

282. Akure Market
37 Ilemo Street, off Oba Adesida Road
P.M.B. 710, Akure
Tel: 007014880-81

283. Idanre
135 Broad Street
P.M.B. 513, Idanre
Tel: 07019914892-3

284. Ilutitun
50, Bank Road Ilutitun Osoro
P.M.B. 001, Ilutitun
Tel: 07019914882-3

285. Ita-ogbolu
66 Main Road
P.M.B. 26, Ita-Ogbolu
Tel: 07019914894-5

286. Ode Irele
1, Olofin Street
P.O. Box 26, Ode-Irele
Tel: 07019914886-7

287. Ondo
Ododibo Street
P.M.B. 502, Ondo
Tel: 07019914878-9

OSUN STATE

288. Erin-Ijesa
47 Toso Akinleye Street
P.M.B. 5043, Ilesa
Tel: 07019914908-9

289. Ifewara
11, Enuwa Square, Ifewara
P.O.Box 51, Ifewara
Tel: 07019914910-11

290. Ikirun
4, Inisha Road
P.M.B. 5205, Ikirun
Tel: 07019914906-7

291. Ile-Ife
63, Iremo Road
P.M.B. 5509, Ile-Ife
Tel: 07019914896-7

292. Ilesa
Ereja Square
P.M.B. 5079, Ilesa
Tel: 07019914904-5

293. Osogbo
2/4 Obafemi Awolowo,
Gbongan/Ibadan Road
P.M.B. 4342, Osogbo
Tel: 07019914898-9, 07019914900-01

OYO STATE

294. Ibadan-Agodi Roundabout
Agodi Roundabout Secretariat
P.M.B. 55144, Ibadan
Tel: 07019914943-4

295. Ibadan Bank Road
Dugbe, P.M.B. 5176
Ibadan
Tel: 07019914942-3

296. Ibadan-Challenge
Challenge Round About
P.M.B. 5655, Ibadan
Tel: 07019914946-7

297. Ibadan-Dugbe
3, Lebanon Street
Dugbe, Ibadan
Tel: 07019914950-51

298. Ibadan-Iwo Road
90, Iwo Road
Ibadan
Tel: 07019914960-61

299. Ibadan-Lebanon Street
76, Lebanon Street
P.M.B. 5083, Ibadan
Tel: 07019914936-7

300. Ibadan-New Gbagi Market
New Ife Road
P.M.B. 57, Ibadan
Tel: 07019914954-5

301. Ibadan-University College Hospital *(UCH)*
P.M.B. 5412, Ibadan
Tel: 07019914948-9

302. Iseyin
Adjacent Ebedi Market
Oyo Road Barracks
P.M.B. 1003, Iseyin
Tel: 07019914956-7

303. Ogbomosho
Col. Adeniran's House
P.M.B. 3592, Ogbomosho
Tel: 07019914958-9

304. Oyo
Owode Street
P.M.B. 1073, Oyo
Tel: 07019914952-3

PLATEAU STATE

305. Bank Street
7, Bank Road
P.M.B. 2029, Jos
Tel: 07019914696-9

306. Doemak
Quaan Pan Local Govt Area, Doemak
P.O. Box 252, Shendam or
P.M.B. 1003, Gindiri
Tel: 07019914710-11

307. Gindiri
Angwan Pada, Gindir Mangu LGC
Tel: 07019914708-9

308. Jengre
Saminaka Road, Jengre
P.O. Box 2045, Jos
Tel: 07019914712-3

309. Jos-Murtala Muhammed Way
48, Murtala Muhammed Way, Jos
Tel: 07019914706-7

310. Jos Main Market
28 Rwang Pam Street
P.M.B. 2131, Jos
Tel: 07019914700-01

311. Langtang
Pankshin/Shendam Road
P.M.B. 002, Langtang
Tel: 07019914702-3

312. Panyam
Pankshin Road, Panyam
P.M.B. 05, Pankshin
Plateau State
Tel: 07019914704-5

RIVERS STATE

313. Bonny
10 Finima Road
P.O. Box 144, Bonny
Tel: 07019913958-9

314. Bori
No.1 Bank Road, Bori
Tel: 07019913982-3

315. Eleme Petro Chemical Complex, Eleme
P.M.B. 13, Nchia Eleme
Eleme LGA
Tel: 07019913964-5

316. Port Harcourt-Aba Road
171D, Aba Road
P.M.B. 5186, Port Harcourt
Tel: 07019913994-5

317. Port Harcourt-Aba Road
180, Aba Road
Port Harcourt
Tel: 07019914000-1

318. Port Harcourt-Ikwerre Road
45, Ikwerre Road
Port Harcourt
Tel: 07019913992-3

319. Port Harcourt-Ikwerre Road
101, Ikwerre Road
Port Harcourt
Tel: 07019913998-9

320. Port Harcourt-Kingsway Road
12 Azikiwe Road
P.O. Box 5886, Port Harcourt
Tel: 07019913970-73

321. Port Harcourt-Orije
28 Aba Road
P.O. Box 5404, Port Harcourt
Tel: 07019913974-7

322. Port Harcourt-Oyigbo
52, Location Road, Oyigbo
P.M.B. 5211, Port Harcourt
Tel: 07019914008-9

323. Port Harcourt-Station Road
P.M.B. 5005 Port Harcourt
Tel: 07019913966-9

324. Port Harcourt-Trans Amadi
Plot 468, Trans Amadi
Industrial Layout
P.M.B. 5496, Port Harcourt
Tel: 07019913978-81

325. PPMC Eleme
PPMC Depot Alesa,
Eleme
Tel: 07019913962-3

326. NAFCON Onne *(Agency)*
NAFCON Complex
P.O. Box 653
Port Harcourt
Tel: 07019913960-61

327. CTL Emporium, PH *(Agency)*
c/o PH Oyigbo Branch
Woji Street PH
Tel: 070199164-5

SOKOTO STATE

328. Isa
Sokoto Road
Isa LGA
Tel: 07019914556-7

329. Sokoto Main
2, Ahmadu Bello Way
P.M.B. 2117, Sokoto
Tel: 07019914538-9; 07019914540-41

330. Sokoto Market
Sokoto Market Road
By KofarDoya *(Western Gate)*
P.M.B. 2410, Sokoto
Tel: 07019914554-5

TARABA STATE

331. Bali
Opposite Bali Local Govt.
Secretariat
P.M.B. 1026, Jalingo, Taraba State
Tel: 07019914639-40

332. Donga
Danzomga Way
P.M.B. 1020, Donga, Taraba
Tel: 07019914633-6

333. Ibi
Wukari-Shendam Road,
Wukari Taraba
P.M.B. 005, Ibi
Tel: 07019914637-8

334. Jalingo
17, Hamaruwa Way, Taraba
P.M.B. 1026, Jalingo
Tel: 07019914631-2

YOBE STATE

335. Damaturu
Potiskum Road
P.M.B. 1065, Damaturu
Tel: 07019914652-3

336. Gashua
Along Nguru Road, Gashua
Damaturu
Tel: 07019914650-51

ZAMFARA STATE

337. Gusau
Bank Road
P.M.B 1001, Gasau, Zamfara
Tel: 07019914542-5

PROXY FORM
UNION BANK OF NIGERIA PLC
45TH ANNUAL GENERAL MEETING

I/We

Being a member/members of UNION BANK OF NIGERIA PLC hereby appoint ………………….. or failing him/her SENATOR UDOMA UDO UDOMA or failing him MR. EMEKA EMUWA as my/our proxy to act and vote for me/us and on my/our behalf at the 45th Annual General Meeting of the Company to be held in the Grand Ballroom, Oriental Hotel, 3 Lekki Road, Victoria Island, Lagos on Tuesday, 17th June 2014 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hands this ……………. day of ……………………..2014

Signed ……………………………………………

NOTE

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in its, his or her stead. All proxies should be deposited at the office of The Registrar, Union Registrars Limited, 2, Burma Road, Apapa, Lagos not less than 48 hours before the time scheduled for holding the meeting. A proxy need not be a member of the Company.

In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap F8. LFN Laws of the Federation of Nigeria 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear stamp duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of some officers or attorney duly authorized in that behalf.

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (Strike out which-ever is not desired)

ORDINARY BUSINESS	FOR	AGAINST
1. To receive and adopt the Audited Group Financial Statements for the financial year ended December 31st, 2013 together with the reports of the Directors, Auditor, Board Appraiser and the Audit Committee.		
2. To authorize the Directors to fix the remuneration of the Auditor.		
3. To elect/re-elect Directors. A. 1. Kandolo Kasongo 2. Godson Chukwuemeka Okonkwo B. 1. Richard Burrett 2. Douglas Munatsi 3. Cyril Odu 4. Adeyemi Osindero 5. John Botts 6. Richard Lee Kramer		
4. To elect/re-elect members of the Audit Committee.		
SPECIAL BUSINESS		
ORDINARY RESOLUTION:		
1. To approve the remuneration of Directors.		
SPECIAL RESOLUTIONS:		
2. That the Board of Directors be and is hereby authorized to take all necessary steps to cancel the 37,161,140 ordinary shares of 50 kobo each of the Company's issued and fully Paid shares, being the shares inadvertently held by the Company following the acquisition of Union Merchant Bank Limited in 2005 and subsequently reconstructed and re-allotted pro-rata in 2011.		
3. That the Board of Directors be and is hereby authorized to take all necessary steps to raise medium term funding by the issuance of debt instrument(s), tenured bond(s) and/or Tier II Securities or a combination of these financing options, up to a maximum of US$750,000,000 (seven hundred and fifty million US Dollars) or its equivalent in any currency, on such terms as may be determined by the Board.		
4. That subject to obtaining applicable regulatory approval, the Board of Directors be and is hereby authorized to set aside up to 570,693,750 ordinary shares of 50 kobo each from the Company's unissued ordinary shares, a portion representing three percent (3%) of the Company's Authorized Share Capital of 19,023,125,000 ordinary shares of 50 kobo each, to fund an Employee Share Incentive Scheme ("the Share Incentive Scheme") and to give effect to the Share Incentive Scheme on such terms and subject to such conditions, as the Board may from time to time deem fit.		
5. That pursuant to Sections 106 and 107 of the Companies and Allied Matters Act 2004 ("CAMA"), the Board of Directors be and is hereby authorized to take all actions and steps, regulatory or otherwise, that are considered necessary to reduce the balance on the Company's Share Premium Account by N286,982,000,000 (Two Hundred and Eighty-Six Billion, and Nine Hundred and Eighty-Two Million Naira), and the said sum applied as follows:		
i to the negative retained earnings of N272,064,000,000 *(Two Hundred and Seventy-Two Billion, and Sixty-Four Million Naira)* as at 31st December, 2013 for purposes of reducing same to zero (0); and		
ii to facilitate the Asset Management Corporation of Nigeria's clawback of the Excess Capital of N14,918,000,000 *(Fourteen Billion, Nine Hundred and Eighteen Million Naira)*, arising from the injection of the Financial Accommodation Amount of N305,700,000,000 *(Three Hundred and Five Billion, Seven Hundred Million Naira)*		

Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.

Before posting the above card, tear off this part and retain it.

ADMISSION CARD
UNION BANK OF NIGERIA PLC
45THANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE FORTY-FIFTH ANNUAL GENERAL MEETING BEING HELD IN THE GRAND BALLROOM, ORIENTAL HOTEL, 3 LEKKI ROAD, VICTORIA ISLAND, LAGOS ON TUESDAY, 17TH JUNE 2014 AT 11.00 A.M.

NAME OF SHAREHOLDER/PROXY……………………………………………………………………SIGNATURE………………………

ADDRESS………

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

Contact details and feedback
e-mail: investorrelations@unionbankng.com
Tel: 234-1-271 6800; 950 4985 (Ext 2155, 2165)

Shareholder enquiries
2, Burma Road, P.M.B. 2717 Apapa, Lagos
Tel: 234-1-279 3160-2; 813 1925; 0700 826 7341-2
Website: www.unionregistrarsng.com
e-mail: enquiries@unionregistrarsng.com

Registered Address
Stallion Plaza, 36, Marina
P.M.B. 2027 Lagos, Nigeria
Tel: 234-1-271 6800; 950 4985

Registraton No. Rc6262

www.unionbankng.com