



Union Bank of Nigeria Plc

**FIRST QUARTER INTERIM REPORT
31 March 2017**

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

For the period ended 31 March 2017

	Notes	Group		Bank	
		Mar.2017	Mar.2016	Mar.2017	Mar.2016
		₦ million	₦ million	₦ million	₦ million
Gross earnings		33,845	27,275	32,558	26,600
Interest income	9	27,234	21,488	26,157	21,021
Interest expense	9	(12,605)	(6,599)	(12,516)	(6,588)
Net interest income (NRFF)		14,629	14,889	13,641	14,433
Net impairment charge for credit losses	13(a)	(320)	(1,140)	(316)	(1,131)
Net interest income after impairment charge for credit losses		14,309	13,749	13,325	13,302
Net fee and commission income	10	2,294	2,718	2,168	2,591
Net trading income	11	1,138	2,740	1,068	2,681
Cash recoveries		1,257	169	1,257	169
Other operating income	12	1,922	160	1,908	138
Non interest income (NII)		6,611	5,787	6,401	5,579
Operating income		20,920	19,536	19,726	18,881
Net impairment write-back/(loss) on other financial assets	13(a)	-	-	-	-
Net operating income after net impairment write-back/(loss) on other financial assets		20,920	19,536	19,726	18,881
Personnel expenses	14	(7,853)	(7,490)	(7,393)	(7,151)
Depreciation and amortisation		(1,396)	(1,227)	(1,330)	(1,190)
Other operating expenses	15	(7,010)	(6,024)	(6,792)	(5,884)
Total expenses		(16,259)	(14,741)	(15,515)	(14,225)
Profit before income tax		4,661	4,795	4,211	4,656
Income tax expense	16	(142)	(76)	(42)	(46)
Profit for the period		4,519	4,719	4,169	4,610
Other comprehensive income, net of income tax					
Foreign currency translation differences for foreign operations		230	(22)	-	-
Fair value gains on property and equipment		-	-	-	-
Fair value gains/(losses) on available-for-sale investments		621	(5,609)	698	(5,656)
Other comprehensive income for the period		851	(5,631)	698	(5,656)
Total comprehensive income for the period		5,370	(912)	4,867	(1,046)

Union Bank of Nigeria Plc and Subsidiary Companies
Interim financial statements for the period ended 31 March 2017

	Notes	Group		Bank	
		Mar.2017	Mar.2016	Mar.2017	Mar.2016
		₦ million	₦ million	₦ million	₦ million
Profit attributable to:					
Equity holders of the Bank		4,479	4,715	4,169	4,610
Non-controlling interest		40	4	-	-
Profit for the period		4,519	4,719	4,169	4,610
Total comprehensive income attributable to:					
Equity holders of the Bank		5,330	(916)	4,867	(1,046)
Non-controlling interest		40	4	-	-
Total comprehensive income for the period		5,370	(912)	4,867	(1,046)
Earnings per share for profit attributable to equity holders of Bank					
Basic and diluted (Kobo)	17	26	28	25	27

Consolidated and Separate Statements of Financial Position

	Notes	Group Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
ASSETS					
Cash and cash equivalents	18	172,997	136,194	73,900	35,536
Non-pledged trading assets	19	18,055	8,323	18,055	8,323
Pledged assets	20	54,542	53,430	54,542	53,430
Derivative assets held for risk management	21	2,596	2,747	2,596	2,747
Loans and advances to customers	22	489,947	507,190	464,409	489,890
Investment securities	23	188,465	181,720	173,146	166,759
Trading properties	24	2,030	2,309	1,124	1,124
Investment properties	25	4,392	4,347	-	-
Investment in subsidiaries	26	-	-	10,567	10,567
Property and equipment	27	53,413	52,800	53,201	52,567
Intangible assets	28	3,636	3,374	3,128	2,859
Deferred tax assets	29	95,910	95,910	95,875	95,875
Other assets	30	209,672	202,298	209,658	201,838
Defined benefit assets	35	1,932	1,643	1,952	1,643
		1,297,587	1,252,285	1,162,153	1,123,158
Assets classified as held for sale	37(b)	397	397	325	325
TOTAL ASSETS		1,297,984	1,252,682	1,162,478	1,123,483
LIABILITIES					
Derivative liabilities held for risk management		13	13	13	13
Deposits from banks	31	116,094	90,266	12,110	4,351
Deposits from customers	32	695,187	658,444	686,422	633,827
Current tax liabilities	33	611	465	219	177
Deferred tax liabilities	29	101	101	-	-
Other liabilities	34	143,027	141,404	141,625	141,191
Retirement benefit obligations	35	837	805	808	773
Other borrowed funds	36	64,651	89,514	64,651	91,812
		1,020,521	981,012	905,848	872,144
Liabilities classified as held for sale	37(c)	-	-	-	-
TOTAL LIABILITIES		1,020,521	981,012	905,848	872,144
EQUITY					
Share capital and share premium	38	401,304	400,109	401,304	400,109
Treasury shares		(624)	-	(624)	-
Retained deficit		(242,757)	(244,183)	(246,752)	(247,868)
Other reserves		114,390	110,633	102,702	99,098
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		272,313	266,559	256,630	251,339
Non-controlling interest	39	5,150	5,111	-	-
TOTAL EQUITY		277,463	271,670	256,630	251,339
TOTAL LIABILITIES AND EQUITY		1,297,984	1,252,682	1,162,478	1,123,483

Signed on behalf of the Board of Directors on 27 March, 2017 by:

Emeka Emuwa
Group Managing Director
FRC/2013/CIBN/00000001774

Oyinkansade Adewale
Director/CFO
FRC/2013/ICAN/00000001775

Consolidated and Separate Statements of Cash Flows

For the period ended 31 March 2017

	Notes	Group Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
Cash flows from operating activities					
Profit for the year		4,479	15,391	4,169	15,885
Income tax expense	16	142	347	42	168
Profit before tax		4,621	15,738	4,211	16,053
<i>Adjustments for:</i>					
Impairment losses on loans and advances		816	21,159	812	21,063
Recoveries on loans and advances		(1,257)	(1,297)	(1,257)	(1,297)
(Reversal of impairment)/impairment loss on loans and advances		(496)	(3,280)	(496)	(3,280)
Impairment loss on equity accounted investee		-	24	-	-
Reversal of impairment on other assets		-	(717)	-	(717)
Write-off of intangible assets	29	-	193	-	-
Write-off of property and equipment	28	-	24	-	26
Gain on sale of property and equipment		(829)	(2,562)	(829)	(2,562)
Gain on disposal of available for sale - unquoted equity	25	-	(297)	-	(297)
Gain on sale of trading properties		-	(90)	-	-
Gain on sale/liquidation of subsidiaries		-	(368)	-	(802)
Depreciation of property and equipment	28	1,011	3,806	1,024	3,775
Amortisation of intangible assets	29	308	1,100	261	925
Dividend income from equity investment		(808)	(765)	(808)	(765)
Interest paid on borrowings		8,210	8,210	8,210	8,210
Contributions to defined contribution plans		150	722	150	619
Increase in liability for defined benefit plans		23	464	23	461
		11,749	42,064	11,301	41,412
Change in non-pledged trading assets		(9,732)	(8,323)	(9,732)	(8,323)
Change in pledged assets		(1,112)	31,298	(1,112)	31,298
Change in loans and advances to customers		18,180	(157,051)	26,422	(157,392)
Change in other assets		(8,685)	(63,343)	(9,133)	(62,686)
Change in derivative financial instruments-assets		151	13	151	13
Change in derivative financial instruments-liabilities		-	(927)	-	(927)
Change in deposits from banks		25,828	46,175	7,759	(7,449)
Change in deposits from customers		36,743	87,805	52,595	64,711
Change in other liabilities		2,058	29,588	872	31,384
		75,180	7,298	79,123	(67,959)
Income tax paid	35	4	(269)	-	(220)
Payment from defined contribution plan	37(a)(i)	(151)	(722)	(151)	(619)
Payment from defined benefit plan		-	(1,343)	-	(1,335)
Net cash provided by/(used in) operating activities		75,033	4,965	78,972	(70,133)
Cash flows from investing activities					
Purchase of investment properties	27	-	199	-	-
Acquisition of investment properties		(45)	-	-	-
Proceeds from sale of trading properties		279	958	-	-
Proceeds from sale of property and equipment		1,922	5,271	1,922	5,245
Proceed on disposal of subsidiaries		-	3,006	-	3,006
Proceed/(acquisition) of investment securities		(6,084)	35,653	(5,689)	44,256
Acquisition of trading properties	26	-	-	-	-

Acquisition of property and equipment	29	(2,299)	(9,126)	(2,278)	(8,962)
Acquisition of intangible assets	30	-	(664)	-	(634)
Dividend income received	13	808	765	808	765
Net cash generated from/(used in) investing activities		(5,419)	36,061	(5,237)	43,676
Cash flows from financing activities					
Inflow from other borrowings		60	47,784	60	47,784
Repayment of borrowings		(24,923)	(34,329)	(27,221)	(32,031)
Interest paid on borrowings	9	(8,210)	(8,210)	(8,210)	(8,210)
Net cash generated from/(used in) financing activities		(33,073)	5,245	(35,371)	7,543
Net increase/(decrease) in cash and cash equivalents					
Cash and cash equivalents at beginning of year	19	136,194	82,252	35,536	54,451
Effect of exchange rate fluctuations on cash held		262	7,672	-	-
Cash and cash equivalents at end of year	19	172,997	136,194	73,900	35,536

Consolidated and Separate Statements of Changes in Equity
For the period ended 31 March 2017

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Share based payment reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2017	8,468	391,641	24,445	-	34,832	38,869	147	12,340	(244,183)	266,559	5,111	271,670
Total comprehensive income for the period												
Profit for the period	-	-	625	-	-	-	-	-	3,854	4,479	40	4,519
Other comprehensive income, net of tax												
Foreign currency translation difference	-	-	-	-	-	-	-	230	-	230	-	230
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	621	-	-	-	-	621	-	621
Appropriation:												
Transfer from regulatory reserves	-	-	-	-	-	2,428	-	-	(2,428)	-	-	-
Total comprehensive income for the period	-	-	625	-	621	2,428	-	230	1,426	5,330	40	5,370
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Shares redeemed during the period	-	-	-	(624)	-	-	-	-	-	(624)	-	(624)
Equity-settled share-based payment	-	-	-	-	-	-	1,048	-	-	1,048	-	1,048
Transfer from Share Based Payment Reserve	124	1,071	-	-	-	-	(1,195)	-	-	-	-	-
Total contribution and distributions to owners	124	1,071	-	(624)	-	-	(147)	-	-	424	-	424
Balance at 31 March 2017	8,592	392,712	25,070	(624)	35,453	41,297	-	12,570	(242,757)	272,313	5,151	277,464

December 2016

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Share based payment reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ 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
Prior period adjustment	-	-	-	-	-	-	-	-	2,839	2,839	-	2,839
Balance at 1 January 2016	8,468	391,641	22,062	-	33,050	23,876	-	4,389	(242,063)	241,423	5,337	246,760
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	15,617	15,617	(226)	15,391
Other comprehensive income, net of tax												
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	305	-	305	-	305
Foreign currency translation difference	-	-	-	-	-	-	-	7,746	-	7,746	-	7,746
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	1,939	-	-	-	-	1,939	-	1,939
Total comprehensive income for the year	-	-	-	-	1,939	-	-	8,051	15,617	25,607	(226)	25,381
Appropriation:												
Transfer from regulatory reserves	-	-	-	-	(157)	14,993	-	(100)	(14,736)	-	-	-
Transfer from other reserves	-	-	2,383	-	-	-	-	-	(2,383)	-	-	-
Total comprehensive income for the period	-	-	2,383	-	(157)	14,993	-	(100)	(17,119)	-	-	-
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners												
Dividend to non- controlling interest	-	-	-	-	-	-	-	-	(618)	(618)	-	(618)
Equity settled -share-based payment	-	-	-	-	-	-	147	-	-	147	-	147
Total contribution and distributions to owners	-	-	-	-	-	-	147	-	(618)	(471)	-	(471)
Balance at 31 December 2016	8,468	391,641	24,445	-	34,832	38,869	147	12,340	(244,183)	266,559	5,111	271,670

Consolidated and Separate Statements of Changes in Equity
For the period ended 31 March 2017

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Share based payment reserve	Other reserves	Retained deficit	Total
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2017	8,468	391,641	24,445	-	33,579	38,869	147	2,058	(247,868)	251,339
Total comprehensive income for the period										
Profit or loss	-	-	625	-	-	-	-	-	3,544	4,169
Other comprehensive income										
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	698	-	-	-	-	698
Transfer between reserves	-	-	-	-	-	2,428	-	-	(2,428)	-
Total comprehensive income for the period	-	-	625	-	698	2,428	-	-	1,116	4,867
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Shares redeemed during the period	-	-	-	(624)	-	-	-	-	-	(624)
Equity-settled share-based payment	-	-	-	-	-	-	1,048	-	-	1,048
Transfer from Share Based Payment Reserve	124	1,071	-	-	-	-	(1,195)	-	-	-
Total contribution and distributions to owners	124	1,071	-	(624)	-	-	(147)	-	-	424
Balance at 31 March 2017	8,592	392,712	25,070	(624)	34,277	41,297	-	2,058	(246,752)	256,630

December 2016

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Share based payment reserve	Other reserves	Retained earnings /accumulated deficit	Total
	N million	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)	233,507
Prior year adjustment	-	-	-	-	-	-	-	-	2,839	2,839
Balance at 1 January 2016	8,468	391,641	22,062	-	32,240	23,876	-	1,753	(246,533)	233,507
Total comprehensive income for the year										
Profit or loss	-	-	-	-	-	-	-	-	15,885	15,885
Other comprehensive income										
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	1,495	-	-	-	-	1,495
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	305	-	305
Total comprehensive income for the year	-	-	-	-	1,495	-	-	305	15,885	17,685
Appropriation										
Transfer between reserves	-	-	-	-	(156)	14,993	-	-	(14,837)	-
Transfer to statutory reserve	-	-	2,383	-	-	-	-	-	(2,383)	-
	-	-	2,383	-	(156)	14,993	-	-	(17,220)	-
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity-settled share-based payment	-	-	-	-	-	-	147	-	-	147
Total contribution and distributions to owners	-	-	-	-	-	-	147	-	-	147
Balance at 31 December 2016	8,468	391,641	24,445	-	33,579	38,869	147	2,058	(247,868)	251,339

9 Net interest income

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	₦ million	₦ million	₦ million	₦ million
Interest income				
Cash and cash equivalents	983	483	553	474
Loans and advances to customers	19,706	14,241	19,176	13,894
Investment securities	6,545	6,764	6,428	6,653
Total interest income	27,234	21,488	26,157	21,021
Interest expense				
Deposits from customers	10,432	4,871	10,344	4,860
Other borrowed funds	2,173	1,728	2,172	1,728
Total interest expense	12,605	6,599	12,516	6,588
Net interest income	14,629	14,889	13,641	14,433

10 Net Fees and commission income

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	₦ million	₦ million	₦ million	₦ million
Credit Related fees and commissions income	1,604	1,763	1,604	1,789
Account Maintenance Fee	356	283	356	283
E-business fee income (See note (a))	(39)	372	(39)	372
Commission on LCs, Invisible Trades and Guarantees	247	147	247	147
Other fees and commission	126	153	-	-
	2,294	2,718	2,168	2,591

(a) E-business fee income/charge

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	₦ million	₦ million	₦ million	₦ million
ATM on-us	310	187	310	187
POS	(9)	(7)	(9)	(7)
E-card maintenance	(256)	27	(256)	27
Priority pass card	(91)	-	(91)	-
Card FX gain/(loss)	8	165	8	165
	(39)	372	(39)	372

11 Net trading income/(loss)

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Gain on disposal of fixed income securities	766	2,632	766	2,632
Mark to market gains on fixed income securities	153	(23)	116	(23)
Foreign exchange gain on trading	219	131	186	72
	1,138	2,740	1,068	2,681

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
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Dividends	808	-	808	-
Gains on disposal of property and equipment	829	(16)	829	(15)
Foreign exchange revaluation gain	43	(67)	43	(67)
Rental income	79	40	59	40
Sundry income	163	203	169	180
	1,922	160	1,908	138

(a) Sundry income

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Cash handling fees	17	13	17	13
Fraud recoveries	14	19	14	19
Investment related and other income	171	172	139	149
	163	203	169	180

13 Net Impairment loss on financial assets

(a) Net impairment charge for credit losses

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Net impairment charge for credit losses:				
-specific impairment	992	639	988	630
-portfolio impairment	(176)	501	(176)	501
Total impairment charge on loans and advances	816	1,140	812	1,131
Reversal of impairment	(496)	-	(496)	-
	320	1,140	316	1,131
Total net impairment loss on financial assets	320	1,140	316	1,131

14 Personnel expenses

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Wages and salaries	7,680	7,316	7,220	6,977
Contributions to defined contribution plans	150	154	150	154
Increase in liability for defined benefit plans	23	20	23	20
	7,853	7,490	7,393	7,151

15 Other operating expenses

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Auditors' remuneration	39	50	38	50
NDIC Premium	754	690	754	690
Rents and Rates	259	239	259	239
Accommodation and travels	198	174	179	161
Fleet management and vehicle related expenses	141	214	141	214
Repair and Maintenance	430	276	374	239
Professional fees	284	304	239	282
Advertising and Promotion expenses	304	401	304	401
Security expense	257	251	257	251
Expenses on software	912	712	912	712
Donations and Subscriptions	19	45	19	45
General administrative expenses (see note (a) below)	1,935	1,361	1,839	1,295
Insurance	76	73	75	71
AMCON surcharge	1,402	1,234	1,402	1,234
	7,010	6,024	6,792	5,884

(a) General administrative expenses

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Office cleaning	75	63	75	63
Cash movement expense	314	265	314	265
Entertainment	51	5	51	5
Directors fees and allowances	116	98	116	98
Diesel and power	598	307	598	307
Stationery, printing, postage and telephone	101	91	101	91
Sports promotion	(4)	10	(4)	10
Penalties	-	20	-	20
Restitution and other charges	254	72	254	72
Group restructuring expenses	-	146	-	146
Other expenses	430	286	334	220
	1,935	1,361	1,839	1,295

16 Income tax expense

(a) Recognised in the profit or loss

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
	N million	N million	N million	N million
Current tax expense				
Company Income Tax	100	-	-	-
Capital Gains tax	83	-	83	-
NITDA Levy	(41)	76	(41)	46
Total income tax expense	142	76	42	46

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 period. 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 period.

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
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
Issued ordinary shares at beginning of the period	16,936	16,936	16,936	16,936
Weighted effect of shares issued during the period	16,939	16,936	16,939	16,936

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

	Group	Group	Bank	Bank
	Mar.2017	Mar.2016	Mar.2017	Mar.2016
Profit/(Loss) for the period attributable to equity holders	4,479	4,715	4,169	4,610
Basic earnings/(loss) per share (in kobo)	26	28	25	27

(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	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Cash and balances with banks	26,024	24,139	24,731	21,447
Unrestricted balances with central bank	35,785	6,887	35,785	6,887
Money market placements	111,188	105,168	13,384	7,202
	172,997	136,194	73,900	35,536

19 Non-pledged Assets (Held for trading)	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Government bonds	9,531	-	9,531	-
Treasury bills	8,524	8,323	8,524	8,323
	18,055	8,323	18,055	8,323

20 Pledged assets Financial assets that may be repledged or resold by counterparties	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Treasury bills	18,354	16,645	18,354	16,645
Bonds	36,111	36,544	36,111	36,544
Placement	77	241	77	241
	54,542	53,430	54,542	53,430

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	Mar.2017		Dec.2016	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
FX swaps	2,596	-	2,747	13
Non-deliverable futures	-	13	-	-
	2,596	13	2,747	13

Bank	Mar.2017		Dec.2016	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
FX swaps	2,596	-	2,747	13
Non-deliverable futures	-	13	-	-
	2,596	13	2,747	13

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	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Gross amount	518,476	535,836	492,645	518,349
Specific impairment	(14,957)	(14,904)	(14,840)	(14,887)
Portfolio impairment	(13,572)	(13,742)	(13,396)	(13,572)
Total impairment	(28,529)	(28,646)	(28,236)	(28,459)
Carrying amount	489,947	507,190	464,409	489,890

23 Investment securities

		Group	Group	Bank	Bank
		Mar.2017	Dec.2016	Mar.2017	Dec.2016
		₦ million	₦ million	₦ million	₦ million
<i>Available-for-sale investment securities comprise:</i>					
Treasury bills		36,793	38,626	27,121	26,407
Equity: Quoted	see Note 23(a)	2,195	2,195	2,195	2,195
Unquoted	see Note 23(b)	30,241	30,143	30,241	30,143
FGN Bonds		26,481	22,763	24,358	20,658
State Bonds		1,039	995	1,039	995
Corporate Bonds		1,026	1,058	1,026	1,058
		97,775	95,780	85,980	81,455
Less: specific impairment allowance		(4,734)	(5,002)	(4,734)	(5,002)
		93,041	90,778	81,246	76,453
Quoted					
		Group	Group	Bank	Bank
		Mar.2017	Dec.2016	Mar.2017	Dec.2016
		₦ million	₦ million	₦ million	₦ million
23(a)	Investment in REIT	2,195	2,195	2,195	2,195
Unquoted					
23(b)	AFC	24,651	24,553	24,651	24,553
	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	494	494	494
	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
		30,241	30,143	30,241	30,143
Total		32,436	32,338	32,436	32,338
Less: specific impairment allowance		(4,734)	(5,002)	(4,734)	(5,002)
		27,702	27,336	27,702	27,336
<i>Held to maturity investment securities comprise:</i>					
	Federal Government of Nigeria -Bonds	57,100	52,270	53,576	51,634
	State Government of Nigeria -Bonds	27,152	27,179	27,152	27,179
	Corporate Bonds	11,172	11,493	11,172	11,493
		95,424	90,942	91,900	90,306
Investment securities		188,465	181,720	173,146	166,759

24 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 Mar.2017 ₦ million	Group Dec.2016 ₦ million	Bank Mar.2017 ₦ million	Bank Dec.2016 ₦ million
Balance, beginning of period	2,309	2,309	1,124	1,124
Disposal	(279)	-	-	-
Balance, end of period	2,030	2,309	1,124	1,124

25 Investment Properties

These investment properties were last revalued during the period 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 31 December 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 Mar.2017 ₦ million	Group Dec.2016 ₦ million	Bank Mar.2017 ₦ million	Bank Dec.2016 ₦ million
Balance, beginning of the period	4,347	4,546	-	-
Purchase of investment property	45	-	-	-
Disposal	-	(199)	-	-
Balance, end of the period	4,392	4,347	-	-

26 Investment in subsidiaries
Cost

	Bank Mar.2017 ₦ million	Bank Dec.2016 ₦ 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 Incorporation	Nature of business	Direct ownership interest	
			Mar.2017 Status/%	Dec.2016 Status/%
UBN Property Company Limited (ii)	Nigeria	Property Development	39	39
Union Bank UK Plc (iii)	Nigeria	Licensed UK Bank	100	100

(i) **UBN Property Company Limited (Registered office at 36, Marina, Lagos)**

The Company has 5,626,416,051 ordinary shares of ₦1.00 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 1 King's Arms Yard, London, EC2R 7AF)**

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.

(c) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 31 March 2017, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	Group balances	Consolidation entries	Total	Bank	Union Properties	Atlantic Nominees	Union Bank UK
	N million	N million	N million	N million	N million	N million	N million
Operating income	21,240	(11)	21,251	20,041	149	-	1,061
Net operating income after net impairment loss	20,920	(11)	20,931	19,726	149	-	1,055
Operating Expenses	(16,259)	12	(16,271)	(15,518)	(47)	-	(706)
Net impairment loss on financial assets	(320)	0	(320)	(315)	-	-	(5)
Share of profit of equity accounted investees	-	-	-	-	-	-	-
Profit before income tax	4,661	2	4,659	4,208	102	-	349
Taxation	(142)	(1)	(141)	(41)	(33)	-	(67)
Profit after income tax	4,519	1	4,518	4,167	70	-	282

(i) In the course of the period, 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

	Group balances	Consolidation entries	Total	Bank	Union Properties	Atlantic Nominees	Union Bank UK
	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	172,997	(17,197)	190,194	73,900	1,236	-	115,058
Non-pledged trading assets	18,055	-	18,055	18,055	-	-	-
Pledged assets	54,542	-	54,542	54,542	-	-	-
Derivative financial instrument	2,596	-	2,596	2,596	-	-	-
Loans and advances to customers	489,947	2	489,945	464,409	-	-	25,536
Investments in equity-accounted investee	-	-	-	-	-	-	-
Investment securities	188,465	-	188,465	173,146	2,956	-	12,363
Assets held for sale	397	(325)	722	325	-	397	-
Trading properties	2,030	(1)	2,031	1,124	907	-	-
Investment properties	4,392	-	4,392	-	4,392	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-
Property and equipment	53,413	(0)	53,413	53,201	37	-	175
Intangible assets	3,636	(0)	3,636	3,128	-	-	508
Deferred tax assets	95,910	135	95,775	95,875	(100)	-	-
Other assets	209,672	(751)	210,423	209,658	107	-	658
Defined benefit assets	1,932	(20)	1,952	1,952	-	-	-
Total assets	1,297,984	(28,725)	1,326,709	1,162,478	9,535	397	154,299
Financed by:							
Derivative financial instruments	13	-	13	13	-	-	-
Deposits from banks	116,094	(0)	116,094	12,110	-	-	103,984
Deposits from customers	695,187	(17,197)	712,384	686,422	-	-	25,962
Deferred tax liabilities	101	101	-	-	-	-	-
Current tax liabilities	611	1	610	219	302	-	89
Other liabilities	143,027	(1,122)	144,149	141,625	1,769	-	755
Retirement benefit obligations	837	(20)	857	808	49	-	-
Other borrowed funds	64,651	-	64,651	64,651	-	-	-
Equity and reserves	277,463	(10,488)	287,951	256,630	7,416	397	23,509
Total liabilities	1,297,984	(28,725)	1,326,709	1,162,478	9,535	397	154,299

(c) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 31 December 2016, are as follows

Condensed statement of comprehensive income

Statement of Comprehensive income	Group balances	Consolidation entries	Total	Bank	Union Properties	Atlantic Nominees	Union Bank UK
	N million	N million	N million	N million	N million	N million	N million
Operating income	93,627	(1,759)	95,386	91,882	508	-	2,995
Net operating income after net impairment loss	77,738	(487)	78,225	74,819	508	-	2,897
Operating Expenses	(62,000)	51	(62,051)	(58,765)	(761)	-	(2,525)
Net impairment loss on financial assets	(15,889)	1,272	(17,161)	(17,064)	-	-	(98)
Profit before income tax	15,738	(436)	16,174	16,054	(253)	-	372
Taxation	(347)	-	(347)	(168)	(116)	-	(62)
Profit after income tax	15,391	(436)	15,827	15,886	(369)	-	310

(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

	Group balances	Consolidation entries	Total	Bank	Union Properties	Atlantic Nominees	Union Bank UK
	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	136,194	(1,476)	137,670	35,536	1,476	-	100,658
Non-pledged trading assets	8,323	-	8,323	8,323	-	-	-
Pledged assets	53,430	-	53,430	53,430	-	-	-
Derivative financial instrument	2,747	-	2,747	2,747	-	-	-
Loans and advances to customers	507,190	(5,245)	512,435	489,890	-	-	22,545
Investments in equity-accounted investee	-	-	-	-	-	-	-
Investment securities	181,720	3	181,717	166,759	2,876	-	12,082
Assets held for sale	397	(325)	722	325	-	397	-
Trading properties	2,309	-	2,309	1,124	1,185	-	-
Investment properties	4,347	-	4,347	-	4,347	-	-
Investment in subsidiaries	-	(10,567)	10,567	10,567	-	-	-
Property and equipment	52,800	-	52,800	52,567	20	-	212
Intangible assets	3,374	-	3,374	2,859	-	-	515
Deferred tax assets	95,910	-	95,910	95,875	-	-	35
Other assets	202,298	(184)	202,481	201,838	86	-	557
Defined benefit asset	1,643	-	1,643	1,643	-	-	-
Total assets	1,252,682	(17,794)	1,270,475	1,123,483	9,990	397	136,605
Financed by:							
Derivative financial instruments	13	0	13	13	-	-	-
Deposits from banks	90,266	-	90,266	4,351	-	-	85,915
Deposits from customers	658,444	(1,477)	659,921	633,827	-	-	26,094
Deferred tax liabilities	101	-	101	-	101	-	-
Current tax liabilities	465	-	465	177	288	-	-
Other liabilities	141,404	(3,533)	144,937	141,191	2,225	-	1,521
Retirement benefit obligations	805	-	805	773	32	-	-
Other borrowed funds	89,514	(2,298)	91,812	91,812	-	-	-
Equity and reserves	271,670	(10,486)	282,156	251,339	7,346	397	23,074
Total liabilities	1,252,682	(17,794)	1,270,475	1,123,483	9,990	397	136,605

27 **Property and equipment**

(a) **Group:**

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

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost								
Balance at 1st January, 2016	14,079	23,294	11,962	3,201	17,577	3,342	1,589	75,045
Exchange difference	-	-	18	-	(22)	-	-	(4)
Additions	7	-	866	113	1,162	151	-	2,299
Disposals	(645)	(489)	(28)	-	(6)	-	-	(1,168)
Reclassification to other assets	31	-	(1)	14	(9)	-	516	551
Balance as at 31 March 2017	13,472	22,805	12,817	3,327	18,702	3,493	2,105	76,723
Balance at 1st January, 2016	14,267	26,193	8,187	3,052	15,665	3,230	2,181	72,776
Exchange difference	-	-	111	-	113	10	-	235
Additions	12	24	3,966	193	2,614	244	2,074	9,126
Disposals	-	(2,923)	(524)	(27)	(826)	(141)	-	(4,441)
Write off	-	-	-	-	-	-	(24)	(24)
Reclassification to other assets	(200)	-	223	(18)	11	0	(2,642)	(2,627)
Balance as at 31 December 2016	14,079	23,294	11,962	3,201	17,577	3,342	1,589	75,044
Depreciation and impairment losses								
Balance at 1st January 2017	-	5,826	1,688	1,435	10,239	3,057	-	22,245
Prior period revaluation	-	-	-	-	-	-	-	-
Exchange difference	-	5,826	1,688	1,435	10,239	3,057	-	22,245
Charge for the period	-	106	55	74	747	28	-	1,011
Disposals	-	(59)	(10)	-	(6)	-	-	(75)
Write-off/Adj	-	-	-	-	-	-	-	-
Reclassifications	-	44	(1)	11	(11)	-	-	43
Derecognition of subsidiaries	-	-	-	-	-	-	-	-
Assets classified as discontinued operations	-	-	-	-	-	-	-	-
Balance as at 31 March 2017	-	5,917	1,724	1,520	11,062	3,086	-	23,309
Balance at 1st January, 2016	200	5,798	1,374	1,167	8,379	3,087	159	20,164
Charge for the year	-	478	181	282	2,765	100	-	3,806
Disposals	-	(422)	(367)	(14)	(788)	(141)	-	(1,732)
Write-off/Adj	-	-	-	-	-	-	-	-
Exchange difference	-	-	111	-	69	11	-	191
Reclassifications	(200)	(28)	389	0	(186)	1	(159)	(183)
Balance as at 31 December 2016	-	5,826	1,688	1,435	10,239	3,057	-	22,245
(iii) Net Book Value								
Balance as at 31 March 2017	13,472	16,888	11,093	1,808	7,640	407	2,105	53,413
Balance as at 31 December 2016	14,079	17,468	10,274	1,766	7,338	286	1,589	52,800

(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 2016: nil)

(b) **Bank:**

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

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	N million	N million	N million	N million	N million	N million	N million	N million
(i) Cost								
Balance at 1st January 2017	14,079	23,294	11,877	3,200	17,349	3,268	1,587	74,655
Additions	7	-	866	113	1,141	151	-	2,278
Disposals	(645)	(489)	(28)	-	-	-	-	(1,162)
Reclassifications	-	-	(1)	14	(12)	-	516	517
Balance as at 31 March 2017	13,441	22,805	12,714	3,327	18,478	3,420	2,103	76,288
Balance at 1st January 2016	14,267	26,193	7,977	3,052	15,426	3,186	2,181	72,282
Additions	12	24	3,881	193	2,553	224	2,074	8,962
Disposals	-	(2,923)	(204)	(27)	(641)	(141)	-	(3,936)
Reclassifications to other assets	(200)	-	223	(18)	11	-	(2,642)	(2,627)
Write off	-	-	-	-	-	-	(26)	(26)
Balance as at 31 December 2016	14,079	23,294	11,877	3,200	17,349	3,268	1,587	74,655
(ii) Accumulated depreciation								
Balance at 1st January 2017	-	5,854	1,657	1,435	10,141	3,001	-	22,087
Prior period revaluation	-	-	-	-	-	-	-	-
Charge for the period	-	5,854	1,657	1,435	10,141	3,001	-	22,087
Disposals	-	106	58	74	759	27	-	1,024
Reclassifications	-	(59)	(10)	-	-	-	-	(69)
Write-off/Adj	-	44	(1)	11	(11)	-	-	44
Balance as at 31 March 2017	-	5,945	1,705	1,520	10,889	3,027	-	23,086
Restated balance at 1st January 2016	200	5,798	1,515	1,167	8,022	3,049	-	19,751
Charge for the year	-	478	178	282	2,745	92	-	3,775
Disposals	-	(422)	(47)	(14)	(629)	(141)	-	(1,253)
Reclassifications	(200)	-	11	-	3	1	-	(186)
Write-off/Adj	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	-	5,854	1,657	1,435	10,141	3,001	-	22,087
(iii) Net Book Value								
Balance as at 31 March 2017	13,441	16,860	11,009	1,807	7,589	392	2,103	53,201
Balance as at 31 December 2016	14,079	17,440	10,220	1,765	7,208	268	1,587	52,567

(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 2016: nil)

28 Intangible assets

	Group Mar.2017	Group Dec.2016	Bank Mar.2017	Bank Dec.2016
	N million	N million	N million	N million
Cost				
Balance, beginning of the period	6,693	6,395	5,774	5,314
Additions		664		634
Reclassification	512	(150)	530	(174)
Disposal	-	(754)	-	-
Exchange translation difference	149	537	-	-
Balance, end of period	7,354	6,693	6,304	5,774
Amortization and impairment losses				
Balance, beginning of period	3,319	2,646	2,915	1,996
	-	-	-	-
Balance, beginning of the period	3,319	2,646	2,915	1,996
Amortisation for the period	308	1,100	261	925
Reclassification	(1)	(427)	-	(6)
Exchange translation difference	91	-	-	-
Balance, end of period	3,717	3,319	3,176	2,915
Carrying amounts as at period end				
Balance as at 1 January	3,374	3,374	3,128	2,859
	3,374	3,749	2,859	3,318

(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 2016 : nil)

29 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

31 March 2017

	Assets	Liabilities	Net
	N million	N million	N million
Property, equipment, and software	-	6,746	(6,746)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,645	-	1,645
Net tax assets (liabilities)	102,848	6,938	95,910

Deferred tax liabilities

	Liabilities	Net
	N million	N million
Property, equipment, and software	101	(101)
Net tax assets (liabilities)	101	(101)
Net deferred tax		95,809

31 December 2016

	Assets	Liabilities	Net
	N million	N million	N million
Property, equipment, and software	-	6,746	(6,746)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,645	-	1,645
Net tax assets (liabilities)	102,848	6,938	95,910

Deferred tax liabilities

	Liabilities	Net
	N million	N million
Property, equipment, and software	101	(101)
Net tax assets (liabilities)	101	(101)
Net deferred tax		95,809

Bank

31 March 2017

	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 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

Deferred tax assets and liabilities

Movement on the net deferred tax assets/(liabilities) account during the period:

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of the period	95,809	95,883	95,875	95,875
Credit for the period	(34)	(101)	-	-
Net assets/(liabilities) of discontinued operations	-	27	-	-
Net deferred tax assets/(liabilities)	95,775	95,809	95,875	95,875
<i>Made up of</i>				
Deferred tax assets	102,848	102,848	102,914	102,914
Deferred tax liabilities	(6,938)	(6,938)	(7,039)	(7,039)

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N95,883 (December 2016: 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.

30 Other assets

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Cash Reserve Requirement (see (i))	136,573	129,431	136,573	129,431
Excess CRR balance to be refunded (see (ii))	25,523	25,523	25,523	25,523
Total Cash Reserve Requirement	162,096	154,954	162,096	154,954
Other assets:				
Clearing	1,296	744	1,296	744
Accounts receivable	151	1,558	357	1,108
Prepayments	6,522	4,863	6,314	4,863
Receivable on FX forward (see (iv))	34,324	34,061	34,324	34,061
Sundry assets	11,482	12,050	11,470	12,040
	53,775	53,276	53,761	52,816
Impairment on other assets(see (iii))	(6,199)	(5,932)	(6,199)	(5,932)
Net other assets	47,576	47,344	47,562	46,884
	209,672	202,298	209,658	201,838

- (i) The Bank had restricted balances of N136.573 billion (Dec 2016: 129.431 billion) with the Central Bank of Nigeria (CBN) as at 31 March 2017, 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 March 2017, the CRRs in force were Public Sector Deposits 22.5% (Dec 2016: 22.5%) and Private Sector Deposits 22.5% (Dec 2016: 22.5%).
- (ii) The MPC meeting held on March 20 - 21, 2017 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).

31 Deposits from banks

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Money market deposits (See note (i) below)	12,110	4,351	12,110	4,351
Other deposits from banks	103,984	85,915	-	-
	116,094	90,266	12,110	4,351
(i) Money market deposits				
LCY inter bank takings	-	-	-	-
FCY inter bank takings	12,110	4,351	12,110	4,351
	12,110	4,351	12,110	4,351

32 Deposits from customers

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Term deposits	260,426	229,596	256,543	224,581
Current deposits	257,395	259,251	252,513	239,649
Savings	177,366	169,597	177,366	169,597
	695,187	658,444	686,422	633,827

33 Current tax liabilities

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of period	465	382	177	229
Foreign exchange translation difference	-	(3)	-	-
Reclassification	-	108	-	-
Charge for the period	142	247	42	168
Payments during the period	4	(269)	-	(220)
Balance, end of period	611	465	219	177

34 Other liabilities

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Deposits for foreign currency	35,781	48,206	35,781	48,206
Due to foreign correspondent banks	14,238	25,152	14,238	28,100
PAYE and other statutory deductions	1,580	1,569	1,580	1,569
Draft and Bills payable	8,752	8,511	8,752	8,511
Sundry creditors	631	429	631	429
Creditors and accruals	23,406	22,773	23,232	22,773
Unearned income	430	399	430	399
Provision for claims and contingencies	3,106	3,104	3,106	3,104
Accounts payable	3,681	8,800	3,435	5,635
Provisions for Ex-staff claims (AMCON provision)	4,272	4,272	4,272	4,272
Insurance premium payable	1,111	130	1,111	130
Electronic collections and other e-payment liabilities	3,799	5,031	3,799	5,031
Other credit balances	24,240	13,028	23,258	13,032
	143,027	141,404	141,625	141,191

35 Employee benefit obligations

	Group Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
Post employment benefit obligation (see (a) below)	180	181	151	152
Other long-term employee benefits (see (b) below)	657	624	657	621
	837	805	808	773

(a) Post employment benefit obligation

	Group Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
Defined contribution scheme (see (i) below)	151	152	151	152
Defined benefit obligation (See (ii) below)	29	29	-	-
	180	181	151	152

Defined benefit asset (See (ii) below)	1,932	1,643	1,952	1,643
Net defined benefit obligation	1,903	1,614	1,952	1,643

(i) Defined Contribution Scheme

	Group Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
Balance, beginning of period	152	152	152	152
Charge during the period	150	722	150	619
Contribution remitted during the period	(151)	(722)	(151)	(619)
Balance, end of period	151	152	151	152

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

(ii) Defined benefit obligation

The Group also has a Legacy defined benefits pension scheme for its staff, which was set up prior to passage of the Pension Reform Act. Under the scheme, terminal benefits were determined with reference to the employees' salaries upon disengagement. The Group has transferred part of the benefits to the Retirement Savings Accounts (RSA) of the affected employees and the obligations are funded by plan assets. The outstanding balance represents the total obligations that are yet to be transferred to the Retirement Savings Accounts (RSA) of the affected employees.

(b) Other long-term employee benefits

Other long-term employee benefit represents liability in respect of long service award.

The basis of determining the benefit due to an employee is as stated below:

- (i) Less than 5 periods of service: 12 weeks total emolument for each completed period of service.
- (ii) 5 periods but less than 15 periods of service: 14 weeks total emolument for each completed period of service.
- (iii) 15 periods of service and above: 16 weeks total emolument for each completed period 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 Mar.2017 N million	Group Dec.2016 N million	Bank Mar.2017 N million	Bank Dec.2016 N million
Present value of unfunded obligation	657	624	657	621
Present value of funded obligation	-	-	-	-
Total present value of the obligation	657	624	657	621
Fair value of plan assets	-	-	-	-
Present value of net obligation	657	624	657	621
Recognized liability for defined benefit obligations	657	624	657	621

36 Other borrowed funds

	Group Mar.2017	Group Dec.2016	Bank Mar.2017	Bank Dec.2016
	₦ million	₦ million	₦ million	₦ million
Due to CAC (see (a))	7,537	9,240	7,537	9,240
BOI on-lending facilities (see note (b) below)	6,084	6,286	6,084	6,286
Other borrowings (see (c))	51,030	73,988	51,030	76,286
	64,651	89,514	64,651	91,812

- (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
- (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-period 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.

- (c) **Other borrowings consist of the following foreign currency denominated facilities:**

	Bank Mar.2017	Bank Dec.2016	Bank Mar.2017	Bank Dec.2016
	\$ million	\$ million	N million	N million
Standard Chartered Bank	-	11.2	-	3,422
Afreximbank	142.6	163.4	43,674	49,847
Ecobank EBISA	6.5	8.9	1,994	2,711
ABBSA Bank	-	1.9	-	579
Mashreq Bank	2.9	8.6	892	2,624
Union Bank, UK	7.6	7.5	2,335	2,298
African Finance Corporation	-	37.1	-	11,309
UBA New York	-	4.5	-	1,383
Access Bank Nig Ltd	7.0	6.9	2,135	2,113
	166.6	250.1	51,030	76,286

As at March 31, 2017, the USD conversion rate is \$/N306.35 (December 2016: \$/N305)

37 Discontinued operations

- (a) **Assets classified as held for sale**

	Group Mar.2017	Group Dec.2016	Bank Mar.2017	Bank Dec.2016
	₦ million	₦ million	₦ million	₦ 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>Atlantic Nominee</i>	<i>Total</i>
	N million	N million
ASSETS		
Investment properties	188	188
Other assets	209	209
TOTAL ASSETS	397	397
LIABILITIES	-	-
TOTAL LIABILITIES	-	-

38 Capital and reserves

Share capital	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
(a) Authorised :				
35,000,000,000 (Dec 2016: 19,023,125,000) Ordinary shares of 50 kobo each	17,500	9,512	17,500	9,512
	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
(b) Issued and fully paid -				
17,184,331,191 (Dec. 2016: 16,935,806,471) Ordinary shares of 50kobo each	8,592	8,468	8,592	8,468
	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of period	8,468	8,468	8,468	8,468
Transfer from Share Based Payment Reserve	124	-	124	-
Balance, end of period	8,592	8,468	8,592	8,468
(c) Share premium				
Share premium is the excess paid by shareholders over the nominal value for their shares.				
	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of period	391,641	391,641	391,641	391,641
Transfer from Share Based Payment Reserve	1,071	-	1,071	-
Balance, end of period	392,712	391,641	392,712	391,641
Share capital and share premium	401,304	400,109	401,304	400,109
(d) Treasury Shares				
	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of period	-	-	-	-
Acquisition of own shares during the year	(624)	-	(624)	-
Balance, end of period	(624)	-	(624)	-
(e) 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	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Statutory reserves	25,070	24,445	25,070	24,445
Fair value reserve	35,453	34,832	34,277	33,579
Regulatory risk reserve	41,297	38,869	41,297	38,869
Share based Payment reserve	-	147	-	147
Translation reserve	12,407	12,177	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	5,489	5,489	5,489
Equity component of employee benefit remeasurement	2,818	2,818	2,818	2,818
	114,390	110,633	102,702	99,098

(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 N625million to statutory reserves during the period ended 31 March 2017 (March 2016 N692million).

(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 period ended 31st December, 2012.

(viii) Share based payment reserve

This represents the provision for liabilities under the equity settled portion of the Group's shares incentive scheme which enables key management personnel to benefit from the performance of the Group

The movement is shown below

	Group	Group	Bank	Bank
	Mar.2017	Dec.2016	Mar.2017	Dec.2016
	N million	N million	N million	N million
Balance, beginning of period	147	-	147	-
Share transferred during the period	1,048	147	1,048	147
Transfer to treasury shares (see note (b) above)	(124)	-	(124)	-
Transfer to share premium (see note (c) above)	(1,071)	-	(1,071)	-
Balance, end of period	-	147	-	147

During the period ended March 31, 2017, the Bank awarded a total of 248,524,720 unit of shares at N4.81, the market value of shares at grant date, for the purpose of the share based payment incentive scheme out of which 118,820,848 had vested. The awarded but not vested shares (129,703,872 units) have been transferred to the trustees and recognised as treasury shares (see note (d) above).

(e) **Retained deficit**

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

39 Non-controlling Interest

<i>Movement in the non controlling interest</i>	Group Mar.2017	Group Dec.2016
	N million	N million
Balance, beginning of period	5,110	5,337
Profit/(loss) for the period	40	(226)
Balance, end of period	5,150	5,111

40 Acceptances, bonds, guarantees and other obligations for the account of customers

In common with other banks, 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.

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 N283.32 billion (December 2016: N320.15 billion).

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

	Group Mar.2017	Group Dec.2016	Bank Mar.2017	Bank Dec.2016
	N million	N million	N million	N million
Performance bonds and guarantees	56,808	62,309	56,808	62,309
Letters of credit	139,744	155,888	139,744	155,888
Fx-Sold Spot	86,765	101,953	86,765	101,953
	283,317	320,150	283,317	320,150