



**UNION BANK OF NIGERIA PLC
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 September 2018**

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

For the period ended 30 September 2018

		Group				Bank			
		September	September	3 Months	3 Months	September	September	3 Months	3 Months
		2018	2017	Q3 2018	Q3 2017	2018	2017	Q3 2018	Q3 2017
Notes	N million	N million	N million	N million	N million	N million	N million	N million	
Gross earnings		122,196	109,513	38,863	35,831	118,415	105,310	37,424	34,308
Interest income	1	91,479	88,470	29,277	30,219	87,238	85,060	27,869	28,983
Interest expense	1	(42,074)	(41,564)	(14,218)	(15,031)	(41,044)	(41,247)	(13,802)	(14,923)
Net interest income (NRFF)		49,405	46,906	15,059	15,188	46,194	43,813	14,067	14,060
Net impairment charge for credit losses	6(a)	(7,434)	(6,009)	(2,809)	(632)	(7,019)	(5,865)	(2,674)	(558)
Net interest income after impairment charge for credit losses		41,971	40,897	12,250	14,556	39,175	37,948	11,393	13,502
Net fee and commission income	2	8,693	7,110	2,686	2,200	8,222	6,619	2,476	1,981
Net trading income	3	7,659	5,763	670	2,416	7,553	5,619	640	2,381
Cash recoveries		3,918	2,021	1,955	337	3,918	2,021	1,955	337
Net income from other financial instruments at fair value through profit or loss	4	5,748	44	3,010	-	5,748	44	3,010	-
Other operating income	5	4,699	6,105	1,265	659	5,736	5,947	1,474	626
Non interest income (NII)		30,717	21,043	9,586	5,612	31,177	20,250	9,555	5,325
Operating income		72,688	61,940	21,836	20,168	70,352	58,198	20,948	18,827
Net impairment write-back/(loss) on other financial assets	6(a)	137	102	117	-	137	102	117	-
Net operating income after net impairment write-back/(loss) on other financial assets		72,825	62,042	21,953	20,168	70,489	58,300	21,065	18,827
Personnel expenses	7	(26,633)	(23,279)	(8,384)	(7,417)	(25,045)	(21,882)	(7,809)	(6,918)
Depreciation and amortisation		(5,112)	(4,453)	(1,784)	(1,574)	(4,900)	(4,257)	(1,708)	(1,508)
Other operating expenses	8	(26,223)	(21,312)	(8,592)	(7,639)	(25,144)	(20,428)	(8,270)	(7,340)
Total expenses		(57,968)	(49,044)	(18,760)	(16,630)	(55,089)	(46,567)	(17,787)	(15,766)
Profit before income tax		14,857	12,998	3,193	3,538	15,400	11,733	3,278	3,061
Income tax expense	9	(193)	(588)	24	(328)	(164)	(288)	(21)	(202)
Profit for the period		14,664	12,410	3,217	3,210	15,236	11,445	3,257	2,859
Other comprehensive income, net of income tax									
<i>Items that will never be reclassified to profit or loss</i>									
Remeasurement of defined benefit liability		204	-	-		204	-	-	-
<i>Items that are or may be reclassified to profit or loss</i>									
Foreign currency translation differences for foreign operations		2,502	184	2,247	(11)	-	-	-	-
Fair value gains on property and equipment		-	5	-	5	-	-	-	-
Fair value gains/(losses) on available-for-sale investments		(5,082)	850	(1,813)	495	(4,868)	871	(1,812)	466
Other comprehensive income for the period		(2,376)	1,039	434	489	(4,664)	871	(1,812)	466
Total comprehensive income for the period		12,288	13,449	3,651	3,699	10,572	12,316	1,445	3,325

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Profit attributable to:								
Equity holders of the Bank	14,273	12,241	3,086	3,108	15,236	11,445	3,257	2,859
Non-controlling interest	391	169	131	102	-	-	-	-
Profit for the period	14,664	12,410	3,217	3,210	15,236	11,445	3,257	2,859
Total comprehensive income attributable to:								
Equity holders of the Bank	11,897	13,280	3,520	3,597	10,572	12,316	1,445	3,325
Non-controlling interest	391	169	131	102	-	-	-	-
Total comprehensive income for the period	12,288	13,449	3,651	3,699	10,572	12,316	1,445	3,325
Earnings per share for profit from total operations attributable to equity holders of Bank								
Basic and diluted (Kobo)	10	49	72		52	67		

Consolidated and Separate Statements of Financial Position

	Notes	Group	Group	Bank	Bank
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		N million	N million	N million	N million
ASSETS					
Cash and cash equivalents	11	191,421	222,577	92,567	137,497
Financial assets at fair value through profit or loss	12	4,590	20,076	4,590	20,076
Pledged assets	13	63,191	54,079	63,191	54,079
Derivative assets held for risk management	14	171	1,297	171	1,297
Loans and advances to banks		35,086	-	36,124	-
Loans and advances to customers at amortised cost	15	549,805	517,103	513,112	488,555
Investment securities	17	227,978	185,658	199,259	175,329
Trading properties	18	512	1,153	513	513
Investment properties	19	5,021	4,951	-	-
Investment in subsidiaries	20	-	-	10,567	10,567
Property and equipment	21	59,036	55,986	58,887	55,801
Intangible assets	22	4,858	4,344	4,415	3,949
Deferred tax assets	23	95,875	95,875	95,875	95,875
Cash reserve requirement	24	274,795	251,293	274,795	251,293
Other assets	24	68,683	40,399	67,585	39,413
Defined benefit assets		343	352	343	352
		1,581,365	1,455,143	1,421,994	1,334,596
Assets classified as held for sale	31(b)	397	397	325	325
TOTAL ASSETS		1,581,762	1,455,540	1,422,319	1,334,921
LIABILITIES					
Derivative liabilities held for risk management	14	-	972	-	972
Deposits from banks	25	100,319	100,131	-	10,686
Deposits from customers	26	882,159	802,384	851,801	796,708
Current tax liabilities	27	461	524	174	271
Deferred tax liabilities	23	263	259	-	-
Other liabilities	28	205,976	111,461	203,293	108,359
Retirement benefit obligations	29	746	857	742	801
Other borrowed funds	30	98,387	93,211	98,387	95,736
		1,288,311	1,109,799	1,154,397	1,013,533
Liabilities classified as held for sale	31(c)	-	-	-	-
TOTAL LIABILITIES		1,288,311	1,109,799	1,154,397	1,013,533
EQUITY					
Share capital and share premium	32	201,652	201,652	201,652	201,652
Retained earnings/(deficit)		7,567	(14,384)	4,336	(19,118)
Other reserves		78,010	152,642	61,934	138,854
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		287,229	339,910	267,922	321,388
Non-controlling interest	33	6,222	5,831	-	-
TOTAL EQUITY		293,451	345,741	267,922	321,388
TOTAL LIABILITIES AND EQUITY		1,581,762	1,455,540	1,422,319	1,334,921

Signed on behalf of the Board of Directors on 22 October 2018 by:


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


Joe Mbulu
Chief Financial Officer
FRC/2014/ICAN/0000006110

Consolidated and Separate Statements of Changes in Equity
For the month ended 30 September 2018

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2018	14,561	187,091	26,371	-	40,567	71,027	193	-	14,484	(14,384)	339,910	5,831	345,741
IFRS 9 Transition adjustment	-	-	-	-	(20,399)	(59,691)	-	-	-	15,857	(64,233)	-	(64,233)
Other prior period restatements	-	-	-	-	-	-	-	1,436	-	(1,436)	-	-	-
Restated balance at 1 January 2018	14,561	187,091	26,371	-	20,168	11,336	193	1,436	14,484	37	275,677	5,831	281,508
Total comprehensive income for the period													
Profit for the period	-	-	2,285	-	-	-	-	-	-	11,988	14,273	391	14,664
Other comprehensive income, net of tax													
Foreign currency translation difference	-	-	-	-	-	-	-	-	2,502	-	2,502	-	2,502
Fair value gains/(loss) on investment at FVTOCI	-	-	-	-	(5,082)	-	-	-	-	-	(5,082)	-	(5,082)
Equity settled share based payment	-	-	-	-	-	-	195	-	-	-	195	-	195
Appropriation:													
Transfer from regulatory reserves	-	-	-	-	-	3,918	-	-	-	(3,918)	-	-	-
Total comprehensive income for the period	-	-	2,285	-	(5,082)	3,918	195	-	2,706	8,070	12,092	391	12,483
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Shares redeemed during the period	-	-	-	-	-	-	-	-	-	(540)	(540)	-	(540)
Total contribution and (distributions) to owners	-	-	-	-	-	-	-	-	-	(540)	(540)	-	(540)
Balance at 30 September 2018	14,561	187,091	28,656	-	15,086	15,254	388	1,436	17,190	7,567	287,229	6,222	293,451

For the period ended 30 September 2017

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	N million	N million	N million	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	-	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	-	-	1,717	-	-	-	-	-	-	10,524	12,241	169	12,410
Other comprehensive income, net of tax													
Increase/(decrease) in revaluation surplus for the period	-	-	-	-	5	-	-	-	-	-	5	-	5
Foreign currency translation difference	-	-	-	-	-	-	-	-	184	-	184	-	184
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	850	-	-	-	-	-	850	-	850
Transfer from regulatory reserves	-	-	-	-	-	22,005	-	-	794	(22,799)	-	-	-
Transfer from other reserves	-	-	-	-	(2,058)	-	-	-	-	2,058	-	-	-
Total comprehensive income for the period	-	-	1,717	-	(1,203)	22,005	-	-	978	(10,217)	13,280	169	13,449
Transactions with owners, recorded directly in equity													
Contributions by and distributions to owners													
Total contribution and distributions to owners	124	1,071	-	(624)	-	-	(147)	-	-	-	425	-	425
Balance at 30 September 2017	8,592	392,712	26,162	(624)	33,629	60,874	-	-	13,318	(254,400)	280,264	5,280	285,544

Consolidated and Separate Statements of Changes in Equity
For the month ended 30 September 2018

Bank

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2018	14,561	187,091	26,371	-	39,205	71,027	193	-	2,058	(19,118)	321,388
IFRS 9 Transition adjustment	-	-	-	-	(20,399)	(59,691)	-	-	-	15,857	(64,233)
Other prior period restatements	-	-	-	-	-	-	-	1,436	-	(1,436)	-
Restated balance at 1 January 2018	14,561	187,091	26,371	-	18,806	11,336	193	1,436	2,058	(4,697)	257,155
Total comprehensive income for the period											
Profit or loss	-	-	2,285	-	-	-	-	-	-	12,951	15,236
Other comprehensive income											
Fair value gains/(loss) on investment at FVTOCI	-	-	-	-	(4,868)	-	-	-	-	-	(4,868)
Equity settled share based payment	-	-	-	-	-	-	195	-	-	-	195
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	204	-	204
Transfer between reserves	-	-	-	-	-	3,918	-	-	-	(3,918)	-
Total comprehensive income for the period	-	-	2,285	-	(4,868)	3,918	195	-	204	9,033	10,767
Balance at 30 September 2018	14,561	187,091	28,656	-	13,938	15,254	388	1,436	2,262	4,336	267,922

For the period ended 30 September 2017

Bank

	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	-	-	1,717	-	-	-	-		-	9,728	11,445
Other comprehensive income											
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	871	-	-		-	-	871
Transfer between reserves	-	-	-	-	(2,058)	22,005	-		794	(20,741)	-
Total comprehensive income for the period	-	-	1,717	-	(1,187)	22,005	-		794	(11,013)	12,316
Shares redeemed during the period	-	-	-	(624)	-	-	-		-	-	(624)
Equity-settled share-based payment	-	-	-	-	-	-	1,049		-	-	1,049
Transfer from Share Based Payment Reserve	124	1,071	-	-	-	-	(1,195)		-	-	-
Total contribution and distributions to owners	124	1,071	-	(624)	-	-	(147)		-	-	425

Consolidated and Separate Statements of Cash Flows

For the period ended 30 September 2018

Notes	Group 30 September 2018 N million	Group 30 September 2017 N million	Bank 30 September 2018 N million	Bank 30 September 2017 N million
Cash flows from operating activities				
Profit for the year	14,273	12,241	15,236	11,445
Income tax expense	193	588	164	288
Profit before tax	14,466	12,829	15,400	11,733
<i>Adjustments for:</i>				
Impairment losses on loans and advances	7,434	7,362	7,019	7,218
(Reversal of impairment)/impairment loss on loans and advances	-	(3,374)	-	(3,374)
Fair value gains/(loss) on investment at fair value through profit or loss	(5,082)	-	(4,868)	-
Reversal of impairment on other assets	(137)	(102)	(137)	(102)
Revaluation gains on investment properties	-	(431)	-	-
Gain on sale of property and equipment	(374)	(1,728)	(133)	(1,728)
Gain on disposal of unquoted equity at fair value through other comprehensive income	(1,254)	-	(1,254)	-
Depreciation of property and equipment	3,860	3,237	3,807	3,277
Amortisation of intangible assets	1,325	1,064	1,094	935
Dividend income from equity investment	(920)	(837)	(2,257)	(837)
Interest paid on borrowings	6,846	8,779	(6,846)	8,777
Contributions to defined contribution plans	457	454	457	454
Increase in liability for defined benefit plans	252	70	252	70
	26,873	27,323	12,534	26,423
Change in financial assets at fair value through profit or loss	15,486	(35,874)	15,486	(35,874)
Change in pledged assets	(9,112)	(10,950)	(9,112)	(10,950)
Change in loans and advances to customers	(104,369)	27,932	(95,809)	32,553
Change in loans and advances to banks	(35,086)	-	(36,124)	-
Change in other assets	(51,640)	(44,341)	(51,537)	(44,147)
Change in defined benefit assets	9	-	9	-
Change in derivative financial instruments-assets	1,126	2,651	1,126	2,651
Change in derivative financial instruments-liabilities	(972)	77	(972)	77
Change in deposits from banks	188	18,125	(10,686)	23,439
Change in deposits from customers	79,775	109,417	55,093	124,036
Change in other liabilities	94,114	(31,106)	95,128	(32,828)
	16,392	63,254	(24,864)	85,380
Income tax paid	(256)	(340)	(261)	(158)
Payment from defined contribution plan	(485)	(466)	(485)	(466)
Payment from defined benefit plan	(79)	-	(79)	-
Net cash provided by/(used in) operating activities	15,572	62,448	(25,689)	84,756

Cash flows from investing activities				
Disposal/(acquisition) of investment properties	(70)	-	-	-
Proceeds from sale of trading properties	641	1,351	-	-
Proceeds from sale of property and equipment	480	4,131	240	4,132
Acquisition of investment securities	(40,675)	(7,879)	(22,676)	(12,215)
Acquisition of property and equipment	(7,001)	(7,569)	(6,999)	(7,549)
Acquisition of intangible assets	(2,006)	2,191	(1,560)	2,191
Dividend income received	920	837	2,257	837
Net cash generated from/(used in) investing activities	(47,711)	(6,938)	(28,739)	(12,605)
Cash flows from financing activities				
Inflow from other borrowings	12,954	7,446	12,954	7,446
Repayment of borrowings	(7,778)	(16,546)	(10,303)	(13,880)
Interest paid on borrowings	(6,846)	(8,779)	6,846	(8,777)
Net cash generated from/(used in) financing activities	(1,670)	(17,879)	9,497	(15,211)
Net increase/(decrease) in cash and cash equivalents	(33,809)	37,631	(44,930)	56,940
Cash and cash equivalents at beginning of year	222,577	136,194	137,497	35,536
Effect of exchange rate fluctuations on cash held	2,654	303	-	-
Cash and cash equivalents at end of period	191,421	174,128	92,567	92,477

1 Net interest income

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Interest income								
Cash and cash equivalents	3,159	1,775	1,827	(62)	2,760	1,345	1,643	286
Loans and advances to customers	67,640	64,746	20,976	21,794	65,782	63,095	20,384	21,278
Investment securities	20,680	21,949	6,474	8,487	18,696	20,620	5,842	7,419
Total interest income	91,479	88,470	29,277	30,219	87,238	85,060	27,869	28,983
Interest expense								
Deposits from customers	35,228	32,785	11,780	11,731	34,198	32,470	11,364	11,623
Other borrowed funds	6,846	8,779	2,438	3,300	6,846	8,777	2,438	3,300
Total interest expense	42,074	41,564	14,218	15,031	41,044	41,247	13,802	14,923
Net interest income	49,405	46,906	15,059	15,188	46,194	43,813	14,067	14,060

2 Net Fees and commission income

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Credit Related fees and commissions income	4,195	3,967	1,242	898	4,195	3,967	1,242	898
Account Maintenance Fee	1,201	1,067	392	355	1,201	1,067	392	355
E-business fee income	1,723	707	530	417	1,723	707	530	417
Commission on LCs, Invisible Trades and Guarantees	1,026	878	266	311	1,026	878	266	311
Other fees and commission	548	491	256	219	77	-	46	-
	8,693	7,110	2,686	2,200	8,222	6,619	2,476	1,981

(a) E-business fee income

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
ATM not-on-us	2,305	1,569	768	563	2,305	1,569	768	563
POS	163	84	61	35	163	84	61	35
E-card maintenance	884	594	311	273	884	594	311	273
Online transfer	27	70	11	17	27	70	11	17
Card FX gain/(loss)	32	25	9	9	32	25	9	9
	3,411	2,343	1,160	896	3,411	2,343	1,160	896

E-business fee charge

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
ATM remote-on-us	849	579	335	228	849	579	335	228
POS	119	108	12	42	119	108	12	42
E-card maintenance	720	857	283	209	720	857	283	209
Priority pass card	-	91	-	-	-	91	-	-
	1,688	1,636	630	479	1,688	1,636	630	479
Net E-business fee	1,723	707	530	417	1,723	707	530	417

3 Net trading income/(loss)

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Gain on disposal of fixed income securities	6,939	3,645	556	1,517	6,939	3,645	891	1,517
Mark to market gains/losses on fixed income securities	(109)	878	(91)	574	(109)	841	18	609
Foreign exchange gain on trading	829	1,240	205	325	723	1,133	214	255
	7,659	5,763	670	2,416	7,553	5,619	1,123	2,381

4 Net income from other financial instruments at fair value through profit or loss

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
<i>Equity instruments at FVTPL</i>								
Equity	5,718	-	3,046	-	5,718	-	3,529	-
<i>Derivatives held for risk management purposes:</i>								
Foreign exchange swap contracts	30	44	(36)	-	30	44	(21)	-
	5,748	44	3,010	-	5,748	44	3,509	-

5 Other operating income

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Dividends	920	837	33	4	2,257	837	335	4
Gains on disposal of property and equipment	374	1,728	76	451	133	1,728	4	452
Gain on disposal of unquoted equity at fair value through other comprehensive income	1,254	-	49	-	1,254	-	49	-
Foreign exchange revaluation gain	1,671	299	995	39	1,670	299	1,012	39
Rental income	90	189	47	71	90	130	47	45
Sundry income (see note (a) below)	390	3,041	234	83	332	2,953	27	86
	4,699	6,105	1,265	659	5,736	5,947	1,474	626

(a) Sundry income

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Cash handling fees	39	42	17	10	39	42	17	10
Fraud recoveries	68	59	0	30	68	59	0	30
Excess provision no longer required	-	2,539	-	-	-	2,539	-	-
Other income	282	401	216	43	224	313	9	46
	390	3,041	234	83	332	2,953	27	86

6 Net Impairment loss on financial assets

(a) Net impairment charge for credit losses

	Group September 2018 N million	Group September 2017 N million	Group 3 Months Q3 2018 N million	Group 3 Months Q3 2017 N million	Bank September 2018 N million	Bank September 2017 N million	Bank 3 Months Q3 2018 N million	Bank 3 Months Q3 2017 N million
Net impairment charge for credit losses:								
Total impairment charge on loans and advances	7,434	6,009	2,809	632	7,019	5,865	2,674	558

(b) Net impairment loss on other financial assets:

Allowance no longer required on other assets	(137)	(102)	-	-	(137)	(102)	-	-
Total net impairment loss on financial assets	7,297	5,907	2,809	632	6,882	5,763	2,674	558

For the purpose of IFRS 9 adoption and inline with CBN guidance on IFRS 9, the bank elected to embrace the exception to retrospective application of IFRS 9 not to restate the comparative and thus the impairment amount for the two periods are not comparable.

7 Personnel expenses

	Group September N million	Group September N million	Group 3 Months N million	Group 3 Months N million	Bank September N million	Bank September N million	Bank 3 Months N million	Bank 3 Months N million
Wages and salaries	25,924	22,755	8,066	7,243	24,336	21,358	7,491	6,744
Contributions to defined contribution plans	457	454	168	151	457	454	168	151
Interest and current service cost on defined benefit plans	252	70	150	23	252	70	150	23
	26,633	23,279	8,384	7,417	25,045	21,882	7,809	6,918

8 Other operating expenses

	Group September 2018 N million	Group September 2017 N million	Group 3 Months Q3 2018 N million	Group 3 Months Q3 2017 N million	Bank September 2018 N million	Bank September 2017 N million	Bank 3 Months Q3 2018 N million	Bank 3 Months Q3 2017 N million
NDIC Premium	2,972	2,322	1,033	782	2,972	2,322	1,033	782
AMCON surcharge	5,381	4,212	1,895	1,406	5,381	4,212	1,895	1,406
Non-discretionary regulatory costs	8,353	6,534	2,928	2,188	8,353	6,534	-	2,188
Auditors' remuneration	126	116	44	39	122	113	43	38
Rents and Rates	777	774	279	267	772	769	277	265
Accommodation and travels	794	819	260	335	687	760	228	321
Fleet management and vehicle related expenses	449	500	147	173	449	500	147	173
Repair and Maintenance	1,634	1,000	481	562	1,386	812	396	489
Professional fees	1,872	1,052	964	418	1,593	709	875	307
Advertising and Promotion expenses	1,416	1,126	572	544	1,416	1,126	572	544
Security expense	883	775	297	260	883	775	297	260
Expenses on software	3,490	2,968	1,196	1,141	3,490	2,968	1,196	1,141
Donations and Subscriptions	205	268	148	148	205	268	148	148
General administrative expenses (see note (a) below)	5,989	5,153	1,196	1,487	5,555	4,869	1,083	1,390
Insurance	235	227	80	77	233	225	80	76
	26,223	21,312	8,592	7,639	25,144	20,428	8,270	7,340

(a) **General administrative expenses**

	Group September 2018	Group September 2017	Group 3 Months Q3 2018	Group 3 Months Q3 2017	Bank September 2018	Bank September 2017	Bank 3 Months Q3 2018	Bank 3 Months Q3 2017
	N million	N million	N million	N million	N million	N million	N million	N million
Office cleaning	254	221	89	75	254	221	89	74
Cash movement expense	981	961	319	322	981	961	319	322
Entertainment	236	176	69	70	236	176	69	69
Directors fees and allowances	213	266	66	62	213	266	66	62
Diesel and power	1,733	1,529	600	451	1,733	1,529	600	451
Stationery, printing, postage and telephone	528	224	215	74	528	224	215	74
Penalties	20	2	-	-	20	2	-	-
Restitution and other charges	890	492	(116)	63	890	492	(116)	62
Debt recovery expenses	208	65	105	24	208	65	105	24
Expense on Bulk SMS	46	53	10	6	46	53	10	6
Business meetings and conferences	65	95	30	26	65	95	30	26
Annual General Meeting expenses	83	72	38	1	83	72	38	1
Bank charges	244	227	68	60	244	227	68	59
Other expenses	488	770	(297)	257	54	486	(410)	160
	5,989	5,153	1,196	1,490	5,555	4,869	1,083	1,390

9 Income tax expense

(a) Recognised in the profit or loss

	Group September 2018	Group September 2017	Bank September 2018	Bank September 2017
	N million	N million	N million	N million
Current tax expense				
Company Income Tax	29	300	-	-
Capital Gains tax	12	172	12	172
NITDA Levy	152	116	152	116
Total income tax expense	193	588	164	288

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.

10 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 September 2018	Group September 2017	Bank September 2018	Bank September 2017
Issued ordinary shares at beginning of the period	29,121	16,936	29,121	16,936
Weighted effect of shares issued during the period	29,121	16,936	29,121	16,936

(b) Profit attributable to ordinary shareholders

	Group September 2018	Group September 2017	Bank September 2018	Bank September 2017
<i>In millions of Nigerian Naira</i>				
Profit/(Loss) for the period attributable to equity holders	14,273	12,241	15,236	11,445
Basic earnings/(loss) per share (in kobo)	49	72	52	68

(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.

11 Cash and cash equivalents	Group	Group	Bank	Bank
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	N million	N million	N million	N million
Cash and balances with banks	54,667	66,961	52,704	66,458
Unrestricted balances with central bank	24,341	23,499	24,341	23,499
Money market placements	112,413	132,117	15,522	47,540
	191,421	222,577	92,567	137,497

12 Financial assets at fair value through profit or loss	Group	Group	Bank	Bank
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	N million	N million	N million	N million
Government bonds	1,947	9,121	1,947	9,121
Treasury bills	2,643	10,955	2,643	10,955
	4,590	20,076	4,590	20,076

13 Pledged assets	Group	Group	Bank	Bank
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	N million	N million	N million	N million
Treasury bills	18,605	24,523	18,605	24,523
Bonds	44,496	29,473	44,496	29,473
Placement	90	83	90	83
	63,191	54,079	63,191	54,079

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

14 Derivative financial instruments	Group		Bank	
	30 September 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
FX swaps	171	-	1,297	-
Non-deliverable futures	-	-	-	972
	171	-	1,297	972

Bank	30 September 2018		31 December 2017	
	Assets	Liabilities	Assets	Liabilities
	N million	N million	N million	N million
Instrument Type:				
FX swaps	171	-	1,297	-
Non-deliverable futures	-	-	-	972
	171	-	1,297	972

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.

15 Loans and advances to customers at amortised cost

(a)	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
FCY Loans	306,586	287,675	269,135	258,831
LCY Loans	282,328	272,976	282,328	272,976
Gross amount	588,914	560,651	551,463	531,807
IFRS 9				
Stage 1 impairment (Performing)	(1,220)	-	(1,220)	-
Stage 2 impairment (Underperforming)	(5,360)	-	(5,098)	-
Stage 3 impairment (Non-performing)	(32,529)	-	(32,033)	-
IAS 39				
Specific impairment	-	(36,459)	-	(36,232)
Portfolio impairment	-	(7,089)	-	(7,020)
Total impairment	(39,109)	(43,548)	(38,351)	(43,252)
Carrying amount	549,805	517,103	513,112	488,555

16 Investment in equity accounted investee

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	₦ million	₦ million	₦ million	₦ million
Cost				
Balance, beginning of the period	115	115	91	91
	115	115	91	91
(Impairments) /increase in value	(115)	(115)	(91)	(91)
Balance, end of the period	-	-	-	-

17 Investment securities

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	₦ million	₦ million	₦ million	₦ million
Investment securities at fair value through other comprehensive income (FVOCI) (see note (a) below)	160,516	147,153	136,107	136,824
Investment at fair value through profit or loss (FVTPL) (see note (ii) below)	34,170	-	34,170	-
Investment securities at amortised cost (see note (c) below)	33,330	38,505	29,020	38,505
Impairment on securities	(38)	-	(38)	-
	227,978	185,658	199,259	175,329

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	₦ million	₦ million	₦ million	₦ million
(i) <i>Investment securities at fair value through other comprehensive income comprise:</i>				
<i>Investments in debt securities:</i>				
Treasury bills	129,656	65,102	105,247	54,773
FGN Bonds	23,708	47,635	23,708	47,635
State Bonds	3,134	3,277	3,134	3,277
Corporate Bonds	1,045	1,119	1,045	1,119
Total investment in debt securities	157,543	117,133	133,134	106,804
<i>Equity instruments at fair value through other comprehensive income comprise:</i>				
Equity: Quoted	2,195	2,195	2,195	2,195
Unquoted	778	31,879	778	31,879
Total - Equity instruments	2,973	34,074	2,973	34,074
Less: provisions for unquoted equities	-	(4,054)	-	(4,054)
Net Total -Equity instruments	2,973	30,020	2,973	30,020
Total investment securities at FVTOCI	160,516	147,153	136,107	136,824

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	Group	Group	Bank	Bank	
	30 September	31 December	30 September	31 December	
	2018	2017	2018	2017	
	₦ million	₦ million	₦ million	₦ million	
17a	Investment in REIT	2,195	2,195	2,195	2,195
17b	Investment in unquoted equities				
	Africa Finance Corporation (AFC)	-	26,289	-	26,289
	Afrexim Bank	-	494	-	494
	Nigeria Auto Clearing System (NAC)	42	42	42	42
	Interswitch	-	2	-	2
	Credit Reference Company (CRC)	50	50	50	50
	Nig Superswitch Infrastructure	-	10	-	10
	Banque Internationale de Benin	-	1,152	-	1,152
	Africa Investment Bank Cotonou	-	122	-	122
	Investment in Small and Medium Scale Enterprises	686	3,718	686	3,718
		778	31,879	778	31,879
	Total	2,973	34,074	2,973	34,074
	Less: Provision for unquoted investment	-	(4,054)	-	(4,054)
		2,973	30,020	2,973	30,020
(ii)	<i>Investment at fair value through profit or loss comprise:</i>				
	Investment in equity				
	Afrexim Bank	2,613	-	2,613	-
	Africa Finance Corporation (AFC)	31,557	-	31,557	-
		34,170	-	34,170	-
	<i>Fixed income securities at amortised cost comprise:</i>				
	Treasury bills	4,310	-	-	-
	Federal Government of Nigeria -Bonds	4,396	22,782	4,396	22,782
	Corporate placement	11,580	-	11,580	-
	State Government of Nigeria -Bonds	13,044	15,723	13,044	15,723
		-	-	-	-
	Total - Fixed income	33,330	38,505	29,020	38,505
	Stage 1 impairment	(26)	-	(26)	-
	Stage 2 impairment	(12)	-	(12)	-
	Total impairment	(38)	-	(38)	-
	Net Total -Fixed income securities	190,835	155,638	162,116	145,309
	Total investment securities	193,808	185,658	165,089	175,329

18 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 30 September 2018 N million	Group 31 December 2017 N million	Bank 30 September 2018 N million	Bank 31 December 2017 N million
Balance, beginning of period	1,153	2,309	513	513
Reclassified to investment properties	-	(349)		
Reversal of impairment on trading properties	-	273	-	-
Disposal	(641)	(1,080)	-	-
Balance, end of period	512	1,153	513	513

19 Investment Properties

These investment properties were last revalued during the period ended 31 December 2017 by Messrs. Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 31 December 2017 for UBN Property Company Limited respectively. As at 31 December 2017, 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 30 September 2018 N million	Group 31 December 2017 N million	Bank 30 September 2018 N million	Bank 31 December 2017 N million
Balance, beginning of the period	4,951	4,347	-	-
Revaluation gains	-	604	-	-
Purchase of investment property	70	-	-	-
	5,021	4,951	-	-
Impairment allowance	-	-	-	-
Balance, end of the period	5,021	4,951	-	-

20 Investment in subsidiaries

Cost

	Bank 30 September 2018 N million	Bank 31 December 2017 N million
UBN Property Company Plc	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	
			30-Sep-18 Status/%	31 Dec. 2017 Status/%
UBN Property Company Plc (i)	Nigeria	Property Development	39	39
Union Bank UK Plc (ii)	United Kingdom	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 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 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.

21 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
	N million	N million	N million	N million	N million	N million	N million	N million
Cost								
Balance at 1st January, 2018	13,092	22,087	15,643	3,862	22,155	3,226	1,502	81,567
Exchange difference	-	-	8	-	23	-	-	31
Additions	212	6	1,706	582	3,164	168	1,163	7,001
Disposals	(39)	(63)	(69)	(25)	(558)	(1,311)	-	(2,065)
Reclassification to other assets	-	-	-	-	-	-	-	-
Balance as at 30 September 2018	<u>13,265</u>	<u>22,030</u>	<u>17,288</u>	<u>4,418</u>	<u>24,774</u>	<u>2,083</u>	<u>2,665</u>	<u>86,523</u>
Balance at 1st January, 2017	14,079	23,294	11,962	3,201	17,577	3,342	1,589	75,045
Exchange difference	-	-	19	-	(3)	-	-	15
Additions	118	-	3,879	950	4,681	546	1,500	10,291
Disposals	(1,335)	(1,200)	(220)	(248)	(147)	(662)	-	(3,794)
Write off	230	(7)	3	(41)	47	-	(1,587)	32
Reclassification to other assets	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	<u>13,092</u>	<u>22,087</u>	<u>15,643</u>	<u>3,862</u>	<u>22,155</u>	<u>3,226</u>	<u>1,502</u>	<u>81,567</u>
Depreciation and impairment losses								
Balance at 1st January 2018	-	6,043	1,899	1,563	13,539	2,537	-	25,581
Prior period revaluation	-	-	-	-	-	-	-	-
	<u>-</u>	<u>6,043</u>	<u>1,899</u>	<u>1,563</u>	<u>13,539</u>	<u>2,537</u>	<u>-</u>	<u>25,581</u>
Exchange difference	-	-	2	-	14	-	-	16
Charge for the period	-	307	252	284	2,855	162	-	3,860
Disposals	-	(16)	(67)	(22)	(548)	(1,307)	-	(1,960)
Write-off/Adj	-	-	-	-	(10)	-	-	(10)
Reclassifications	-	-	-	-	-	-	-	-
Derecognition of subsidiaries operations	-	-	-	-	-	-	-	-
Balance as at 30 September 2018	<u>-</u>	<u>6,334</u>	<u>2,087</u>	<u>1,825</u>	<u>15,849</u>	<u>1,393</u>	<u>-</u>	<u>27,487</u>
Balance at 1st January, 2017	-	5,826	1,688	1,435	10,239	3,057	-	22,245
Charge for the year	-	420	280	329	3,397	146	-	4,572
Disposals	-	(203)	(78)	(189)	(141)	(665)	-	(1,276)
Write-off/Adj	-	-	-	-	-	-	-	-
Exchange difference	-	-	12	-	31	-	-	43
Reclassifications	-	-	(3)	(12)	13	-	-	(2)
Balance as at 31 December 2017	<u>-</u>	<u>6,043</u>	<u>1,899</u>	<u>1,563</u>	<u>13,539</u>	<u>2,537</u>	<u>-</u>	<u>25,581</u>
(iii) Net Book Value								
Balance as at 30 September 2018	<u>13,265</u>	<u>15,696</u>	<u>15,202</u>	<u>2,593</u>	<u>8,925</u>	<u>691</u>	<u>2,665</u>	<u>59,036</u>
Balance as at 31 December 2017	<u>13,092</u>	<u>16,044</u>	<u>13,744</u>	<u>2,299</u>	<u>8,616</u>	<u>689</u>	<u>1,502</u>	<u>55,986</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 2017: nil)

(b) **Bank:**

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

(i) Cost	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1st January 2018	13,065	22,096	15,531	3,890	21,893	3,180	1,523	81,178
Additions	212	6	1,705.50	582	3,163	167.65	1,163.00	6,999
Disposals	(39)	(63)	(69)	(25)	(558)	(1,311)	-	(2,065)
Reclassifications	-	-	-	-	-	-	-	-
Balance as at 30 September 2018	13,238	22,039	17,168	4,446	24,498	2,037	2,686	86,112
Balance at 1st January 2017	14,079	23,294	11,877	3,200	17,349	3,268	1,587	74,655
Additions	117	-	3,879	978	4,659	546	110	10,289
Disposals	(1,335)	(1,200)	(219)	(247)	(130)	(634)	-	(3,765)
Reclassifications to other assets	204	2	(6)	(41)	15	(0)	(174)	(0)
Write off	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	13,065	22,096	15,531	3,890	21,893	3,180	1,523	81,178

(ii) Accumulated depreciation	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1st January 2018	-	6,071	1,839	1,563	13,397	2,507	-	25,377
Charge for the period	-	306	242	284	2,817	159	-	3,807
Disposals	-	(16)	(67)	(22)	(547)	(1,307)	-	(1,959)
Reclassifications	-	-	-	-	-	-	-	-
Write-off/Adj	-	-	-	-	-	-	-	-
Balance as at 30 September 2018	-	6,361	2,014	1,825	15,667	1,358	-	27,225
Restated balance at 1st January 2017	-	5,854	1,657	1,435	10,141	3,001	-	22,088
Charge for the year	-	420	263	329	3,370	139	-	4,521
Disposals	-	(203)	(78)	(189)	(127)	(634)	-	(1,231)
Reclassifications	-	0	(3)	(12)	13	-	-	(2)
Write-off/Adj	-	-	-	-	-	-	-	-
Balance as at 31 December 2017	-	6,071	1,839	1,563	13,397	2,507	-	25,377

(iii) Net Book Value								
Balance as at 30 September 2018	13,238	15,678	15,154	2,621	8,831	678	2,686	58,887
Balance as at 31 December 2017	13,065	16,025	13,692	2,327	8,496	673	1,523	55,801

(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 2017: nil)

22 Intangible assets

	Group 30 September 2018 N million	Group 31 December 2017 N million	Bank 30 September 2018 N million	Bank 31 December 2017 N million
Cost				
Balance, beginning of the period	9,229	6,693	8,143	5,774
Additions	2,006	2,191	1,560	2,191
Reclassification	-	178	-	178
Exchange translation difference	(167)	167	-	-
Balance, end of period	11,068	9,229	9,703	8,143
Amortization and impairment losses				
Balance, beginning of the period	4,885	3,319	4,194	2,915
Amortisation for the period	1,325	1,466	1,094	1,280
Reclassification	-	(2)	-	(1)
Exchange translation difference	-	102	-	-
Balance, end of period	6,210	4,885	5,288	4,194
Carrying amounts as at period end				
Balance as at 1 January	4,344	3,374	3,949	2,859

- (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 2017 : nil)

23 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

30 September 2018

	Assets N million	Liabilities N million	Net 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 liabilities

	Liabilities N million	Net N million
Property, equipment, and software	263	263
Net tax assets (liabilities)	263	263
Net deferred tax		95,612

31 December 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

Deferred tax liabilities

	Liabilities	Net
	N million	N million
Property, equipment, and software	259	259
Net tax assets (liabilities)	259	259
Net deferred tax		95,616

Bank

30 September 2018

	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 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

Deferred tax assets and liabilities

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

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the period	95,720	95,809	95,875	95,875
Credit for the period	(108)	(132)	-	-
Net deferred tax assets/(liabilities)	95,612	95,720	95,875	95,875

Made up of

Deferred tax assets	102,914	7,039	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 N95,875 (December 2017: N95,875) 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.

24 Other assets

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Cash Reserve Requirement (see (i))	249,272	225,770	249,272	225,770
Excess CRR balance to be refunded (see (ii))	25,523	25,523	25,523	25,523
Total Cash Reserve Requirement	274,795	251,293	274,795	251,293
Other assets:				
Clearing	1,217	1,883	1,217	1,883
Accounts receivable	2,065	1,922	291	220
Prepayments	7,698	4,230	7,512	3,960
Receivable on FX forward (see (iii))	32,091	19,151	32,091	19,151
Sundry assets (see (iv))	32,984	20,658	32,655	20,440
	76,055	47,844	73,766	45,654
Impairment on other assets	(7,372)	(7,445)	(6,181)	(6,241)
Net other assets	68,683	40,399	67,585	39,413
	343,478	291,692	342,380	290,706

- (i) The Bank had restricted balances of N274.795 billion (December 2017: N251.293billion) with the Central Bank of Nigeria (CBN) as at 31 August 2018, 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 30 September 2018, the CRRs in force were Public Sector Deposits 22.5% (Dec 2017: 22.5%) and Private Sector Deposits 22.5% (Dec 2017: 22.5%).
- (ii) The MPC meeting held on September 25, 2018 maintained CRR at 22.5% . 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. 2017: N25.523 billion).
- (iii) **Receivable on FX forward**
The balance represents the value of foreign currency receivable on forward transactions with Central Bank of Nigeria.

(iv) **Other Sundry assets**

	Group 30 September 2018	Group 31 December 2017	Bank September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Frauds and losses	1,501	1,501	1,501	1,501
Advance payments for PPE	3,034	2,706	3,034	2,706
Receivable from Union Homes	1,927	1,927	1,927	1,927
Property under dispute	1,352	1,352	1,352	1,352
Garnishee Order	1,306	1,606	1,306	1,606
Status Car loan	271	249	271	249
ATM receivable	1,292	1,361	1,292	1,361
Dividend Receivable	380	353	380	353
Receivable on electronic transfers and collections	5,700	3,271	5,700	3,271
Master/Visa card electronic settlement	296	533	296	533
Deposits for SMEE investments	1,436	794	1,436	794
Other account balances	14,490	16,455	14,161	1,196
Balance, end of year	32,984	20,658	32,655	20,440

25 Deposits from banks

	Group 30 September 2018	Group 31 December 2017	Bank 30 September	Bank 31 December 2017
	N million	N million	N million	N million
Money market deposits (See note (i) below)	-	10,686	-	10,686
Other deposits from banks	100,319	89,445	-	-
	100,319	100,131	-	10,686

(i) **Money market deposits**

LCY inter bank takings	-	-	-	-
FCY inter bank takings	-	10,686	-	10,686
	-	10,686	-	10,686

26 Deposits from customers

	Group 30 September 2018	Group 31 December 2017	Bank September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Term deposits	273,977	265,878	262,216	265,274
Current deposits	398,255	349,100	379,658	344,028
Savings	209,927	187,406	209,927	187,406
	882,159	802,384	851,801	796,708
Low-cost deposits	608,182	536,506	589,585	531,434
Low-cost deposits as % of total customer deposits	68.9%	66.9%	69.2%	66.7%

27 Current tax liabilities

	Group	Group	Bank	Bank
	30 September	31 December	30	31 December
	2018	2017	2018	2017
	N million	N million	N million	N million
Balance, beginning of period	524	465	271	177
Reclassification	-	(193)	-	-
Charge for the period	193	911	164	337
Payments during the period	(256)	(659)	(261)	(243)
Balance, end of period	461	524	174	271

28 Other liabilities

	Group	Group	Bank	Bank
	30 September	31 December	30	31 December
	2018	2017	2018	2017
	N million	N million	N million	N million
Deposits for foreign currency	81,766	63,217	81,766	63,217
Deposit for properties	8	-	-	-
Due to foreign correspondent banks	48,878	9,258	48,878	9,258
PAYE and other statutory deductions	1,477	926	1,477	879
Draft and Bills payable	7,386	7,620	7,386	7,620
Sundry creditors	-	406	-	406
Creditors and accruals (see (a) below)	5,588	11,333	5,366	11,326
Unearned income	421	420	421	420
Provision for claims and contingencies (see (b) below)	3,208	2,978	3,208	2,978
Accounts payable	7,127	6,188	7,127	4,626
OBB takings	-	-	-	-
Provisions for Ex-staff claims	-	3,917	-	3,917
Insurance premium payable	43	16	43	16
Electronic collections and other e-payment liabilities	40,098	1,748	40,098	1,748
Other credit balances (see (c) below)	9,976	3,434	7,523	1,948
	205,976	111,461	203,293	108,359

(a) **Creditors and accruals**

	Group	Group	Bank	Bank
	30 September	31 December	30	31 December
	2018	2017	September	2017
	N million	N million	N million	N million
Accrued IT Consumables	868	380	868	380
Accruals for professional and consultancy fees	463	139	463	139
Accrued Training Expenses	181	261	181	261
Accrued Advert And Public Relations Fees	204	53	204	53
AMCON provision	-	7,717	-	7,717
Accrual for staff related allowances	2,555	1,598	2,555	1,598
Accrued Rent	336	233	336	233
Provisn for Restitution and Charges	269	612	269	612
Accrued others	712	340	490	333
	5,588	11,333	5,366	11,326

(b) The movement on provision for claims and contingencies during the period was as follows

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Balance, beginning of period	2,978	3,104	2,978	3,104
Charge/reversal during the period	230	(126)	230	(126)
Balance, end of the period	3,208	2,978	3,208	2,978

(c) **Other credit balances**

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Unrealized OTC Futures Recoupable	-	372	-	372
Provision for Audit Fees	107	144	107	144
Vendor retention fee payable	87	91	87	91
Franchise Collections	1,461	606	1,461	606
Fx Futures Margin Deposit	-	106	-	106
Unsettled Position - Financial Instruments	1,090	-	1,090	-
Short position - Financial instruments	-	-	-	-
Disposal of asset	522	118	522	118
Others	6,710	1,997	4,257	511
	9,976	3,434	7,523	1,948

29 Employee benefit obligations

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Post employment benefit obligation (see (a) below)	96	176	96	124
Other long-term employee benefits	650	681	646	677
	746	857	742	801

(a) Post employment benefit obligation

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Defined contribution scheme (see (i) below)	96	124	96	124
Defined benefit obligation (See (ii) below)	-	52	-	93
	96	176	96	217
Defined benefit asset	343	352	343	352
Net defined benefit obligation	343	300	343	259

(i) Defined Contribution Scheme

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Balance, beginning of period	124	152	124	152
Charge during the period	457	611	457	611
Contribution remitted during the period	(485)	(639)	(485)	(639)
Balance, end of period	96	124	96	124

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.

(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,

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

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Present value of unfunded obligation	650	584	646	677
Total present value of the obligation	650	584	646	677
Fair value of plan assets	-	-	-	-
Present value of net obligation	650	584	646	677
Recognized liability for defined benefit obligations	650	584	646	677

The movement of other long term employee benefit is as stated below:

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Group 31 December 2017
	N million	N million	N million	N million
Balance, beginning of the year	681	624	677	621
Included in profit or loss				
Current service costs and interest	252	200	252	199
Remeasurement of defined benefit obligation	(204)	(102)	(204)	(102)
	48	98	48	97
Included in OCI				
Others				
Benefits paid by long service award plan	(79)	(41)	(79)	(41)
	(79)	(41)	(79)	(41)
Balance, end of year	650	681	646	677

30 Other borrowed funds

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Due to CAC (see (a))	13,432	11,833	13,432	11,833
BOI on-lending facilities (see note (b) below)	4,174	4,962	4,174	4,962
Short term bonds (see (c))	7,270	-	7,270	-
Long term bonds (see (c))	6,386	-	6,386	-
CBN RSS-on lending (see (d))	10,001	-	10,001	-
Other borrowings (see (e))	57,124	76,416	57,124	78,941
	98,387	93,211	98,387	95,736

(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 N6.0 billion (Dec. 2017: N7.5 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) This represents the outstanding balance on a N100 billion Debt Issuance Program. The Series 1 Bonds are senior unsecured fixed rate bonds with a maturity tenor of three (3) years. The Series 2 Bonds are senior unsecured fixed rate bonds with a maturity tenor of seven (7) years.

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

	Bank 30 September 2018	Bank 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	\$ million	\$ million	N million	N million
Afreximbank	107	126	38,530	41,805
African Finance Corporation	-	40	-	13,263
Mashreq Bank	16	31	5,640	10,112
Union Bank, UK	-	8	-	2,525
Access Bank UK	-	34	-	11,236
FSDH Merchant Bank	14	0	5,048	0
WEMA BANK NIG	22	-	7,907	-
	158	239	57,124	78,941

As at September 30, 2018, the USD conversion rate is \$/361.00 (December: \$/N331.16)

31 Discontinued operations

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

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Investments in subsidiaries	-	-	325	325
Investment properties	188	188	-	-
Other assets	209	209	-	-
	397	397	325	325

32 Capital and reserves

Share capital

	Group 30 September 2018 N million	Group 31 December 2017 N million	Bank 30 September 2018 N million	Bank 31 December 2017 N million
(a) Authorised :				
35,000,000,000 (Dec 2017: 35,000,000,000) Ordinary shares of 50 kobo each	17,500	17,500	17,500	17,500
(b) Issued and fully paid -				
29,120,752,788 (Dec. 2017: 29,120,752,788) Ordinary shares of 50kobo each	14,561	14,561	14,561	14,561
Balance, beginning of period	14,561	8,468	14,561	8,468
Shares issued during the year	-	6,067	-	6,067
Transfer from Share Based Payment Reserve	-	26	-	26
Balance, end of period	14,561	14,561	14,561	14,561
(c) Share premium				
Share premium is the excess paid by shareholders over the nominal value for their shares.				
Balance, beginning of period	187,091	391,641	187,091	391,641
Transfer between reserves	-	(247,868)	-	(247,868)
Shares issued during the year	-	43,097	-	43,097
Transfer from Share Based Payment Reserve	-	221	-	221
Balance, end of period	187,091	187,091	187,091	187,091
Share capital and share premium	201,652	201,652	201,652	201,652

(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	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	N million	N million	N million	N million
Statutory reserves	28,656	26,371	28,656	26,371
Fair value reserve	15,086	40,567	13,938	39,205
Regulatory risk reserve	15,254	71,027	15,254	71,027
Share based Payment reserve	388	193	388	193
Translation reserve	16,823	14,321	1,895	1,895
Excess clawback reserves	(14,918)	(14,918)	(14,918)	(14,918)
SMEEIES/AGSMEIS reserve	8,210	6,774	8,210	6,774
Capital reserve	5,489	5,489	5,489	5,489
Equity component of employee benefit remeasurement	3,022	2,818	3,022	2,818
	78,010	152,642	61,934	138,854

(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 N2.285 million to statutory reserves during the period ended 30 September 2018 (September 2017: N1,717million).

(ii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through 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) Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS/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.

In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agricultural/Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation.

Though there's no longer mandatory transfers to this reserve under the earlier directives, all Nigerian banks are now required to set aside an amount equal to 5% of their annual Profits After Tax (PAT) towards the funding of equity investments, which qualify under the AGSMEIS Scheme.

(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 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Balance, beginning of period	195	147	195	147
Share transferred during the period	-	100	-	100
Transfer to treasury shares (see note (b) above)	-	(26)	-	(26)
Transfer to share premium (see note (c) above)	-	(221)	-	(221)
Balance, end of period	195	(0)	195	(0)

(e) Retained earnings

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

33 Non-controlling Interest

	Group 30 September 2018	Group 31 December 2017
	N million	N million
<i>Movement in the non controlling interest</i>		
Balance, beginning of period	5,831	5,111
Profit/(loss) for the period	391	720
Balance, end of period	6,222	5,831

34 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 N174.152 billion (December 2017: N120.119 billion).

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

	Group 30 September 2018	Group 31 December 2017	Bank 30 September 2018	Bank 31 December 2017
	N million	N million	N million	N million
Performance bonds and guarantees	83,088	64,321	83,088	64,321
Letters of credit	91,064	55,798	91,064	55,798
	174,152	120,119	174,152	120,119