

Union Bank of Nigeria Plc
Unaudited Results for the Nine Months Ended 30 September, 2016

LAGOS, NIGERIA – October 26, 2016 - Union Bank, one of Nigeria's long-standing and most respected financial institutions, announces its unaudited results for the nine months ended 30th September 2016.

Bank Financial Highlights:

- **Profit before tax:** ₦13.2bn (~~₦13.2bn~~ in 9M 2015); excluding gain on sale of subsidiaries*, increased by 27% to ~~₦12.4bn~~ (~~₦9.8bn~~ in 9M 2015).
- **Gross earnings:** up by 7% to ~~₦91.4bn~~ (~~₦85.4bn~~ in 9M 2015); excluding gain on sale of subsidiaries*, increased by 11% to ~~₦90.6bn~~ (~~₦82.0bn~~ in 9M 2015).
- **Interest income:** up 6% to ~~₦69.2bn~~ (~~₦65.3bn~~ in 9M 2015) driven by improved asset yields from 14.2% in 9M 2015 to 16.1% in 9M 2016.
- **Interest expense:** down 14% to ~~₦22.8bn~~ (~~₦26.5bn~~ in 9M 2015) driven by lower funding costs. Primary cost of funds declined to 5.27% in 9M 2016 from 6.58% in 9M 2015.
- **Net revenue before impairment:** up 20% to ~~₦46.4bn~~ (~~₦38.8bn~~ in 9M 2015) as a result of 6% interest income growth and 14% interest expense growth. Our Net interest margin grew from 8.76% to 9.97%
- **Impairment:** up ~~₦8.4bn~~ to ~~₦12.8bn~~ (~~₦4.4bn~~ in 9M 2015) with NPL Ratio increasing to 9.4% (7.0% in Dec 2015).
- **Non-interest revenue:** up 10% to ~~₦22.1bn~~ (~~₦20.1bn~~ in 9M 2015); excluding gain on sale of subsidiaries*, revenues are up 28% to ~~₦21.4bn~~ (~~₦16.7bn~~ in 9M 2015) led by revaluation gains and e-business fees.
- **Operating expenses:** at ~~₦42.7bn~~ (~~₦41.3bn~~ in 9M 2015) in spite of current inflationary pressures and consistent with investments in technology and network infrastructure.
- **Gross loans:** up 39% to ~~₦515.4bn~~ (~~₦370.9.0bn~~ in Dec 2015); driven by 13% local currency loan growth and 26% impact of the revaluation of foreign currency loans.
- **Customer deposits:** up 9% to ~~₦618.30bn~~ (~~₦569.1bn~~ in Dec 2015); customer deposits continue to grow led by our financial inclusion initiatives, enhanced customer experience and new/improved product offerings.

Commenting on the Bank's results for the nine month period, Emeka Emuwa, Chief Executive Officer said:

"Our core pre-tax profits are up 27% to ~~₦12.4bn~~ from ~~₦9.8bn~~ during the same period in 2015, fuelled largely by interest income and our thriving retail business. We are encouraged by this performance which comes in the face of a recessionary environment, increased impairments and headwinds in our trade business due to scarcity of foreign exchange.

Our steady effort to build a low cost, customer centric retail business over the past 18 months is demonstrating results and continues to win us a new, growing retail customer base, as well as industry recognition with our recent Business Day Award for the Most Improved Retail Bank in Nigeria.

While the operating environment remains a challenge, we will continue to focus on executing our strategy, defending our loan book and adhering to prudent risk management principles.'

Speaking further on the Bank's numbers, Chief Financial Officer, Oyinkan Adewale said:

"Our revenues are up across board and the Bank's asset yields improved from 14.2% to 16.1% when compared to same period in 2015. Our non-interest revenue is up 27%, excluding one-time gains, on the back of treasury and channel banking revenues in the retail business.

We continue to manage our cost of funds, resulting in 14% reduction in interest expenses year-on-year, notwithstanding a 9% growth in customer deposits and 25% increase in medium term borrowings.

Our cost optimisation initiatives continue to yield good results; cost-to-income ratio has improved to 62% from 70% in the previous year. Cost-to-income is buoyed by income and operating expenses in line with expectations in spite of inflationary and devaluation pressures. We will continue to implement our cost discipline initiatives across the Bank to stay within our cost targets."

Bank Nine Months 2016 Financial Summary

Balance Sheet (in billions of Naira)	Sep 2016	Dec 2015	Change
Total Assets	1,095.4	998.1	10%
Gross Loans & Advances	515.4	370.9	39%
Customer Deposits	618.3	569.1	9%
Shareholders' Funds	236.7	230.7	3%
Ratios			
Coverage Ratio (incl. regulatory risk reserves)	136%	177%	(41%)
Liquidity Ratio (regulatory minimum - 30%)	42%	43%	(1%)
Loan to Deposit Ratio	83%	65%	18%
Non-Performing Loan Ratio	9.4%	7.0%	2.4%
Income Statement (in billions of Naira)			
	9M 2016	9M 2015	Change
Gross Earnings	91.4	85.4	7%
Gross Earnings**	90.6	82.0	11%
Net Interest Income	46.4	38.8	20%
Non-Interest Income	22.1	20.1	10%
Non-Interest Income**	21.4	16.7	28%
Gain on sale of subsidiaries	0.8	3.4	(76%)
Credit Impairment	12.8	4.4	>100%
Operating Expenses	42.7	41.3	3%
Profit Before Tax	13.2	13.2	0%
Profit Before Tax**	12.4	9.8	27%
Profit After Tax	13.1	13.1	0%
Profit After Tax**	12.3	9.7	27%

Ratios

Net Interest Margin	10.0%	8.8%	1.24%
Cost to Income Ratio	62%	70%	(8%)
Return on Equity	7.5%	8.2%	(0.7%)
<i>Return on Equity**</i>	7.0%	6.1%	0.9%
Return on Assets	1.7%	1.8%	(0.1%)
<i>Return on Assets**</i>	1.6%	1.5%	0.1%
Net Asset Value per share	₦13.98	₦12.98	₦1.00
Earnings Per Share	77k	77k	-
<i>Earnings Per Share**</i>	73k	57k	16k

Group Nine Months 2016 Financial Summary

Balance Sheet (in billions of Naira)	Sep 2016	Dec. 2015	Change
Total Assets	1,219.6	1,046.9	17%
Gross Loans & Advances	534.4	388.8	37%
Customer Deposits	631.9	570.6	11%
Shareholders' Funds	253.1	238.6	6%

Ratio

Coverage Ratio (incl. regulatory risk reserves)	136%	177%	(41%)
Loan to Deposit Ratio	85%	68%	17%
Non-Performing Loan Ratio	9.0%	6.7%	2.3%

Income Statement (in billions of Naira)	9M 2016	9M 2015	Change
Gross Earnings	93.4	83.7	12%
<i>Gross Earnings**</i>	93.1	84.2	11%
Net Interest Income	48.1	40.3	19%
Non-Interest Income	22.5	16.7	35%
<i>Non-Interest Income**</i>	22.2	17.2	29%
Gain/(loss) on sale of subsidiaries	0.3	(0.5)	>100%
Credit Impairment	12.9	4.5	>100%
Operating Expenses	44.6	43.0	4%
Profit Before Tax	13.3	9.6	39%
<i>Profit Before Tax**</i>	13.0	10.1	29%
Profit After Tax	13.0	9.3	39%
<i>Profit After Tax**</i>	12.7	9.8	29%

Ratios

Net Interest Margin	8.8%	8.1%	0.7%
Cost to Income Ratio	63%	76%	(13%)
Return on Equity	6.9%	5.5%	1.4%
Return on Assets	1.6%	1.2%	0.4%
Net Asset Value per share	₦14.95	₦13.77	₦1.18
Earnings Per Share	76k	55k	21k
<i>Earnings Per Share**</i>	74k	58k	16k

*Gain on sale of subsidiaries represents one-time gains realised on the sale of the bank's subsidiaries in compliance with the Central Bank of Nigeria's Regulation 3

**Excludes gain on sale of subsidiaries

For the detailed Profit and Loss Account, Balance Sheet, Cash flow statement and notes to the accounts, please visit www.unionbankng.com

Notes to editors:**About Union Bank Plc.**

Established in 1917 and listed on the Nigerian Stock Exchange in 1971, Union Bank is a household name and one of Nigeria's long-standing and most respected financial institutions. The Bank is a trusted and recognizable brand, with an extensive network of over 300 branches across Nigeria.

In late 2012, a new Board of Directors and Executive Management team were appointed to Union Bank and in 2014 the Bank began executing a transformation programme to re-establish it as a highly respected provider of quality financial services.

The Bank currently offers a variety 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, Debit Cards, ATMs and POS Systems.

More information can be found at: www.unionbankng.com

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Forward Looking Statement and Disclaimers

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Union Bank of Nigeria Plc

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 September 2016**

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

For the period ended 30 September 2016

	Notes	Group		Bank	
		Sep.2016 N million	Sep.2015 N million	Sep.2016 N million	Sep.2015 N million
Gross earnings		93,429	83,715	91,359	85,404
Continuing Operations:					
Interest income	9	70,960	66,907	69,219	65,333
Interest expense	9	(22,890)	(26,634)	(22,832)	(26,529)
Net interest income (NRFF)		48,070	40,273	46,387	38,804
Net impairment charge for credit losses	14(a)	(12,870)	(4,454)	(12,845)	(4,421)
Net interest income after impairment charge for credit losses		35,200	35,819	33,542	34,383
Net fee and commission income	10	8,289	6,042	7,805	5,582
Net trading income	11	5,148	3,598	4,998	3,526
Cash recoveries		923	1,224	923	1,224
Gain on sale of subsidiaries/investments	12	318	(511)	752	3,412
Other operating income	12	7,791	6,313	7,662	6,327
Non interest income (NII)		22,469	16,666	22,140	20,071
Operating income		57,669	52,485	55,682	54,454
Net impairment write-back/(loss) on other financial assets	14(b)	165	-	165	-
Net operating income after net impairment write-back/(loss) on other financial assets		57,834	52,485	55,847	54,454
Personnel expenses	14	(22,587)	(22,598)	(21,381)	(21,612)
Depreciation and amortisation		(3,816)	(3,108)	(3,670)	(2,990)
Other operating expenses	15	(18,156)	(17,329)	(17,612)	(16,685)
Total expenses		(44,559)	(43,035)	(42,663)	(41,287)
Profit before income tax from continuing operations		13,275	9,450	13,184	13,168
Income tax expense from continuing operations	16	(263)	(210)	(131)	(86)
Profit for the period from continuing operations		13,012	9,240	13,053	13,082
Discontinued operations					
Gross income from discontinued operations	38	-	142	-	-
Gross expense from discontinued operations	38	-	(36)	-	-
Profit/Loss before tax from discontinued operations	38	-	106	-	-
Income tax expense from discontinued operations	38	-	(9)	-	-
Profit/Loss for the period from discontinued operations	38	-	97	-	-
Continuing and discontinued operations:					
Profit before tax		13,275	9,556	13,184	13,168
Income tax		(263)	(219)	(131)	(86)
Profit after tax		13,012	9,337	13,053	13,082
Other comprehensive income, net of income tax					
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		8,356	959	-	-
Fair value gains/(losses) on available-for-sale investments		(6,757)	589	(7,065)	887
Other comprehensive income for the period		1,599	1,548	(7,065)	887
Total comprehensive income for the period		14,611	10,885	5,988	13,969

Union Bank of Nigeria Plc and Subsidiary Companies
Consolidated financial statements for the period ended 30 September 2016

	Notes	Group		Bank	
		Sep.2016	Sep.2015	Sep.2016	Sep.2015
		N million	N million	N million	N million
Profit attributable to:					
Equity holders of the Bank		12,929	9,353	13,053	13,082
Non-controlling interest		83	(16)	-	-
Profit for the period		13,012	9,337	13,053	13,082
Total comprehensive income attributable to:					
Equity holders of the Bank		14,528	10,901	5,988	13,969
Non-controlling interest		83	(16)	-	-
Total comprehensive income for the period		14,611	10,885	5,988	13,969
Earnings per share for profit from total operations attributable to equity holders of Bank					
Basic and diluted (Kobo)	17	76	55	77	77
Earnings per share for profit from continuing operations attributable to equity holders of bank					
Basic and diluted (Kobo)	17	77	54	77	77

Separate and Consolidated Statements of Financial Position

		Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
ASSETS					
Cash and cash equivalents	18	147,895	82,252	50,472	54,451
Non-pledged trading assets	19	14,374	-	14,374	-
Pledged assets	20	50,874	84,728	50,874	84,728
Derivative assets held for risk management	21	245	1,820	245	1,820
Loans and advances to customers	22	501,570	366,721	482,633	348,984
Investments in equity accounted investee	23	24	24	-	-
Investment securities	24	178,235	215,137	167,158	209,223
Trading properties	25	2,462	3,177	1,124	1,124
Investment properties	26	4,557	4,546	-	-
Investment in subsidiaries	27	-	-	10,567	10,567
Property and equipment	28	49,609	49,772	49,490	49,692
Intangible assets	29	3,417	3,749	2,856	3,318
Deferred tax assets	30	95,783	95,883	95,875	95,875
Other assets	31	170,210	138,686	169,417	138,030
		1,219,255	1,046,495	1,095,085	997,812
Assets classified as held for sale	38(b)	397	397	325	325
TOTAL ASSETS		1,219,652	1,046,892	1,095,410	998,137
LIABILITIES					
Derivative liabilities held for risk management		90	-	90	-
Deposits from banks	32	89,765	44,091	3,396	11,800
Deposits from customers	33	631,850	570,639	618,297	569,116
Current tax liabilities	34	465	382	140	229
Other liabilities	35	140,426	107,534	138,336	106,035
Retirement benefit obligations	36	3,391	4,267	3,362	4,230
Other borrowed funds	37	95,133	76,059	95,133	76,059
		961,120	802,972	858,754	767,469
Liabilities classified as held for sale	38(c)	-	-	-	-
TOTAL LIABILITIES		961,120	802,972	858,754	767,469
EQUITY					
Share capital and share premium	39	400,109	400,109	400,109	400,109
Retained deficit		(242,978)	(244,902)	(247,424)	(249,372)
Other reserves		95,981	83,377	83,971	79,931
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		253,112	238,584	236,656	230,668
Non-controlling interest	40	5,420	5,337	-	-
TOTAL EQUITY		258,532	243,920	236,656	230,668
TOTAL LIABILITIES AND EQUITY		1,219,652	1,046,892	1,095,410	998,137

By order of the Board:

Emeka Emuwa
Group Managing Director
FRC/2013/CIBN/0000001774

Oyinkansade Adewale
Director/CFO
FRC/2013/ICAN/0000001775

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 September 2016

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	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 2016	8,468	391,641	22,062	-	33,050	23,876	4,389	(244,902)	238,584	5,337	243,921
Total comprehensive income for the period											
Profit for the period	-	-	1,958	-	-	-	-	10,971	12,929	83	13,012
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	8,356	-	8,356	-	8,356
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	(6,757)	-	-	-	(6,757)	-	(6,757)
Appropriation:											
Transfer from regulatory reserves	-	-	-	-	-	9,273	-	(9,273)	-	-	-
Transfer from other reserves	-	-	-	-	(126)	-	(100)	226	-	-	-
Total comprehensive income for the period	-	-	1,958	-	(6,883)	9,273	8,256	1,924	14,528	83	14,611
Balance at 30 September 2016	8,468	391,641	24,020	-	26,167	33,149	12,645	(242,978)	253,112	5,420	258,532

December 2015

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	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 2015	8,468	391,641	19,404	(35)	28,313	8,667	3,407	(242,969)	216,896	5,338	222,234
Prior year adjustment	-	-	-	-	-	-	-	(706)	(706)	-	(706)
Opening restated	8,468	391,641	19,404	(35)	28,313	8,667	3,407	(243,675)	216,190	5,338	221,528
Total comprehensive income for the year											
Profit for the year	-	-	2,658	-	-	-	-	11,330	13,988	(1)	13,987
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	982	-	982	-	982
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	7,400	-	-	-	7,400	-	7,400
Appropriation:											
Transfer from regulatory reserves	-	-	-	-	(2,652)	15,209	-	(12,557)	-	-	-
Total comprehensive income for the period	-	-	2,658	-	4,748	15,209	982	(1,227)	22,370	(1)	22,369
Total contribution and distributions to owners	-	-	-	35	(11)	-	-	-	24	-	24
Balance at 31 December 2015	8,468	391,641	22,062	-	33,050	23,876	4,389	(244,902)	238,584	5,337	243,921

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 September 2016

Bank	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained deficit	Total
	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2016	8,468	391,641	22,062	-	32,240	23,876	1,753	(249,372)	230,668
Total comprehensive income for the period									
Profit or loss	-	-	1,958	-	-	-	-	11,095	13,053
Other comprehensive income									
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	(7,065)	-	-	-	(7,065)
Transfer between reserves	-	-	-	-	(126)	9,273	-	(9,147)	-
Total comprehensive income for the period	-	-	1,958	-	(7,191)	9,273	-	1,948	5,988
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Total contribution and distributions to owners	-	-	-	-	-	-	-	-	-
Balance at 30 September 2016	8,468	391,641	24,020	-	25,049	33,149	1,753	(247,424)	236,656

December 2015

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total
	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2015	8,468	391,641	19,404	-	27,213	8,667	1,753	(251,172)	205,974
Prior year adjustment	-	-	-	-	-	-	-	(706)	(463)
Opening restated	8,468	391,641	19,404	-	27,213	8,667	1,753	(251,878)	205,268
Total comprehensive income for the year									
Profit or loss	-	-	2,658	-	-	-	-	15,063	17,721
Other comprehensive income									
Fair value reserve (available-for-sale) financial assets	-	-	-	-	7,679	-	-	-	7,679
Transfer between reserves	-	-	-	-	(2,652)	15,209	-	(12,557)	-
Total other comprehensive income for the year	-	-	-	-	5,027	15,209	-	(12,557)	7,679
Total comprehensive income for the year	-	-	2,658	-	5,027	15,209	-	2,506	25,400
Balance at 31 December 2015	8,468	391,641	22,062	-	32,240	23,876	1,753	(249,372)	230,668

Consolidated Separate Statements of Cash Flows

For the period ended 30 September 2016

	<i>Notes</i>	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Cash flows from operating activities					
Profit for the year		13,012	13,987	13,053	17,721
Income tax expense	16	263	561	131	420
Profit before tax		13,275	14,548	13,184	18,141
<i>Adjustments for:</i>					
Impairment losses on loans and advances	13(a)	15,261	15,072	15,236	15,005
Recoveries on loans and advances	13(a)	(2,391)	(5,124)	(2,391)	(5,124)
Impairment on property and equipment		-	200	-	200
Allowances on other assets	13(b)	-	2,097	-	2,097
Gain on sale of property and equipment	12	(2,452)	(1,660)	(2,452)	(1,660)
Gain on disposal of available for sale - unquoted equity	25	-	(193)	-	(193)
Gain on sale of trading properties	12	-	(728)	-	(728)
Gain on sale of subsidiaries	12	-	332	-	(3,591)
Depreciation of property and equipment		2,995	3,509	2,990	3,480
Amortisation of intangible assets		757	772	616	666
Dividend income from equity investment	12	(410)	(686)	(410)	(686)
Interest paid on borrowings	9	6,091	8,683	6,091	8,683
Contributions to defined contribution plans		467	644	467	644
Increase/ (decrease) in liability for defined benefit plans		72	4,347	72	4,310
		33,665	41,813	33,403	41,244
Change in non-pledged trading assets		(14,374)	745	(14,374)	745
Change in pledged assets		33,854	(793)	33,854	(793)
Change in derivative financial instruments-assets		1,575	(7)	1,575	-
Change in loans and advances to customers		(147,719)	(63,872)	(146,494)	(56,493)
Change in other assets		(31,524)	(18,236)	(31,387)	(18,317)
Change in derivative financial instruments-liabilities		90	(1,813)	90	(1,820)
Change in deposits from banks		45,674	(17,799)	(8,404)	(6,255)
Change in deposits from customers		61,211	43,022	49,181	61,685
Change in other liabilities		33,295	3,953	32,302	2,854
		15,747	(12,987)	(50,254)	22,850
Income tax paid		(324)	(1,004)	(220)	(826)
Payment from defined contribution plan		(469)	(623)	(469)	(623)
Payment from defined benefit plan		(1,018)	(7,626)	(1,010)	(7,626)
Retirement benefit provisions		72	-	72	-
Net cash provided/(used in) by operating activities		14,008	(22,240)	(51,882)	13,776
Cash flows from investing activities					
Purchase of investment properties		(11)	(4,546)	-	-
Acquisition of trading properties		-	(2,053)	-	-
Proceeds from sale of unquoted equities		-	212	-	212
Proceeds from sale of trading properties		715	1,536	-	1,534
Proceeds from sale of property and equipment		3,732	3,438	3,952	3,438
Proceed from disposal of subsidiaries		-	12,350	-	3,596
Acquisition of property and equipment		(4,112)	(6,677)	(4,071)	(6,669)
Acquisition of intangible assets		(248)	(2,078)	(371)	(1,913)
Investment securities		30,145	(10,532)	35,000	(7,907)
Dividend income received		410	686	410	686
Net cash used in investing activities		30,631	(7,664)	34,920	(7,022)

Cash flows from financing activities

Repayment of borrowings	19,074	(2,076)	19,074	(2,076)
Interest paid on borrowings	(6,091)	(8,683)	(6,091)	(8,683)
Net cash from financing activities	12,983	(10,759)	12,983	(10,759)
Net increase/(decrease) in cash and cash equivalents	57,621	(40,663)	(3,979)	(4,006)
Cash and cash equivalents at beginning of year	82,252	121,960	54,451	58,457
Effect of exchange rate fluctuations on cash held	8,022	955	-	-
Cash and cash equivalents at end of period	147,895	82,252	50,472	54,451

9 Net interest income

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Interest income				
Cash and cash equivalents	2,743	921	2,248	921
Loans and advances to customers	49,928	45,049	48,955	43,848
Investment securities	18,289	20,937	18,016	20,564
Total interest income	70,960	66,907	69,219	65,333
Interest expense				
Deposits from customers	16,799	19,690	16,741	19,585
Other borrowed funds	6,091	6,944	6,091	6,944
Total interest expense	22,890	26,634	22,832	26,529
Net interest income	48,070	40,273	46,387	38,804

10 Net Fees and commission income

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Credit Related fees and commissions income	4,496	3,210	4,424	3,210
Commission on turnover	-	906	-	906
Account Maintenance Fee	901	-	901	-
E-business fee income (See note (a))	1,791	607	1,791	607
Commission on LCs, Invisible Trades and Guarantees	689	859	689	859
Other fees and commission	412	460	-	-
	8,289	6,042	7,805	5,582

(a) E-business fee income/charge

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
ATM on-us	598	237	598	237
POS	(19)	60	(19)	60
E-card maintenance	(275)	(315)	(275)	(315)
Card FX gain/(loss)	1,486	626	1,486	626
	1,791	607	1,791	607

11 Net trading income/(loss)

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Gain on disposal of fixed income securities	4,145	1,042	4,145	1,042
Mark to market gains on fixed income securities	55	445	55	445
Foreign exchange gain on trading	948	2,111	798	2,039
	5,148	3,598	4,998	3,526

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	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Dividends	410	665	410	665
Gains on disposal of property and equipment	2,452	1,753	2,452	1,753
Foreign exchange revaluation gain	4,306	1,397	4,306	1,397
Rental income	97	304	97	304
Sundry income	526	2,194	397	2,208
	7,791	6,313	7,662	6,327

13 Net Impairment loss on financial assets

(a) Net impairment charge for credit losses

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Net impairment charge for credit losses:				
-specific impairment	11,650	3,546	11,625	3,513
-portfolio impairment	3,611	908	3,611	908
Total impairment charge on loans and advances	15,261	4,454	15,236	4,421
Reversal of impairment	(2,391)	-	(2,391)	-
	12,870	4,454	12,845	4,421

(b) Net impairment loss on other financial assets:

Allowance no longer required on other assets	(165)	-	(165)	-
	(165)	-	(165)	-
Total net impairment loss on financial assets	12,705	4,454	12,680	4,421

14 Personnel expenses

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	N million	N million	N million	N million
Wages and salaries	22,048	22,051	20,842	21,065
Contributions to defined contribution plans	467	487	467	487
Increase in liability for defined benefit plans	72	60	72	60
	22,587	22,598	21,381	21,612

15 Other operating expenses

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	₦ million	₦ million	₦ million	₦ million
Auditors' remuneration	98	90	98	90
NDIC Premium	2,002	1,783	2,002	1,783
Rents and Rates	771	716	771	716
Accommodation and travels	578	566	531	542
Fleet management and vehicle related expenses	491	531	491	531
Repair and Maintenance	668	604	523	493
Transformation Expense	-	485	-	485
Professional fees	1,001	943	881	894
Advertising and Promotion expenses	727	638	727	638
Security expense	766	835	766	835
Expenses on software	2,227	1,545	2,227	1,545
Donations and Subscriptions	198	231	198	231
General administrative expenses (see note (a) below)	4,666	4,661	4,434	4,201
Insurance	224	247	224	247
AMCON surcharge	3,739	3,454	3,739	3,454
	18,156	17,329	17,612	16,685

(a) General administrative expenses

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	₦ million	₦ million	₦ million	₦ million
Office cleaning	196	203	196	203
Cash movement expense	786	837	786	837
Entertainment	24	37	24	37
Directors fees and allowances	291	330	291	330
Diesel and power	1,197	1,092	1,197	1,092
Stationery, printing, postage and telephone	323	467	323	467
Sports promotion	39	41	39	41
Penalties	37	40	37	40
Restitution and other charges	390	212	390	212
Group restructuring expenses	437	-	437	-
Other expenses	946	1,402	714	942
	4,666	4,661	4,434	4,201

16 Income tax expense

(a) Recognised in the profit or loss

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
	₦ million	₦ million	₦ million	₦ million
Current tax expense				
Capital Gains tax	41	-	41	-
NITDA Levy	158	210	90	86
Total income tax expense	263	210	131	86

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.

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 period is as follows.

Weighted average number of ordinary shares

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
Issued ordinary shares at beginning of the period	16,936	16,936	16,936	16,936
Weighted effect of shares issued during the period	16,936	16,936	16,936	16,936

(b) Profit attributable to ordinary shareholders
In millions of Nigerian Naira

	Group	Group	Bank	Bank
	Sep.2016	Sep.2015	Sep.2016	Sep.2015
Profit/(Loss) for the period attributable to equity holders	12,929	9,353	13,053	13,082
Basic earnings/(loss) per share (in kobo)	76	55	77	77
Profit from continuing operations attributable to equity holders of bank	13,012	9,240	13,053	13,082
Basic earnings/(loss) per share (in kobo)	77	55	77	77

(c) 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 Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Cash and balances with banks	46,103	34,189	43,391	32,762
Unrestricted balances with central bank	3,220	14,185	3,220	14,185
Money market placements	98,572	33,878	3,861	7,504
	<u>147,895</u>	<u>82,252</u>	<u>50,472</u>	<u>54,451</u>

19 Non-pledged Assets (Held for trading)

	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Government bonds	482	-	482	-
Treasury bills	13,892	-	13,892	-
	<u>14,374</u>	<u>-</u>	<u>14,374</u>	<u>-</u>

20 Pledged assets

Financial assets that may be repledged or resold by counterparties

	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Treasury bills	11,847	14,620	11,847	14,620
Bonds	38,914	65,913	38,914	65,913
Placement	113	4,195	113	4,195
	<u>50,874</u>	<u>84,728</u>	<u>50,874</u>	<u>84,728</u>

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

21 Derivative financial instruments

Group

	Sep.2016		Dec.2015	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
Foreign exchange swaps	200		1,820	-
FX forwards	-	90	-	-
Non-deliverable futures	45	-	-	-
	<u>245</u>	<u>90</u>	<u>1,820</u>	<u>-</u>

Bank

	Sep.2016		Dec.2015	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
Foreign exchange swaps	200		1,820	-
FX forwards	-	90	-	-
Non-deliverable futures	45	-	-	-
	<u>245</u>	<u>90</u>	<u>1,820</u>	<u>-</u>

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.

22 Loans and advances to customers at amortised cost

(a)	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Gross amount	534,392	388,794	515,366	370,949
Specific impairment	(18,093)	(11,565)	(18,076)	(11,565)
Portfolio impairment	(14,729)	(10,508)	(14,657)	(10,400)
Total impairment	<u>(32,822)</u>	<u>(22,073)</u>	<u>(32,733)</u>	<u>(21,965)</u>
Carrying amount	<u>501,570</u>	<u>366,721</u>	<u>482,633</u>	<u>348,984</u>

23 Investment in equity accounted investee

	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
Cost				
Balance, beginning of the period	115	115	91	91
	115	115	91	91
(Impairments) /increase in value	(91)	(91)	(91)	(91)
Balance, end of the period	24	24	-	-

24 Investment securities

	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
<i>Available-for-sale investment securities comprise:</i>				
Treasury bills	46,967	57,257	38,576	52,843
Equity: Quoted	2,122	2,195	2,122	2,195
Unquoted	21,528	21,371	21,528	21,371
FGN Bonds	14,380	41,480	11,694	39,980
Corporate Bonds	1,014	-	1,014	-
	86,011	122,303	74,934	116,389
Less: specific impairment allowance	(5,256)	(4,058)	(5,256)	(4,058)
	80,755	118,245	69,678	112,331

Quoted	Group Sep.2016 N million	Group Dec.2015 N million	Bank Sep.2016 N million	Bank Dec.2015 N million
24a Investment in REIT	2,122	2,195	2,122	2,195

24b Unquoted

AFC	15,812	15,844	15,812	15,844
Smartcard	126	126	126	126
Nigeria Auto Clearing System (NAC)	42	42	42	42
Interswitch	2	2	2	2
Credit Reference Company (CRC)	50	50	50	50
Afrexim Bank	494	305	494	305
Nig Superswitch Infrastructure	10	10	10	10
Banque de Benin	1152	1,152	1,152	1,152
AIB Cotonu	122	122	122	122
Investment in SMEEs	3,718	3,718	3,718	3,718
	21,528	21,371	21,528	21,371
Total	23,650	23,566	23,650	23,566
Less: specific impairment allowance	(5,256)	(4,058)	(5,256)	(4,058)
	18,394	19,508	18,394	19,508

Held to maturity investment securities comprise:

Federal Government of Nigeria -Bonds	51,595	48,273	51,595	48,273
State Government of Nigeria -Bonds	29,397	31,702	29,397	31,702
Corporate Bonds	16,488	16,917	16,488	16,917
	97,480	96,892	97,480	96,892

Investment securities	178,235	215,137	167,158	209,223
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25 Trading properties

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

	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Balance, beginning of year	3,177	1,930	1,124	1,930
Disposal	(715)	(806)	-	(806)
Reclassification from discontinued operations	-	2,053	-	-
Balance, end of period	2,462	3,177	1,124	1,124

26 Investment Properties

These investment properties were last revalued during the year ended 31 December 2013 by Messrs. Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 16 December 2013 for UBN Property Company Limited respectively. As at 30 September 2016, the Directors are of the opinion that there were no material fluctuations in the value of the Bank's investment properties since the last valuation.

	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Balance, beginning of the year	4,546	-	-	-
Additions	11	-	-	-
Reclassification from assets held for sale	-	4,546	-	-
Balance, end of the period	4,557	4,546	-	-

27 Investment in subsidiaries

Cost

	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
UBN Property Company Limited	2,195	2,195
Union Bank UK Plc	8,372	8,372
	10,567	10,567

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

Company Name	Country Incorporated	Nature of business	Direct ownership interest	
			Sep.2016 Status/%	Dec.2015 Status/%
UBN Property Company Limited (ii)	Nigeria	Property Development	39	39
Union Bank UK Plc (iii)	Nigeria	Licensed UK Bank	100	100
Atlantic Nominees Limited (iv)	Nigeria	Real Estate	100	100

(i) **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 2014 - 39.01%) is held by the Bank. In line with IFRS 10- Consolidated Financial Statement, Union Bank of Nigeria Plc has control over this entity as it has the power, exposure to variability of returns and a strong link between power and variability of returns. The Bank also governs the financial and operating policies of UBN Property Company Limited.

(ii) **Union Bank UK Plc (Registered office at 14-18 Cophtham Avenue, London EC2R7BN)**

The Bank directly holds 100% holding of Union Bank UK's 60,000,000 ordinary shares and 99% of its 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 December, 2004 as an authorised United Kingdom subsidiary to carry out the business formerly conducted by the London Branch of Union Bank of Nigeria Plc.

(iii) **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 Purpose 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. The carrying value of the investment in Union Property Company Limited is included in 'assets classified as held for sale' (see Note 38(b)).

(c) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 30 September 2016, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	<i>Group balances</i>	<i>Consolidation entries</i>	<i>Total</i>	<i>Bank</i>	<i>Union Properties</i>	<i>Union Pension</i>	<i>Atlantic Nominees</i>	<i>Union Bank UK</i>
	N million	N million	N million	N million	N million	N million	N million	N million
Operating income	70,539	(43)	70,582	68,528	328	(434)	-	2,160
Net operating income after net impairment loss	57,834	(43)	57,877	55,848	328	(434)	-	2,135
Operating Expenses	(44,559)	43	(44,602)	(42,665)	(115)	-	-	(1,822)
Net impairment loss on financial assets	(12,870)	(165)	(12,705)	(12,680)	-	-	-	(25)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-
Profit before income tax	13,110	(165)	13,275	13,183	213	(434)	-	314
Taxation	(263)	(1)	(262)	(130)	(68)	-	-	(64)
Profit after income tax	12,847	(166)	13,014	13,053	145	(434)	-	250

(i) In the course of the year, the Group realised its receivable in respect of Union Pension Ltd which was previously derecognised as a subsidiary due to the liquidation of the entity and loss of control by the Group.

Condensed Statement of financial position

	<i>Group balances</i>	<i>Consolidation entries</i>	<i>Total</i>	<i>Bank</i>	<i>Union Properties</i>	<i>Union Pension</i>	<i>Atlantic Nominees</i>	<i>Union Bank UK</i>
	N million	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	147,895	(15,313)	163,208	50,472	4,463	-	-	108,273
Non-pledged trading assets	14,374	-	14,374	14,374	-	-	-	-
Pledged assets	50,874	-	50,874	50,874	-	-	-	-
Derivative financial instrument	245	-	245	245	-	-	-	-
Loans and advances to customers	501,570	-	501,570	482,633	-	-	-	18,937
Investments in equity-accounted investee	24	24	-	-	-	-	-	-
Investment securities	178,235	-	178,235	167,158	-	-	-	11,077
Assets held for sale	397	(325)	722	325	-	-	397	-
Trading properties	2,462	-	2,462	1,124	1,338	-	-	-
Investment properties	4,557	-	4,557	-	4,557	-	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-	-
Property and equipment	49,609	(0)	49,609	49,490	21	-	-	99
Intangible assets	3,417	-	3,417	2,856	-	-	-	561
Deferred tax assets	95,783	(6)	95,789	95,875	(99)	-	-	13
Other assets	170,210	(21)	170,231	169,417	78	-	-	736
Total assets	1,219,652	(26,209)	1,245,860	1,095,410	10,358	-	397	139,695
Financed by:								
Derivative financial instruments	90	-	90	90	-	-	-	-
Deposits from banks	89,765	0	89,765	3,396	-	-	-	86,369
Deposits from customers	631,850	(15,312)	647,162	618,297	-	-	-	28,865
Current tax liabilities	465	(2)	467	140	216	-	-	111
Other liabilities	140,426	(13)	140,439	138,336	1,240	-	-	863
Retirement benefit obligations	3,391	-	3,391	3,362	29	-	-	-
Other borrowed funds	95,133	-	95,133	95,133	-	-	-	-
Equity and reserves	258,532	(10,882)	269,414	236,656	8,873	-	397	23,487
Total liabilities	1,219,652	(26,209)	1,245,860	1,095,410	10,358	-	397	139,695

(b) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 31 December 2015, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	<i>Group balances</i>	<i>Consolidation entries</i>	<i>Total</i>	<i>Bank</i>	<i>UBN Property Company Ltd</i>	<i>Union Pension</i>	<i>Union Bank UK</i>
	N million	N million	N million	N million	N million	N million	N million
Operating income	81,850	(3,946)	85,796	83,269	448	-	2,079
Net operating income after net impairment loss	72,606	(4,013)	76,619	74,092	448	-	2,079
Operating Expenses	(58,164)	23	(58,187)	(55,952)	(343)	-	(1,892)
Net impairment loss on financial assets	(9,244)	(67)	(9,177)	(9,177)	-	-	-
Share of profit of equity accounted investees	-	-	-	-	-	-	-
Profit before income tax	14,442	(3,990)	18,432	18,140	105	-	187
Taxation	(552)	(1)	(551)	(420)	(107)	-	(25)
Profit after income tax	13,890	(3,990)	17,880	17,720	(2)	-	162

Condensed Statement of financial position

	<i>Group balances</i>	<i>Consolidation entries</i>	<i>Total</i>	<i>Bank</i>	<i>UBN Property Company Ltd</i>	<i>Union Pension</i>	<i>Union Bank UK</i>
	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	82,252	(10,917)	93,169	54,451	3,264	-	35,454
Pledged assets	84,728	-	84,728	84,728	-	-	-
Derivative financial instrument	1,820	-	1,820	1,820	-	-	-
Loans and advances to customers	366,721	-	366,721	348,984	-	-	17,737
Investments in equity-accounted investee	24	24	-	-	-	-	-
Investment securities	215,137	-	215,137	209,223	-	-	5,914
Assets held for sale	397	72	325	325	-	-	-
Trading properties	3,177	-	3,177	1,124	2,053	-	-
Investment properties	4,546	-	4,546	-	4,546	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-
Property and equipment	49,772	-	49,772	49,692	11	-	69
Intangible assets	3,749	-	3,749	3,318	-	-	431
Deferred tax assets	95,883	-	95,883	95,875	-	-	8
Other assets	138,686	(94)	138,780	138,030	28	434	289
Total assets	1,046,892	(21,483)	1,068,375	998,137	9,902	434	59,902
Financed by:							
Derivative financial instruments	-	-	-	-	-	-	-
Deposits from banks	44,091	-	44,091	11,800	-	-	32,291
Deposits from customers	570,639	(10,919)	581,558	569,116	-	-	12,442
Current tax liabilities	382	-	382	229	163	-	(10)
Other liabilities	107,533	(80)	107,613	106,035	972	-	605
Retirement benefit obligations	4,267	-	4,267	4,230	37	-	-
Other borrowed funds	76,059	-	76,059	76,059	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-
Equity and reserves	243,921	(10,484)	254,405	230,668	8,730	434	14,574
Total liabilities	1,046,892	(21,483)	1,068,375	998,137	9,902	434	59,902

28 Property and equipment

(a) **Group:**

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

	Leasehold land and buildings	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	N million	N million	N million	N million	N million	N million
Cost						
Balance at 1st January, 2016	48,647	3,052	15,665	3,230	2,181	72,775
Exchange difference	118	-	121	11	-	250
Additions	2,114	22	1,819	19	138	4,112
Disposals	(1,944)	(27)	(494)	(24)	-	(2,489)
Reclassification to other assets	223	(18)	14	-	-	219
Balance as at 30 September 2016	<u>49,158</u>	<u>3,029</u>	<u>17,125</u>	<u>3,236</u>	<u>2,319</u>	<u>74,867</u>
Balance at 1st January, 2015	48,834	2,613	14,145	3,755	1,361	70,708
Exchange difference	14	-	13	1	-	28
Additions	2,032	508	3,272	45	820	6,677
Disposals	(2,233)	(69)	(1,790)	(596)	-	(4,688)
Reclassification from discontinued operations	-	-	25	25	-	50
Balance as at 31 December 2015	<u>48,647</u>	<u>3,052</u>	<u>15,665</u>	<u>3,230</u>	<u>2,181</u>	<u>72,775</u>
Depreciation and impairment losses						
Balance at 1st January 2016	10,211	1,167	8,379	3,087	159	23,003
Exchange difference	117	-	60	12	-	189
Charge for the period	691	209	2,019	76	-	2,995
Disposals	(484)	(14)	(425)	(24)	-	(947)
Write-off/Adj	200	-	-	-	-	200
Reclassifications	156	-	(185)	6	(159)	(182)
Balance as at 30 September 2016	<u>10,891</u>	<u>1,362</u>	<u>9,848</u>	<u>3,157</u>	<u>-</u>	<u>25,258</u>
Balance at 1st January, 2015	9,554	965	7,904	3,552	159	22,134
Exchange difference	10	-	8	1	-	19
Charge for the period	955	261	2,200	103	-	3,519
Disposals	(508)	(59)	(1,752)	(591)	-	(2,910)
Write-off/Adj	200	-	-	-	-	200
Reclassification from discontinued operations	-	-	19	21	-	40
Balance as at 31 December 2015	<u>10,211</u>	<u>1,167</u>	<u>8,379</u>	<u>3,087</u>	<u>159</u>	<u>23,003</u>
(iii) Net Book Value						
Balance as at 30 September 2016	<u>38,267</u>	<u>1,667</u>	<u>7,277</u>	<u>79</u>	<u>2,319</u>	<u>49,609</u>
Balance as at 31 December 2015	<u>38,436</u>	<u>1,885</u>	<u>7,286</u>	<u>143</u>	<u>2,022</u>	<u>49,772</u>

(iv) In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

(v) Exchange difference relates to the conversion of property and equipments acquired in the overseas office at the rate of exchange ruling at the end of the period.

(v) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2015: nil)

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

(i) Cost	Leasehold land and buildings	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1st January 2016	48,437	3,052	15,426	3,186	2,181	72,282
Additions	2,114	22	1,797	-	138	4,071
Disposals	(1,742)	(27)	(353)	(24)	-	(2,146)
Reclassifications	223	(18)	11	0	-	216
Balance as at 30 September 2016	49,032	3,029	16,881	3,162	2,319	74,423
Balance at 1st January, 2015	48,638	2,613	13,952	3,737	1,361	70,301
Additions	2,032	508	3,264	45	820	6,669
Disposals	(2,233)	(69)	(1,790)	(596)	-	(4,688)
Balance as at 31 December 2015	48,437	3,052	15,426	3,186	2,181	72,282

(ii) Accumulated depreciation	Leasehold land and buildings	Leasehold improvements	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1st January 2016	10,352	1,167	8,022	3,049	-	22,590
Charge for the period	691	209	2,017	73	-	2,990
Disposals	(282)	(14)	(342)	(24)	-	(661)
Reclassifications	(193)	-	5	2	-	(186)
Write-off/Adj	200	-	-	-	-	200
Balance as at 30 September 2016	10,768	1,362	9,703	3,099	-	24,932
Balance as at 1 January 2015	9,724	965	7,594	3,536	-	21,819
Charge for the period	936	261	2,180	103	-	3,480
Disposals	(508)	(59)	-	(591)	-	(1,158)
Impairment loss (See (iv) below)	200	-	(1,752)	-	-	(1,552)
Balance as at 31 December 2015	10,352	1,167	8,022	3,049	-	22,590

(iii) Net Book Value						
Balance as at 30 September 2016	38,264	1,667	7,178	62	2,319	49,490
Balance as at 31 December 2015	38,085	1,885	7,404	137	2,181	49,692

- (iv) In the opinion of the directors, the market value of the Bank's properties is not less than the value shown in the financial statements.
- (v) Capital work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to appropriate categories of property and equipment.
- (vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2015: nil)

29 Intangible assets

	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Cost				
Balance, beginning of the year	6,395	4,263	5,314	3,401
Additions	379	2,078	371	1,913
Reclassification	(130)	-	(157)	-
Disposal	(769)	-	-	-
Exchange translation difference	610	54	-	-
Balance, end of period	6,485	6,395	5,528	5,314
Amortization and impairment losses				
Balance, beginning of year	2,646	1,841	1,996	1,330
	-	-	-	-
Balance, beginning of the year	2,646	1,841	1,996	1,330
Amortisation for the period	757	772	616	666
Reclassification	65	-	60	-
Disposal	(638)	-	-	-
Exchange translation difference	239	33	-	-
Balance, end of period	3,069	2,646	2,672	1,996
Carrying amounts as at period end	3,417	3,749	2,856	3,318
Balance as at 1 January	3,749	2,422	3,318	2,071

- (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 period (December 2015 : nil)

30 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

30 September 2016

	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	100,638	-	100,638
Others	1,711	-	1,711
Net tax assets (liabilities)	102,922	7,039	95,883

31 December 2015

	Assets ₦ million	Liabilities ₦ million	Net ₦ million
Property, equipment, and software	(1)	6,847	(6,848)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,638	-	100,638
Others	1,711	-	1,711
Net tax assets (liabilities)	102,921	7,039	95,882

Bank

30 September 2016

	Assets	Liabilities	Net
	N million	N million	N 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 2015

	Assets	Liabilities	Net
	N million	N million	N 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 period:

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Balance, beginning of the year	95,883	95,883	95,875	95,875
Credit for the period	-	-	-	-
Net assets/(liabilities) of discontinued operations	(100)	-	-	-
Net deferred tax assets/(liabilities)	95,783	95,883	95,875	95,875
<i>Made up of</i>				
Deferred tax assets	102,922	102,921	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 N95,883 (December 2015: 95,883) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicate that it is probable that the Group's entities will have taxable profits against which these assets can be utilized.

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits.

31 Other assets

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Cash Reserve Requirement (see (i))	125,321	102,090	125,321	102,090
Excess CRR balance to be refunded (see (ii))	25,523	25,523	25,523	25,523
Total Cash Reserve Requirement	150,844	127,613	150,844	127,613
Other assets:				
Clearing	957	758	957	758
Accounts receivable and prepayments	2,865	2,430	2,293	2,370
Prepayments	5,751	2,780	5,530	2,618
Sundry assets	16,107	11,302	16,107	10,868
	25,680	17,270	24,887	16,614
Impairment on other assets(see (iii))	(6,314)	(6,197)	(6,314)	(6,197)
Net other assets	19,366	11,073	18,573	10,417
	170,210	138,686	169,417	138,030

- (i) The Bank had restricted balances of N125.321 billion (Dec. 2015: N102.090 billion) with the Central Bank of Nigeria (CBN) as at 30 September 2016, representing the cash reserve requirement (CRR). The CRR is a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. The CRR is non interest bearing and is not available for use in the Group's day-to-day operations. As at the end of September 2016, the CRRs in force were Public Sector Deposits 22.5% (Dec 2015: 20%) and Private Sector Deposits 22.5% (Dec 2015: 20%).
- (ii) The MPC meeting held on September 19 - 20, 2016 maintained the harmonised CRR at 22.5% for both Public and Private Sector Deposits. The excess CRR funds are only released to banks to fund approved eligible real sector projects. The amount refundable to the Bank is N25.523 billion (Dec. 2015: N25.523 billion).

32 Deposits from banks

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Money market deposits (See note (i) below)	3,396	11,800	3,396	11,800
Other deposits from banks	86,369	32,291	-	-
	89,765	44,091	3,396	11,800

(i) **Money market deposits**

LCY inter bank takings	-	-	-	-
FCY inter bank takings	3,396	11,800	3,396	11,800
	3,396	11,800	3,396	11,800

33 Deposits from customers

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Term deposits	229,533	210,006	214,695	208,205
Current deposits	239,307	214,200	240,592	214,478
Savings	163,010	146,433	163,010	146,433
	631,850	570,639	618,297	569,116

34 Current tax liabilities

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Balance, beginning of year	382	822	229	635
Foreign exchange translation difference	37	3	-	-
Reclassification	108	-	-	-
Charge for the period	262	445	131	420
Payments during the period	(324)	(1,051)	(220)	(826)
Transfer to assets held for sale	-	163	-	-
Balance, end of period	465	382	140	229

35 Other liabilities

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Deposits for foreign currency	41,832	20,560	41,832	20,560
Due to foreign correspondent banks	23,848	30,096	23,848	30,096
PAYE and other statutory deductions	1,737	1,121	1,737	1,121
Draft and Bills payable	8,630	8,279	8,630	8,279
Sundry creditors	222	719	222	720
Creditors and accruals	29,105	23,979	29,105	23,979
Unearned income	302	327	302	327
Provision for claims and contingencies	2,409	2,236	2,409	2,236
Accounts payable	4,693	3,488	4,693	3,486
Provisions for Ex-staff claims	4,629	4,629	4,629	4,629
Insurance premium payable	466	654	466	654
Electronic collections and other e-payment liabilities	9,002	4,221	9,002	4,221
Other credit balances	13,550	7,225	11,460	5,727
	140,426	107,534	138,336	106,035

36 Employee benefit obligations

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Post employment benefit obligation (see (a) below)	2,618	3,566	2,589	3,529
Other long-term employee benefits (see (b) below)	773	701	773	701
	<u>3,391</u>	<u>4,267</u>	<u>3,362</u>	<u>4,230</u>

(a) Post employment benefit obligation

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Defined contribution scheme (see (a) below)	150	152	150	152
Defined benefit obligation (See (ii) below)	2,468	3,414	2,439	3,377
	<u>2,618</u>	<u>3,566</u>	<u>2,589</u>	<u>3,529</u>

(i) Defined Contribution Scheme

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Balance, beginning of year	152	131	152	131
Charge during the period	467	644	467	644
Contribution remitted during the period	(469)	(623)	(469)	(623)
Balance, end of period	<u>150</u>	<u>152</u>	<u>150</u>	<u>152</u>

The Group and its employees make respective contributions of 10% and 8% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with employees' nominated Pension Fund Administrators.

(b) Other long-term employee benefits

Other long-term employee benefit represents liability in respect of long

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.

The total emolument is defined as basic salary, housing and transport allowance and lunch subsidy.

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

	Group Sep.2016	Group Dec.2015	Bank Sep.2016	Bank Dec.2015
	N million	N million	N million	N million
Present value of unfunded obligation	773	701	773	701
Present value of funded obligation	-	-	-	-
Total present value of the obligation	<u>773</u>	<u>701</u>	<u>773</u>	<u>701</u>
Fair value of plan assets	-	-	-	-
Present value of net obligation	<u>773</u>	<u>701</u>	<u>773</u>	<u>701</u>
Recognized liability for defined benefit obligations	<u>773</u>	<u>701</u>	<u>773</u>	<u>701</u>

37 Other borrowed funds

	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Due to CAC (see (a))	10,014	10,938	10,014	10,938
BOI on-lending facilities (see note (b) below)	6,806	7,840	6,806	7,840
Other borrowings (see (c))	78,313	57,281	78,313	57,281
	<u>95,133</u>	<u>76,059</u>	<u>95,133</u>	<u>76,059</u>

- (a) This represents the outstanding balance on an unsecured facility of N18,167,000,000 disbursed by the Central Bank of Nigeria (CBN), as part of its developmental role, in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Water Resources which established the Commercial Agriculture Credit Scheme for promoting agricultural enterprises in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agricultural enterprises at a maximum rate of 9.00% p.a.
- (b) This represents the outstanding balance of an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing / or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth N9.5 billion (Dec. 2015: N18.4 billion) and has a 15-year tenor and repayable quarterly.

A management fee of 1% , deductible at source, is paid by the Bank to BOI under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers.

38 Discontinued operations
(a) Profit for the period from discontinued operations

Profit for the period from discontinued operations represents the operating results of subsidiaries held for sale in line with the Bank's Regulation 3 compliance plan to divest from non-banking subsidiaries. Included in discontinued operations in 2015 are the results and balances of Union Trustees Limited, Atlantic Nominees Limited and Union Properties Limited.

The profit for the period from discontinued operations comprises:

	Group Sep.2016 ₦ million	Group Sep.2015 ₦ million
Gross income	-	142
Gross expense	-	(36)
Interest Income	-	77
Interest Expense	-	-
Net interest income	-	77
Recoveries on credit losses	-	-
Net interest income after impairment charge for credit losses	-	77
Net fee and commission income	-	64
Net trading income	-	-
Other operating income	-	1
Underwriting profit	-	-
Total operating income	-	65
Total non-interest income	-	65
Operating Income	-	142
Net impairment loss on financial assets	-	(8)
Net operating income after net impairment loss on other financial assets	-	134
Personnel expenses	-	(15)
Depreciation and amortization	-	-
Other operating expenses	-	(13)
	-	(28)
Share of profit of equity accounted investee	-	-
Loss before tax from discontinued operations	-	106
Income tax expense	-	(9)
Loss from discontinued operations (net of tax)	-	97

(b) Assets classified as held for sale

	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Cash and cash equivalents	-	-	-	-
Investments in subsidiaries	-	-	325	325
Investment properties	188	188	-	-
Other assets	209	209	-	-
	397	397	325	325

DISCONTINUED OPERATIONS

Statements of Financial Position

Condensed statement of financial position for discontinued operations

<i>Statement of financial position</i>	<i>Union properties</i>	<i>Atlantic Nominee</i>	<i>Intragroup adj</i>	<i>Total</i>
	N million	N million	N million	N million
ASSETS				
Investment properties		188	-	188
Other assets		209	-	209
TOTAL ASSETS	-	397	-	397
LIABILITIES				
TOTAL LIABILITIES	-	-	-	-

39 Capital and reserves

Share capital	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
(a) Authorised : 19,023,125,000 Ordinary shares of 50 kobo each	9,512	9,512	9,512	9,512
	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
(b) Issued and fully paid - 16,935,806,472 Ordinary shares of 50kobo each	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 Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Share premium	391,641	391,641	391,641	391,641
Share capital and share premium	400,109	400,109	400,109	400,109
(d) Other reserves The other reserves includes Statutory reserves, Fair value reserve, Regulatory risk reserves, Small and Medium Scale Industries Reserve (SMEEIS) and Capital reserve.	Group Sep.2016 ₦ million	Group Dec.2015 ₦ million	Bank Sep.2016 ₦ million	Bank Dec.2015 ₦ million
Statutory reserves	24,020	22,062	24,020	22,062
Fair value reserve	26,167	33,050	25,049	32,240
Regulatory risk reserve	33,149	23,876	33,149	23,876
Translation reserve	12,787	4,431	1,895	1,895
Excess clawback reserves	(14,918)	(14,918)	(14,918)	(14,918)
SMEEIES reserve	6,774	6,774	6,774	6,774
Capital reserve	5,489	5,589	5,489	5,489
Other reserves	2,513	2,513	2,513	2,513
	95,981	83,377	83,971	79,931

(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 transfer of N1.958bn to statutory reserves during the period ended 30 September 2016 (2015 N1.962bn).

(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 Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and provisions specified by the central banks of foreign subsidiaries, compared with the incurred loss model used in calculating the impairment under IFRSs.

(iv) Other reserves

The other reserves include Small and Medium Scale Industries Reserve (SMEEIS), Contingency reserve, Capital reserve, Translation reserve.

(v) 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 contribution was 10% of profit after tax for the first 5 periods, and thereafter reduced to 5% of profit after tax. However, this is no longer mandatory and therefore no reserve was made during the period ended 31 Jan 2016. The reserve is non-distributable.

(vi) Translation reserve

Translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations.

(vii) 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. This excess amount was refunded to AMCON during the year ended 31st December, 2012.

(e) Retained deficit

Retained deficit represents the carried forward income net of expenses plus current period profit attributable to Group's shareholders.

40 Non-controlling Interest

<i>Movement in the non controlling interest</i>	Group Sep.2016	Group Dec.2015
	N million	N million
Balance, beginning of year	5,337	5,338
Profit/(loss) for the period	83	(1)
Balance, end of period	5,420	5,337