Union Bank of Nigeria Plc

IFRS Consolidated Financial Statements
For the period ended 30 June 2014

Separate and Consolidated Statements of Comprehensive Income

For the period ended 30 June 2014

	Notes	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
		₦ million	₦ million	₦ million	₦ million
Gross earnings		**49,591**	**56,163**	**45,921**	**48,137**
Continuing Operations:					
Interest income	4	36,634	41,195	35,987	40,246
Interest expense	4	(11,552)	(11,528)	(11,537)	(11,408)
Net interest income		25,082	29,668	24,450	28,838
Impairment charge for credit losses	8(a)	503	(240)	405	(239)
Net interest income after impairment charge for credit losses		25,585	29,428	24,855	28,599
Net fee and commission income	5	4,621	5,850	4,125	4,142
Net trading income	6	681	1,167	603	136
Other operating income	7	5,277	4,451	5,206	3,613
		10,579	11,468	9,934	7,891
Operating income		36,164	40,896	34,789	36,490
Net impairment loss on other financial assets	8(b)	(117)	(1,402)	(117)	(949)
Net operating income after net impairment loss on other financial assets		36,047	39,494	34,672	35,541
Personnel expenses	9	(15,098)	(16,721)	(14,573)	(15,343)
Depreciation and amortisation		(1,493)	(1,983)	(1,456)	(1,795)
Other operating expenses	10	(12,827)	(12,559)	(12,027)	(10,492)
Exceptional provision no longer required	11	-	3,728	-	3,728
Total expenses		(29,418)	(27,536)	(28,056)	(23,902)
Profit before income tax from continuing operations		6,629	11,959	6,616	11,639
Income tax expense from continuing operations	12	(81)	(598)	(50)	(297)
Profit for the period from continuing operations		**6,548**	**11,360**	**6,566**	**11,342**
Discontinued operations					
Gross income from discontinued operations	33	2,378	3,500	-	-
Gross expense from discontinued operations	33	(2,539)	(5,658)	-	-
Profit/Loss before tax from discontinued operations	33	(161)	(2,158)	-	-
Income tax expense from discontinued operations	33	(44)	191	-	-
Profit/Loss for the period from discontinued operations	33	(205)	(1,967)	-	-
Continuing and discontinued operations:					
Profit before tax		6,468	9,801	6,616	11,639
Income tax		(125)	(407)	(50)	(297)
Profit after tax		**6,343**	**9,393**	**6,566**	**11,342**
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		48	(421)	-	-
Fair value gains on property and equipment		-	-	-	-
Fair value gains/(losses) on available-for-sale investments		324	180	256	58
Other comprehensive income for the period		372	(241)	256	58
Total comprehensive income for the period		**6,715**	**9,152**	**6,822**	**11,400**

	Notes	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
		₦ million	₦ million	₦ million	₦ million
Profit attributable to:					
Equity holders of the Bank		5,924	10,864	6,566	11,342
Non-controlling interest		419	(1,471)	-	-
Profit for the period		6,343	9,393	6,566	11,342
Total comprehensive income attributable to:					
Equity holders of the Bank		6,296	10,623	6,822	11,400
Non-controlling interest		419	(1,471)	-	-
Total comprehensive income for the period		6,715	9,152	6,822	11,400
Earnings per share for profit from total operations attributable to equity holders of Bank					
Basic and diluted (Kobo)	13	35	64	39	67
Earnings per share for profit from continuing operations attributable to equity holders of bank					
Basic and diluted (Kobo)	13	39	64	39	67

Separate and Consolidated Statements of Financial Position

	Notes	Group June.2014 ₦ million	Group Dec.2013 ₦ million	Bank June.2014 ₦ million	Bank Dec.2013 ₦ million
ASSETS					
Cash and cash equivalents	14	65,114	100,925	26,630	53,141
Non-pledged trading assets	15	2,486	2,847	2,486	2,847
Pledged assets	16	39,155	65,167	39,155	65,167
Loans and advances to customers	17	261,082	229,542	239,279	210,118
Investments in equity accounted investee	18	16	25	16	16
Investment securities	19	283,190	289,353	280,626	290,377
Trading properties	20	4,396	4,747	1,930	1,930
Investment properties	21	16,436	16,413	-	-
Investment in subsidiaries	22	-	-	10,892	12,892
Property and equipment	23	47,235	45,527	47,161	45,351
Intangible assets	24	2,134	808	1,933	685
Deferred tax assets	25	95,889	95,889	95,875	95,875
Other assets	26	137,004	99,829	136,367	101,324
		954,137	951,072	882,350	879,723
Assets classified as held for sale	33(b)	25,593	51,684	5	2,374
TOTAL ASSETS		979,730	1,002,756	882,355	882,097
LIABILITIES					
Deposits from banks	27	38,798	46,794	815	3,200
Deposits from customers	28	480,759	482,706	472,443	479,956
Current tax liabilities	29	570	534	480	472
Other liabilities	30	150,620	156,406	148,770	155,189
Retirement benefit obligations	31	7,353	10,261	7,308	10,216
Other borrowed funds	32	57,933	45,280	57,933	45,280
		736,033	741,981	687,749	694,313
Liabilities classified as held for sale	33(c)	40,191	61,432	-	-
TOTAL LIABILITIES		776,224	803,413	687,749	694,313
EQUITY					
Share capital and share premium	34	400,109	400,109	400,109	400,109
Treasury shares		(35)	(240)	-	-
Retained deficit		(269,263)	(274,871)	(266,350)	(272,064)
Other Reserves		67,442	67,183	60,847	59,739
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		198,253	192,181	194,606	187,784
Non-controlling interest	35	5,252	7,162	-	-
TOTAL EQUITY		203,505	199,343	194,606	187,784
TOTAL LIABILITIES AND EQUITY		979,730	1,002,756	882,355	882,097

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 June 2014

Group

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2014	8,468	391,641	17,544	(240)	31,201	7,390	11,048	(274,871)	192,181	7,162	199,343
Total comprehensive income for the period											
Profit for the period	-	-		-	-	-	-	5,924	5,924	419	6,343
Other comprehensive income											
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation diferrence	-	-	-	-	-	-	48	-	48	-	48
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	324	-	-	-	324	-	324
Transfer from retained earnings	-	-	-	-	-	852	-	(852)	-	-	-
Total comprehensive income for the period	-	-	-	-	324	852	48	5,072	6,296	419	6,715
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Acquisition/(disposal) of own shares	-	-	-	-	-	-	-	-	-	-	-
Increase/dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	495	495
Derecognition of other subsidiaries	-	-	-	-	-	-	-	(434)	(434)	-	(434)
Disposal of subsidiaries	-	-	-	205	(277)		(688)	970	210	(2,824)	(2,614)
									-	-	-
Total contribution and distributions to owners	-	-	-	205	(277)	-	(688)	536	(224)	(2,329)	(2,553)
Balance at 30 June 2014	**8,468**	**391,641**	**17,544**	**(35)**	**31,248**	**8,242**	**10,408**	**(269,263)**	**198,253**	**5,252**	**203,505**

December 2013

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

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 June 2014

Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2014	8,468	391,641	16,331	30,260	3,706	9,442	(272,064)	187,784
Total comprehensive income for the year								
Profit or loss	-	-	-	-	-	-	6,566	6,566
Other comprehensive income								
Fair value gains/(loss) on available-for-sale investment	-	-	-	256	-	-	-	256
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	852		(852)	-
Total comprehensive income for the year	-	-	-	256	852	-	5,714	6,822
Total contribution and distributions to owners	-	-	-	-	-	-	-	-
Balance at 30 June 2014	**8,468**	**391,641**	**16,331**	**30,516**	**4,558**	**9,442**	**(266,350)**	**194,606**

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2013	8,468	391,641	15,563	24,789	1,005	3,921	(273,716)	171,671
Total comprehensive income for the year								
Profit or loss	-	-	768	-	-	-	4,353	5,121
Other comprehensive income								
Fair value reserve (available-for-sale) financial assets	-	-	-	5,471	-	-	-	5,471
Remeasurement of defined benefit liability	-	-	-	-	-	5,521	-	5,521
Transfer from retained earnings	-	-	-	-	2,701		(2,701)	-
Total other comprehensive income for the year	-	-	-	5,471	2,701	5,521	(2,701)	10,992
Total comprehensive income for the year	-	-	768	5,471	2,701	5,521	1,652	16,113
Balance at 31 December 2013	**8,468**	**391,641**	**16,331**	**30,260**	**3,706**	**9,442**	**(272,064)**	**187,784**

Consolidated Separate Statements of Cash Flows
For the period ended 30 June 2014

	Notes	Group June.2014	Group Dec.2013	Bank June.2014	Bank Dec.2013
		₦ million	₦ million	₦ million	₦ million
Cash flows from operating activities					
Profit for the year		6,343	3,836	6,566	5,121
Income tax expense	12	81	(933)	50	(920)
Profit before tax		6,424	2,903	6,616	4,201
Adjustments for:					
Impairment losses on loans and advances	8(a)	2,824	14,008	2,922	15,197
Recoveries on loans and advances	8(a)	(3,327)	(1,942)	(3,327)	(1,942)
(Reversal of impairment)/impairment loss on investment	8(b)	-	(49)	-	410
Impairment loss on other investments	8(b)	-	75	-	1,111
Allowances on other assets	8(b)	-	4,911	-	3,845
Gain on sale of property and equipment	7	(1)	(759)	(1)	(761)
Write-off on Trading properties	20	-	140	-	-
Gain on sale of trading properties	7	-	(546)	-	-
Depreciation of property and equipment	23	1,317	2,943	1,297	2,899
Amortisation of intangible assets		176	179	159	161
Revaluation gain on investment properties	21	-	(655)	-	-
Dividend income from equity investment	7	(511)	(2,551)	(511)	(5,670)
Interest paid on borrowings	4	2,394	6,574	2,394	6,574
Bad debts (recovered)/written off	17	(2,100)	(4,460)	(2,100)	(4,460)
Contributions to defined contribution plans		312	1,622	312	1,613
Increase/ (decrease) in liability for defined benefit plans		300	1,410	300	1,410
Share of profit of equity accounted investee		-	4	-	-
		7,808	23,807	8,061	24,588
Change in non-pledged trading assets		361	(2,001)	361	(1,980)
Change in pledged assets		26,012	(20,664)	26,012	(20,664)
Change in derivative financial instruments-assets		-	-	-	-
Change in loans and advances to customers		(28,937)	(112,066)	(26,656)	(81,931)
Change in other assets		(40,214)	10,406	(30,674)	15,350
Change in derivative financial instruments-liabilities		-	-	-	-
Change in deposits from banks		(7,996)	1,682	(2,385)	(300)
Change in deposits from customers		(1,947)	(4,260)	(7,513)	(2,049)
Change in other liabilities		(5,786)	10,359	(6,419)	10,689
		(50,698)	(92,737)	(39,213)	(56,297)
Income tax paid		(45)	(102)	(42)	(80)
Cash flows from Discontinued operations		(8,526)	22,021	-	-
Net cash provided/(used in) by operating activities		(59,270)	(70,818)	(39,255)	(56,377)
Cash flows from investing activities					
Purchase of investment properties		(23)	(11,651)	-	-
Acquisition of trading properties		-	(28)		-
Proceeds from sale of trading properties		351	2,658	-	352
Proceeds from sale of assets classified as held for sale		-	-	-	-
Proceeds from sale of property and equipment		422	2,760	382	2,228
Acquisition of property and equipment		(3,446)	(4,853)	(3,488)	(4,580)
Acquisition of intangible assets		(1,502)	(354)	(1,407)	(324)
Investment securities		6,487	(5,603)	10,007	(4,867)

Dividend income received	511	2,551	511	5,670
Dividend income from equity accounted investee	-	-	-	-
Investment in retirement benefit scheme	(3,520)	(35,719)	(3,520)	(36,654)
Cash flows from Discontinued operations	17,551	12,166	-	-
Net cash used in investing activities	16,832	(38,072)	2,485	(38,175)
Cash flows from financing activities				
Inflow from other borrowings	12,653	11,412	12,653	11,329
Repayment of borrowings	-	-	-	-
Interest paid on borrowings	(2,394)	(6,574)	(2,394)	(6,574)
Acquisition of own shares		(175)	-	-
Dividend paid to non-controlling interest	-	(314)	-	-
Inflows from non-controlling interest	495	4,118	-	-
Cash flows from Discontinued operations	(2,259)	1,563	-	-
Net cash from financing activities	8,495	10,030	10,259	4,755
Net increase/(decrease) in cash and cash equivalents	(33,943)	(98,861)	(26,511)	(89,797)
Cash and cash equivalents at beginning of year	100,925	200,260	53,141	142,938
Net change in cash and cash equivalent from discontinued operation	(1,916)	(779)	-	-
Effect of exchange rate fluctuations on cash held	48	305	-	-
Cash and cash equivalents at end of period	65,114	100,925	26,630	53,141

Notes to the Consolidated financial statements
For the period ended 30 June 2014

1 Reporting entity

Union Bank of Nigeria Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Union Bank of Nigeria Plc, Stallion Plaza, 36 Marina, Lagos. The consolidated financial statements of the Bank as at and for the period ended 30 June 2014 comprise the Bank and its subsidiaries (together referred to as the "Group"and individually as 'Group entities'). The Group is primarily involved in investment, corporate, commercial and retail banking, as well as the provision of insurance, registrars, pension fund custodial, trusteeship and asset management services.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Functional and presentation currency

These consolidated financial statements are presented in Nigerian Naira, which is the Bank's functional and presentation currency. All financial information presented in Naira has been rounded to the nearest million, except when otherwise indicated

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the ststement of financial position:

• financial instruments at fair value through profit or loss are measured at fair value;

• available-for-sale financial assets are measured at fair value;

• investment property is measured at fair value; and

• the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the net total
of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

(d) Use of estimates and judgements

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

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

Information about significant areas of estimation uncertainty and critical judgements in applyinh accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are included in Notes 4 and 5.

3 Significant accounting policies

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

The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation

Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date, that is, when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

• the fair value of the consideration transferred; plus
• the recognised amount of any non-controlling interest in the acquiree; plus
• if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
• the net recognised amount (general fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or eqiity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:
• at fair value; or
• at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed to (has rights to) variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Associates

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

Special purpose entities

Special purpose entities are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular assets, or the execution of specific borrowings or lending transactions or the provision of certain benefits to employee. The financial statements of special purpose entities are included in the Group’s consolidated financial statements, where the substance of the relationship is that the Group controls the special purpose entity.

Fund management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements, except when the Group controls the entity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Transactions eliminated on consolidation

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

(b) Foreign currency transactions

Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in income statement.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in other comprehensive income until the asset is sold or becomes impaired.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Nigerian Naira at exchange rates at each reporting date. The incomes and expenses of foreign operations are translated to Nigerian Naira at exchange rates at the dates of the transactions.

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

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

(c) Interest

Interest income and expense for all interest bearing financial instruments, except for those classified at fair value through profit or loss, are recognised within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability.

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

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in net income on other financial instruments carried at fair value through profit or loss in the income statement.

(d) Fees and Commission

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

Commissions on insurance contracts are recognized on ceding business to the reassurer, and are credited to the income statement.

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

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

(e) Net trading income

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

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

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

(g) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income and are recognised net of WHT.

(h) Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

(i) Income tax expense

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

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

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

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

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

(j) Financial instruments

Recognition

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

Classification

The Group classifies its financial assets in one of the following categories:
• loans amnd receivables;
• held to maturity;
• available for sale; or
• at fair value through profit or loss and within the category as held for trading or designated at fair value through profit or loss.

Subsequent measurement

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available for sale.

(i) Held-to-maturity

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

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

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

(ii) Fair value through profit or loss

The Group designates some investment securities at fair value, with fair value changes recognised immediately in profit or loss.

(iii) Available-for-sale

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

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

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

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

(iv) Loans and advances

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

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

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

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

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

Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

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

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

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

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

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

To the extent that a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans

(ii) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked

Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and

Incomes and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements are reclassified in the financial statements as pledged assets

Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it

Any interest in such transferred financial assets that qualify for derecognition is created or retained by the Group is

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

The Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In

(k) Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central banks and highly liquid
Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(l) Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial

(i) if the financial asset would have met the definition of loans and receivables (if the financial asset had not been

(ii) if the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the

(m) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading

(n) Property and equipments

Recognition and measurement

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures

(a) the cost of materials and direct labour;
(b) any other costs directly attributable to bringing the assets to working condition for their intended use;
(c) when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and
(d) capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed

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

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

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

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its

(o) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal
When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of

(p) Intangible assets

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Subsequent to initial recognition

Software

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the

(q) Leased assets - Leasee

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as

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

(r) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets, are reviewed at each

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior

(s) Classification of insurance contracts

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

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to

Contracts that transfer financial risks but not significant insurance risk are classified as investment contracts. Financial risk

The Group classifies financial guarantee contracts and account for these in accordance with IFRS 4.

(t) Recognition and measurement of insurance contracts

Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk,

Unearned pemiums
Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting

Claims incurred
Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability
Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of

Deferred acquisition costs
Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and

Contingency reserve
The Company maintains contingency reserves in accordance with the provisions of the Insurance Act of 2003 to cover

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

In performing these tests, current best estimates of future contractual cash flows and claims handling and administration

Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability

Receivables and payables related to insurance contracts and investment contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance

Salvage and subrogation reimbursements
Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example,

(u) Recognition and measurement of investment contracts
The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. This method requires

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the

(v) Underwriting expenses
Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses,

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the

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

When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or similar asset)

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct

(x) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are

(y) Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group (issuer) to make specified payments to reimburse the

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised

(z) Employee benefits

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility

Short-term benefits

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

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future

(aa) Share capital and reserves

Share issue costs

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

Dividend on ordinary shares

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

Treasury shares

Where the Bank or any member of the Group purchases the Bank's share capital, the consideration paid is deducted from the

(ab) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average

(ac) Fiduciary activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on

(ad) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and

(ae) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at

(af) New standards and interpretations not yet adopted

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

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

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010)

The IFRS 9(2009) requirements represent a significant change from the existing requirements in IAS 39 in respect of

For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on

Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other

IFRS 9(2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The IASB

4 Net interest income

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Interest income				
Cash and cash equivalents	600	4,780	600	4,586
Loans and advances to customers	18,445	14,310	17,798	13,617
Investments securities	17,589	22,105	17,589	22,043
Total interest income	36,634	41,195	35,987	40,246
Interest expense				
Deposits from customers	9,158	8,328	9,143	8,208
Other borrowed funds	2,394	3,200	2,394	3,200
Total interest expense	11,552	11,528	11,537	11,408
Net interest income	25,082	29,668	24,450	28,838

5 Net Fees and commission income

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Retail banking customer fees & commissions	2,794	3,239	2,794	3,239
Corporate banking credit related fees & commissions (See note (a))	500	204	500	204
Brokerage	-	50	-	-
Commission on off balance sheet transactions	821	648	821	648
Other fees and commission	506	1,709	10	51
	4,621	5,850	4,125	4,142

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

6 Net trading income/(loss)

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Fixed income securities	8	1,040	8	-
Equities	-	(9)	-	-
Foreign exchange gain on trading	673	136	595	136
Foreign exchange trading	-	-	-	-
	681	1,167	603	136

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.

7 Other operating income

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Dividends on available-for-sale equity securities	511	3,480	511	3,463
Gains on disposal of property and equipment	1	(296)	1	(296)
Revaluation gain on 'fair value through profit or loss	-	32	-	-
Gain on disposal of investment property	-	428	-	-
Gain on disposal of investments	3,733	(62)	3,733	-
Foreign exchange income	(30)	256	(30)	256
Rental income	62	217	62	180
Sundry income	1,000	397	929	10
	5,277	4,451	5,206	3,613

8 Net Impairment loss on financial assets

(a) Impairment charge for credit losses

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Net impairment charge for credit losses:				
-specific impairment (see note 17 below)	2,698	254	2,796	1,387
-portfolio impairment (see note 17 below)	126	(14)	126	(14)
Total impairment charge on loans and advances	2,824	240	2,922	1,373
(Recoveries on loans and advances)/reversal of impairment	(3,327)	-	(3,327)	(1,134)
	(503)	240	(405)	239

(b) *Net impairment loss on other financial assets:*

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
Reversal of impairment on cash and short term funds)	-	495	-	490
Impairment loss on available for sale financial assets		459		459
Impairment loss on other assets	117	447	117	-
	117	1,402	117	949
Total net impairment loss on financial assets	**(386)**	**1,642**	**(288)**	**1,188**

9 Personnel expenses

	Group June.2014 ₦ million	Group June.2013 ₦ million	Bank June.2014 ₦ million	Bank June.2013 ₦ million
Wages and salaries	14,486	16,140	13,961	14,949
Contributions to defined contribution plans (See note 31 (a))	312	482	312	386
Increase/ (decrease) in liability for defined benefit plans)	300	100	300	8
	15,098	16,721	14,573	15,343

10 Other operating expenses

	Group June.2014	Group June.2013	Bank June.2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Auditors' remuneration	50	99	50	99
NDIC Premium	1,233	1,374	1,233	1,374
Rents and Rates	546	624	493	559
Business travels	761	566	740	561
Repair and Maintenance	368	504	368	504
Transformation Expense	750	216	750	216
Professional fees	687	960	655	833
Advertising and Promotion expenses	92	47	92	47
Security expense	569	423	569	423
General administrative expenses	5,462	5,414	4,768	3,544
Insurance	124	116	124	116
AMCON surcharge (see note (a) below)	2,185	2,216	2,185	2,216
	12,827	12,559	12,027	10,492

(a) This represents the Bank's contribution to Banking Sector Stabilization Fund for the year ended 30 June 2014. Effective 1 January 2011, banks were required to contribute 0.3% of their total assets as at the year end to the fund in line with existing guidelines. The rate changed to 0.5% during the year ended 31 December 2012.

11 Exceptional provision no longer required

This represents various provisions made in prior years that are no longer required.

12 Income tax expense

(a) Recognised in the profit or loss

	Group June. 2014	Group June.2013	Bank June. 2014	Bank June.2013
	₦ million	₦ million	₦ million	₦ million
Current tax expense				
Company Income Tax	31	378	-	-
Education tax	-	-	-	-
NITDA Levy	50	105	50	105
Prior year over provision	-	-	-	-
	81	483	50	105
Deferred tax expense				
Origination and reversal of temporary differences	-	115	-	192
Total income tax expense	81	598	50	297

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.

(b) Reconciliation of effective tax rate

	Group June. 2014	Group June. 2014	Group June.2013	Group June.2013	Bank June. 2014	Bank June. 2014	Bank June.2013	Bank June.2013
		₦ million		₦ million		₦ million		₦ million
Profit/(loss) before income tax		6,629		11,959		6,616		11,639
Income tax using the domestic corporation tax rate	30%	1,989	30%	3,588	0%	-	0%	-
Income tax based on minimum tax computation	0%	-	0%	-	0%	-	0%	-
Effect of tax rates in foreign jurisdictions	0%	19	1%	113	0%	-	0%	-
Education tax levy	0%	-	0%	-	0%	-	0%	-
Capital gains tax	0%	-	0%	-	0%	-	0%	-
NITDA levy	1%	50	1%	105	1%	50	1%	105
Tax losses (utilised)/unutilised	-30%	(1,977)	-37%	(4,404)	0%	-	0%	-
Change to estimates for prior years	0%	-	0%	-	0%	-	0%	-
Total income tax expense in compre	1%	81	-5%	598	1%	50	1%	105

The effective income tax rate for 31 March 2014 is 1% (December 2014:19%)

13 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 June. 2014	*Group* June.2013	Bank June. 2014	Bank June.2013
Issued ordinary shares at beginning of the period	16,936	16,936	16,936	16,936
Weighted effect of shares issued during the period	16,936	16,936	16,936	16,936

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

	Group June. 2014	*Group* June.2013	Bank June. 2014	Bank June.2013
Profit/(Loss) for the period attributable to equity holders	5,924	10,864	6,566	11,342
Basic earnings/(loss) per share (in kobo)	35	64	39	67
Profit from continuing operations attributable to equity holders of bank	6,548	11,360	6,566	11,342
Basic earnings/(loss) per share (in kobo)	39	67	39	67

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

14 Cash and cash equivalents

	Group June. 2014 ₦ million	Group Dec.2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec.2013 ₦ million
Cash and balances with banks	22,004	27,288	21,225	26,070
Unrestricted balances with central bank	3,204	27,071	3,204	27,071
Money market placements	39,906	46,566	2,201	-
	65,114	100,925	26,630	53,141
Impairments (see note (a) below)	-	-	-	-
	65,114	100,925	26,630	53,141

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

	Group June. 2014 ₦ million	Group Dec.2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec.2013 ₦ million
Balance, beginning of period	-	18,517	-	18,287
Charge/(reversals) during the period	-	(201)	-	(201)
Reclassification	-	(18,316)	-	(18,086)
Balance, end of period	-	-	-	-

15 Non-pledged Assets (Held for trading)

	Group June. 2014 ₦ million	Group Dec.2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec.2013 ₦ million
Government bonds	321	1,223	321	1,223
Treasury bills	2,165	1,624	2,165	1,624
	2,486	2,847	2,486	2,847

16 Pledged assets

Financial assets that may be repledged or resold by counterparties

	Group June. 2014 ₦ million	Group Dec.2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec.2013 ₦ million
Treasury bills	6,346	3,208	6,346	3,208
Bonds	32,768	61,919	32,768	61,919
Placement	41	40	41	40
	39,155	65,167	39,155	65,167

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

17 Loans and advances to customers at amortised cost

	Group June. 2014 ₦ million	Group Dec.2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec.2013 ₦ million
Gross amount	284,687	249,148	263,269	230,720
Specific impairment	(12,191)	(8,897)	(13,191)	(9,929)
Portfolio impairment	(11,414)	(10,709)	(10,799)	(10,673)
Total impairment	(23,605)	(19,606)	(23,990)	(20,602)
Carrying amount	261,082	229,542	239,279	210,118

18 Investment in equity accounted investee

	Group	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Cost				
Balance, beginning of the period	100	15,242	91	91
Prior year adjustments	-	(9,685)	-	-
Balance, beginning of the period (Restated)	100	5,557	91	91
Share of current year result	-	(4)	-	-
Assets classified as discontinued operations	-	(5,453)	-	-
Disposal of subsidiaries	(9)	-	-	-
	91	100	91	91
(Impairments) /increase in value	(75)	(75)	(75)	(75)
Balance, end of the period	16	25	16	16

19 Investment securities

	Group	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Available-for-sale investment securities comprise:				
Treasury bills	3,373	3,304	1,744	1,709
Equity: Quoted	6,450	824	8,962	7,091
Unquoted	12,252	13,632	11,166	12,832
Managed funds	738	715	738	715
Bonds	1,511	1,404	-	-
Others	-	985	-	-
	24,324	20,864	22,610	22,347
Less: specific impairment allowance	(4,083)	(4,083)	(4,531)	(4,542)
	20,241	16,781	18,079	17,805
Held to maturity investment securities comprise:				
Treasury bills	60,618	122,148	60,216	122,148
Bonds	202,331	150,424	202,331	150,424
	262,949	272,572	262,547	272,572
Investment securities	283,190	289,353	280,626	290,377

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

	Group	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the period	4,083	9,604	4,542	8,492
Allowance no longer required)	-	(49)	(11)	410
Reclassification	-	(4,360)	-	(4,360)
Assets classified as discontinued operations	-	(1,112)	-	-
Balance, end of the period	4,083	4,083	4,531	4,542

20 Trading properties

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

	Group	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	4,747	6,971	1,930	2,282
Additions	-	28	-	-
Disposal	(351)	(2,112)	-	(352)
Reclassifcation	-	(140)	-	-
Balance, end of period	4,396	4,747	1,930	1,930

21 Investment Properties

These investment properties were last revalued during the year ended 31 December 2013 by Messers Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 16 March 2013 and 16 December 2013 for Union Homes Savings and Loans Plc and UBN Property Company Limited respectively. As at 30 June 2014, 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	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	16,413	14,985	-	-
Additions	23	11,651	-	
Revaluation gains/(losses)	-	655	-	-
Assets classified as held for sale	-	(10,878)	-	-
Balance, end of the period	16,436	16,413	-	-

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

	Group	Group	Bank	Bank
	June. 2014	Dec.2013	June. 2014	Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	-	1,841	-	-
Assets classified as held for sale	-	(1,841)		
Balance, end of the period	-	-	-	-

22 Investment in subsidiaries

Cost

	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million
Union Homes Savings and Loans Plc	1,834	1,834
Union Trustees Limited	5	5
Union Assurance Company Limited	-	1,448
UBN Property Company Limited	2,195	2,195
Union Bank UK Plc	8,372	8,372
Union Registrars Limited	-	114
Union Capital Markets Limited	-	1,842
Union Pension Fund Custodian	-	2,000
Atlantic Nominees Limited	325	325
Reclassification to assets classified as held for sale	(1,839)	(5,243)
	10,892	12,892
Impairment on investment in subsidiary (See (a) below)	-	-
	10,892	12,892

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

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	-	-	-	1,834
Additional/(Writeback) during the period	-	-	-	1,036
Reclassification to assets classified as held for sale			-	(2,870)
Balance, end of the period	-	-	-	-

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

Company Name	Country Incorpora	Nature of business	Year end	Direct ownership interest June. 2014	Direct ownership interest Dec.2013
				%	%
Union Homes Savings and Loans Plc	Nigeria	Property Development and Mortgage Finance	31 December	31	31
Union Trustees Limited	Nigeria	Trusteeship	31 December	90	90
Union Assurance Company Limited	Nigeria	Insurance	31 December	-	30
UBN Property Company Limited	Nigeria	Property Developmen	31 December	39	39
Union Bank UK Plc	Nigeria	Licensed UK Bank	31 December	100	100
Union Registrars Limited	Nigeria	Registrar	31 December	-	80
Union Capital Markets Limited	Nigeria	Investment Banking	31 December	-	48
Union Pension Custodian Limited	Nigeria	Pension Custodial	31 December	-	100
Atlantic Nomnees Limited	Nigeria	Real Estate	31 December	100	100

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

The Company has 7,812,500,000 ordinary shares of N1.00 each of which 30.6% is held directly by Union Bank of Nigeria Plc and 14.2% by Union Trustees Limited and 15.3% by Williams Street Trustees Limited, the nominee company for Union Bank of Nigeria Plc Staff Pension Fund. A trust deed dated 18 July 1972, executed between Union Bank of Nigeria Plc, Union Trustees Limited and Williams Street Trustees Limited, appointed Union Trustees Limited as Managers of the Staff Pension Fund. Effectively Union Bank of Nigeria Plc has power over more than half of the voting rights in Union Homes Savings and Loans Plc. The carrying value of the investment in Union Homes Savings and Loans Plc is included in 'assets classified as held for sale'(see Note 36)

(ii.) **Union Trustees Limited (Registered Office at 131, Broad Street, Lagos)**

90% direct equity holding of the ordinary shares of the company. The carrying value of the investment in Union Trustees Limited is included in 'assets classified as held for sale'(see Note 36) (iii.) **UBN Property Company Limited (Registered office at 36, Marina, Lagos)**

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

(iv.) **Union Bank UK Plc (Registered office at 14-18 Copthal Avenue, London EC2R7BN)**

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

(v.) **Union Pension Limited (*Registered Office 9b Oko Awo Street, Victoria Island, Lagos*)**

The Group has derecognised the assets and liabilities of Union Pension in its books as a result of the commencement of the liquidation process of the company.

(vi) **Atlantic Nominees Limited**

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

(vii) **Union Homes Real Estate Investment Trust (REIT)**

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

Movement inInvestement in Equity account investee

Balance, beginning of period	-	-	-	-	-
(Writeback)/allowance made during the period	75	-	-	75	-
Reclassification		-	-	-	-
Balance, end of period	75	-	-	75	-

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

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

30 June 2014	Reporting date	Total assets	Total liabilities	Net assets	Profit/(loss)	Group share of profit/(loss)	Group share of net assets
Unique Venture Capital Management Limited	30 June	174	(139)	35	0	0	13
		174	(139)	35	0	0	13

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

(c) Condensed results of consolidated entities
(i) The condensed financial data of the continuing operations as at 30 June 2014, are as follows

Condended statement of comprehensive income

Statement of Comprehensive income	***Group balances***	***Consolidation entries***	***Total***	***Bank***	***Union Properties***	***Atlantic Nominees***	***Union Bank UK***	***Union Homes REIT***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Operating income	35,660	3	35,657	34,384	393	-	880	-
Net operating income after net impairment loss	36,046	72	35,941	34,671	393	-	877	-
Operating Expenses	(29,419)	(238)	(29,181)	(28,056)	(377)	-	(749)	-
Net impairment loss on financial assets	386	101	285	288	-	-	(3)	-
Share of proit of equity accounted investees	-		-	-				
Profit before income tax	**6,627**	**(133)**	**6,760**	**6,616**	**17**	**-**	**128**	**-**
Taxation	(81)	-	(81)	(50)	(3)	-	(27)	-
Profit after income tax	**6,546**	**(133)**	**6,679**	**6,566**	**13**	**-**	**100**	**-**

Condended Statement of financial position

	Group balances	***Consolidation entries***	***Total***	***Bank***	***Union Properties***	***Atlantic Nominees***	***Union Bank UK***	***Union Homes REIT***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	65,114	(9,396)	74,510	26,630	1,993	-	43,201	2,686
Non-pledged trading assets	2,486	-	2,486	2,486	-	-	-	-
Pledged assets	39,155	-	39,155	39,155	-	-	-	-
Derivative financial instrument	-	-	-	-	-	-	-	-
Loans and advances to customers	261,082	-	261,082	239,278	-	-	21,804	-
Investments in equity-accounted investee	16	-	16	16	-	-	-	-
Investment securities	283,190	(2,064)	285,254	280,626	1,086	-	3,542	-
Assets held for sale	25,593	25,588	5	5	-	-	-	-
Trading properties	4,396	-	4,396	1,930	2,466	-	-	-
Investment properties	16,436	-	16,436	-	4,508	325	-	11,603
Investment in subsidiaries	-	(10,892)	10,892	10,892	-	-	-	-
Property and equipment	47,235	-	47,235	47,161	23	-	51	-
Intangible assets	2,134	-	2,134	1,933	-	-	201	-
Deferred tax assets	95,889	-	95,889	95,874	(1)	-	16	-
Other assets	137,003	66	136,937	136,367	18	-	226	326
Total assets	979,730	3,302	976,428	882,354	10,093	325	69,041	14,615
Financed by:								
Deposits from banks	38,798	-	38,798	815	-	-	37,983	-
Deposits from customers	480,759	(10,301)	491,060	472,443	-	-	18,617	-
Liability on investment contract	-	-	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-	-	-
Current tax liabilities	570	-	570	480	60	-	30	-
Other liabilities	150,620	(744)	151,364	148,767	1,365	-	551	680
Retirement benefit obligations	7,353	-	7,353	7,308	45	-	-	-
Other borrowed funds	57,933	-	57,933	57,933	-	-	-	-
Liabilities classified as held for sale	40,191	40,191	-	-	-	-	-	-
Equity and reserves	203,505	(25,844)	229,349	194,608	8,622	325	11,859	13,935
Total liabilities	979,730	3,302	976,428	882,354	10,093	325	69,041	14,615

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

Condended statement of comprehensive income

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

Condensed Statement of financial position

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

23 Property and equipment

(a) **Group:**

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

	Leasehold land and buildings	Leasehold improvements	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Cost						
Balance at 1st January, 2014	52,343	-	11,676	1,160	818	65,997
Exchange difference	3	-	1	-	-	4
Additions	950	-	1,303	25	1,168	3,446
Disposals	-	-	(1)	(18)	-	(19)
Reclassification to other assets	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Derecognition of subsidiaries	(1)		(18)			(19)
Assets classified as discontinued operations	-	-	-	-		-
Balance as at 30 June 2014	53,295	-	12,961	1,167	1,704	69,127
Balance at 1st January, 2013	52,794	922	28,147	7,115	2,049	91,027
Exchange difference	5	-	3	1	-	9
Additions	1,402	-	2,061	42	1,348	4,853
Disposals	(247)	-	(46)	(1,320)	-	(1,613)
Reclassification to other assets	3,773	(922)	802	(1,074)	(2,579)	-
Write off	(2,065)	-	(17,768)	(2,802)	-	(22,635)
Transfers						-
Balance as at 31 December 2013	52,343	-	11,676	1,160	818	65,997
Depreciation and impairment losses						
Balance at 1st January, 2014	11,530	-	7,909	872	159	20,470
Exchange difference	2	-	2	-	-	4
Charge for the period	565	-	692	60	-	1,317
Disposals	-	-	(1)	(18)	-	(19)
Write-off/Adj	-	-	102	-		102
Reclassification to other assets	-	-	-	-	-	-
Derecognition of subsidiaries	1		17			18
Assets classified as discontinued operations	-	-	-	-		-
Balance as at 30 June 2014	12,098	-	8,721	914	159	21,892
Balance at 1st January, 2013	10,997	87	25,692	5,785	-	42,561
Exchange difference	3	-	2	-	-	5
Charge for the year	1,170	-	1,447	326	-	2,943
Disposals	(36)	-	(46)	(1,310)	-	(1,392)
Reclassification to other assets	450	(87)	1,295	(516)	-	1,142
Balance as at 31 December 2013	11,530	-	7,909	872	159	20,470
(iii) **Net Book Value**						
Balance as at 30 June 2014	41,197	-	4,240	253	1,545	47,235
Balance as at 3I December 2013	40,813	-	3,767	288	659	45,527

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

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

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2013: nil)

(b) **Bank:**

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

(i) **Cost**	**Leasehold land and buildings** ₦ million	**Leasehold improvements** ₦ million	**Furniture & equipment** ₦ million	**Motor vehicles** ₦ million	**Capital work in progress** ₦ million	**Total** ₦ million
Balance at 1st January, 2014	52,182	-	10,326	1,124	818	64,450
Additions	950	-	1,350	20	1,168	3,488
Disposals	-	-	(1)	(18)	-	(19)
Transfers	-	-	-	-	-	-
Reclassification to other assets	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Balance as at 30 June 2014	**53,132**	**-**	**11,675**	**1,126**	**1,704**	**67,637**
Balance at 1st January, 2013	53,190	-	26,038	5,195	197	84,620
Additions	1,163	-	2,031	38	1,348	4,580
Disposals	(247)	-	(46)	(1,307)	(201)	(1,801)
Reclassification to other assets	-	-	-	-	-	-
Transfers	141	-	60	-	-	201
Write off	(2,065)	-	(17,768)	(2,802)	(526)	(23,161)
Balance as at 31 December 2013	52,182	-	10,315	1,124	818	64,439

.

		Leasehold land and buildings	Leasehold improvements	Furniture & equipment	Motor vehicles	Capital work in progress	Total
(ii)	**Accumulated depreciation**	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
	Balance at 1st January, 2014	11,397	-	6,853	846		19,096
	Charge for the period	554	-	686	57	-	1,297
	Disposals	-	-	(1)	(18)	-	(19)
	Write-off/Adj	-	-	102	-		102
	Balance, end of the period	**11,951**	**-**	**7,640**	**885**	**-**	**20,476**
	Balanceas at 1 January 2013	10,219	-	24,681	4,583	-	39,483
	Charge for the year	1,148	-	1,432	319	-	2,899
	Disposals	(36)	-	(46)	(1,303)	-	(1,385)
	Reclassification to other assets	66	-	(19,222)	(2,753)	-	(21,909)
	Balance as at 31 December 2013	**11,397**	**-**	**6,845**	**846**	**-**	**19,088**
(iii)	**Net Book Value**						
	Balance as at 30 June 2014	41,181	-	4,035	241	1,704	47,161
	Balance as at 3I December 2013	40,785	-	3,473	278	818	45,354

(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 2013: nil)

24 Intangible assets

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Cost				
Balance, beginning of period	2,134	2,725	1,610	1,318
Balance, beginning of the period	2,134	2,725	1,610	1,318
Additions	1,498	381	1,407	292
Reclassification	-	-	-	-
Write-off	-	(63)		
Exchange translation difference	17	10	-	-
Assets of subsidiaries disposed	-	(919)		
Balance, end of period	3,649	2,134	3,017	1,610
Amortization and impairment losses				
Balance, beginning of period	1,326	1,670	925	796
		-	-	
Balance, beginning of the period	1,326	1,670	925	796
Amortisation for the period	176	179	159	161
Reclassification	16	(16)	-	(16)
Write-off	(16)	(16)	-	(16)
Exchange translation difference	13	6	-	-
Assets of subsidiaries disposed	-	(497)	-	-
Balance, end of period	1,515	1,326	1,084	925
Carrying amounts as at period end	2,134	808	1,933	685
Balance as at 1 January	808	1,055	685	522

(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 2013 : nil)

25 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

30 June 2014

	Assets	**Liabilities**	**Net**
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,644	-	100,644
Others	1,711	1	1,710
Net tax assets (liabilities)	102,928	7,040	95,888

31 December 2013

	Assets	**Liabilities**	**Net**
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,644	-	100,644
Others	1,711	-	1,711
Net tax assets (liabilities)	102,928	7,039	95,889

Bank

30 June 2014

	Assets	**Liabilities**	**Net**
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	7,039	95,875

31 December 2013

	Assets	**Liabilities**	**Net**
	₦ million	₦ million	₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,630	-	100,630
Others	1,711	-	1,711
Net tax assets (liabilities)	102,914	7,039	95,875

Deferred tax assets and liabilities

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

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of the period	95,889	98,354	95,875	95,875
Credit for the period	-	(10)	-	-
Credit/(reversal)	-	-	-	-
Charge for the period	-	-	-	-
Net assets/(liabilities) of discontinued operations	-	(2,455)	-	-
Net deferred tax assets/(liabilities)	95,889	95,889	95,875	95,875
Out of which				
Deferred tax assets	102,928	102,928	102,914	102,914
Deferred tax liabilities	(7,040)	(7,039)	(7,039)	(7,039)

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N92,884 (2012: 95,349) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's enities will have taxable profits against which these assets can be utilized. As at period end, the Group as an unrecognised deferred tax asset of N47 billion.

26 Other assets

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Accounts receivable and prepayments	9,318	4,462	9,728	4,366
Restricted deposits with central bank (see (i))	88,487	72,971	88,487	72,971
Insurance receivables	-	-	-	-
Receivable from AMCON	-	7,447	-	7,447
Sundry assets	169,925	147,463	167,816	147,989
Statutory deposit	-	-	-	-
Clearing	48,142	47,519	48,142	47,519
	315,872	279,862	314,173	280,292
Impairment on other assets	(178,868)	(180,033)	(177,806)	(178,968)
	137,004	99,829	136,367	101,324

(i) The Bank had restricted balances of N82,468 million (Dec. 2013: N72,971 million) with the Central Bank of Nigeria (CBN) as at 31 December 2013. This balance is made up principally of CBN cash reserve requirement. The cash reserve is a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with central banks are not available for use in the Group’s day-to-day operations

(ii) The amount represents receivable from Asset Management Corporation of Nigeria (AMCON) as at period end in respect of proceeds on sale of loans and accrued interest . During the period ended 30 June 2014, the Bank has received full payment from AMCON.

Movement in impairment on other assets:

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	180,033	154,680	178,968	151,093
Charge for the period	-	4,911	-	3,845
Allowance written off	-	(10)	-	(10)
Reclassification	-	24,039	-	24,039
Assets classified as held for sale	-	(3,587)		-
Effect of exchange rate	(1,165)	-	(1,162)	-
Balance, end of period	178,868	180,033	178,968	178,967

27 Deposits from banks

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Money market deposits	815	3,200	815	3,200
Other deposits from banks	37,983	43,594	-	-
	38,798	46,794	815	3,200

28 Deposits from customers

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Term deposits	168,256	147,468	162,636	151,973
Current deposits	178,635	201,448	175,939	194,193
Savings	133,868	133,790	133,868	133,790
	480,759	482,706	472,443	479,956

29 Tax Payable

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	534	2,312	472	495
Foreign exchange translation difference	-	-	-	-
Prior period over provision	-	(978)	-	(977)
Reclassification	-	977	-	977
Charge for the period	81	35	50	57
Payments during the period	(45)	(102)	(42)	(80)
Transfer to assets held for sale	-	(1,710)		
Balance, end of period	570	534	480	472

30 Other liabilities

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Deposits for foreign currency	33,999	40,633	33,999	40,633
PAYE and other statutory deductions	2,319	1,937	2,319	1,841
Draft and Bills payable	23,528	23,278	23,528	23,278
Sundry creditors	12,371	17,976	12,371	17,993
Creditors and accruals	22,688	26,641	22,058	25,977
Provision for claims and contigencies (see (a) below)	5,725	5,441	5,725	5,441
Accounts payable	1,026	1,219	1,026	853
Other credit balances	48,964	39,281	47,744	39,173
	150,620	156,406	148,770	155,189

(a) The movement on provision for claims and contingencies during the year was as follows

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	5,441	4,701	5,441	4,701
Charge/reversal during the year	284	(1,879)	284	(1,879)
Reclassification	-	(1,179)	-	(1,179)
Balance, end of the period	5,725	5,441	5,725	5,441

31 Retirement benefit obligations

	Group June. 2014 ₦ million	Group Dec. 2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec. 2013 ₦ million
Defined contribution scheme (see (a) below)	247	131	247	131
Defined benefit obligations (see (b) below)	7,106	10,130	7,061	10,085
	7,353	10,261	7,308	10,216

(a) Defined Contribution Scheme

	Group June. 2014 ₦ million	Group Dec. 2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec. 2013 ₦ million
Balance, beginning of year	131	304	131	247
Charge during the period/year	312	1,622	312	1,613
Reclassification to discontinued operations	-	(5)	-	-
Reclassification to defined benefit obligation	-	(52)	-	-
Contribution remitted during the period/year	(196)	(1,738)	(196)	(1,729)
Balance, end of period/year	247	131	247	131

The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with employees' nominated Pension Fund Administrators.

(b) Defined benefit obligation

The Bank has discontinued its defined benefit scheme. The defined benefit carrying amount represents outstanding liability to the employee as at 30 June, 2014

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

	Group June. 2014 ₦ million	Group Dec. 2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec. 2013 ₦ million
Present value of unfunded obligation	7,106	10,130	7,061	10,085
Present value of funded obligation	-	-	-	-
Total present value of the obligation	7,106	10,130	7,061	10,085
Fair value of plan assets	-	-	-	-
Present value of net obligation	7,106	10,130	7,061	10,085
Recognized liability for defined benefit obligations	7,106	10,130	7,061	10,085

(ii) The movement in present value of defined benefit obligation includes:

	Group June. 2014 ₦ million	Group Dec. 2013 ₦ million	Bank June. 2014 ₦ million	Bank Dec. 2013 ₦ million
Defined benefit obligation at 1 January	10,130	51,606	10,085	49,121
Benefits paid by the plan	(3,324)	(17,700)	(3,324)	(17,693)
Current service costs and interest	300	3,650	300	3,650
Curtailment	-	(2,240)	-	(2,240)
Actuarial gain	-	(5,521)	-	(5,521)
Reclassification to other liabilities	-	(17,232)	-	(17,232)
Reclassification from defined contribution scheme		52	-	
Reclassification to discontinued operations	-	(2,485)		
Defined benefit obligation at 31 December	7,106	10,130	7,061	10,085

32 Other borrowed funds

	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
Due to CAC (see (a))	16,667	16,667	16,667	16,667
BOI on-lending facility (see note (b) below)	8,612	12,878	8,612	12,878
Other borrowings (see (c))	32,654	15,735	32,654	15,735
	57,933	45,280	57,933	45,280

(a) The amount of N16,667,000,000 represents an 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

(b) The amount represents an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing / or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth N18.4 billion (Dec. 2013: N18.4 billion) and has a 15-year tenor and repayable quarterly.

A management fee of 1% deductible at source is paid by the Bank 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: USD100 million represents a 3 year Medium Term Loan Facility from Standard Chartered Bank for general corporate and trade finance purposes. This loan is secured with FGN Bond with total face value of N19.5 billion; Syndicated USD100million 3 year Medium Term Facility with Standard Chartered Bank being the facility agent and the lead arranger.

33 Discontinued operations

(a) Profit for the period from discontinued operations

Profit for the period from discontinued operations represnts the operating results of subsidiaries held for sale in line with management strategy to divest from non-banking subssidiaries.

The profit for the period from discontinued operations comprises:

	Group June. 2014	Group June. 2013
	₦ million	₦ million
Gross income	**2,378**	**3,500**
Gross expense	**(2,539)**	**(5,658)**
Interest income	898	2,427
Interest expense	(1,499)	(2,011)
Net interest income	(601)	416
Net fee and commission income	242	110
Net trading income	(43)	245
Other operating income	1,281	718
Total operating income	1,480	1,073
Operating income	879	1,489
Net impairment loss on financial assets	-	(1,715)
Net operating income after net impairment loss on other financial assets	879	(226)
Personnel expenses	(342)	(831)
Depreciation and amortization	(184)	(199)
Other operating expenses	(514)	(901)
	(1,040)	(1,932)
Share of profit of equity accounted investee	-	-
Loss before tax from discontinued operations	(161)	(2,158)
Income tax expense	(44)	191
Loss from discontinued operations (net of tax)	(205)	(1,967)

(b) Assets classified as held for sale

	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	2,695	779	-	-
Investments in subsidiaries	-	-	1,839	5,243
Non-pledged trading assets	229	991	-	-
Loans and advances to customers	9,530	9,719	-	-
Investments in equity accounted investee	-	-	-	-
Investment securities	7,278	26,715	-	-
Investment properties	4,349	5,494	-	-
Property and equipment	645	2,292	-	-
Intangible assets	184	323	-	-
Deferred tax assets	15	1,393	-	-
Other assets	668	3,978	-	-
	25,593	51,684	1,839	5,243
Impairment allowance	-	-	(1,834)	(2,869)
	25,593	51,684	5	2,374

(c) Liabilities for assets classified as held for sale

	Group June. 2014	Group Dec.2013	Bank June. 2014	Bank Dec.2013
	₦ million	₦ million	₦ million	₦ million
Deposits from customers	29,306	26,615	-	-
Liability on investment contract	-	1,143	-	-
Liability on insurance contract	-	3,689	-	-
Current tax liabilities	336	1,373	-	-
Deferred tax liabilities	174	305	-	-
Other liabilities	9,904	25,434	-	-
Retirement benefit obligations	471	614	-	-
Other borrowed funds	-	2,259	-	-
	40,191	61,432	-	-

In the opinion of the Directors, assets held for sale have been recognised at the lower of their carrying amount and fair value less costs to sell.

(d) Condensed results of discontinued operations

The condensed financial data of the discontinued operations as at 30 June 2014, are as follows

Statement of Comprehensive income	***Union Homes***	***Union Trustees***	***Union Assurance***	***Union Registrars***	***Union Capital***	***Intragroup adjustments***	***Group Total***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Interest income	479	450	-	-	-	(30)	898
Interest expense	(1,499)	-	-	-	-	-	(1,499)
Net interest income	(1,020)	450	-	-	-	(30)	(600)
Impairment charge for credit losses	-	-	-	-	-	-	-
Net interest income after impairment charge for credit losses	(1,020)	450	-	-	-	(30)	(600)
Net fee and commission income	-	242	-	-	-	-	242
Net trading (loss)/income	-	(43)	-	-	-	-	(43)
Other operating income	1,087	188	-	-	-	6	1,281
Underwriting profit	-	-	-	-	-	-	-
	1,087	387	-	-	-	6	1,481
Operating income	67	837	-	-	-	(24)	880
Net impairment loss on other financial assets	-	950	-	-	-	(950)	-
Net operating income after net impairment loss on other financial assets	67	1,787	-	-	-	(974)	880
Personnel expenses	(201)	(141)	-	-	-	-	(342)
Depreciation and amortisation	(179)	(6)	-	-	-	-	(184)
Other operating expenses	(461)	(53)	-	-	-		(514)
Total expenses	(841)	(200)	-	-	-	-	(1,040)
Share of profit of equity accounted investee			-	-	-		-
Profit/(loss) before income tax	(774)	1,588	-	-	-	(974)	(160)
Income tax	-	(44)	-	-	-	-	(44)
Profit/(loss) for the period	(774)	1,544	-	-	-	(974)	(203)

Condensed statement of financial position for discontinued operations

Statement of financial position	***Union Homes***	***Union Trustees***	***Union Assurance***	***Union Registrars***	***Union Capital***	***Intragroup adj***	***Total***
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
ASSETS							
Cash and cash equivalents	73	4,472	-	-	-	(1,849)	2,695
Non-pledged trading assets	-	229	-	-	-	-	229
Pledged assets	-	-	-	-	-	-	-
Derivative assets held for risk management	-	-	-	-	-	-	-
Loans and advances to customers	9,527	3	-	-	-	-	9,530
Investments in equity accounted investee	5,434	-		-	-	(5,434)	-
Investment securities	2,574	5,218	-	-	-	(514)	7,278
Assets held for sale	-	-	-	-	-	-	-
Trading properties	-	-	-	-	-	-	-
Investment properties	4,349	-	-	-	-	-	4,349
Investment in subsidiaries	-	-	-	-	-	-	-
Property and equipment	635	10	-	-	-	-	645
Intangible assets	183	0	-	-	-	-	184
Deferred tax assets	-	15	-	-	-	-	15
Other assets	53	1,249	-	-	-	(634)	668
TOTAL ASSETS	22,828	11,196	-	-	-	(8,431)	25,593
LIABILITIES							
Deposits from banks	-	-	-	-	-	-	-
Deposits from customers	30,256	-	-	-	-	(950)	29,306
Liability on investment contract	-	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-	-
Current tax liabilities	116	219	-	-	-	-	336
Deferred tax liabilities	174	-	-	-	-	-	174
Other liabilities	5,902	6,063	-	-	-	(2,061)	9,904
Retirement benefit obligations	426	44	-	-	-	-	471
Other borrowed funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	36,875	6,326	-	-	-	(3,011)	40,190

34 Capital and reserves

Share capital	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
(a) Authorised : 19,023,125,000 Ordinary shares of 50 kobo each	9,512	9,512	9,512	9,512

	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
(b) Issued and fully paid - 16,935,806,472 Ordinary shares of 50kobo each	8,468	8,468	8,468	8,468

	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	8,468	6,755	8,468	8,468
Shares cancelled on reconstruction of		(5,489)		
shares during the year	-	7,202	-	-
Balance, end of period	8,468	8,468	8,468	8,468

(c) Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

	Group June. 2014	Group Dec. 2013	Bank June. 2014	Bank Dec. 2013
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period	391,641	53,023	391,641	391,641
Excess capital clawback	-	-	-	-
Premium on shares issued	-	391,641	-	-
Transfer to general reserve on cancellation of existing shares	-	(53,023)	-	-
Balance, end of period	391,641	391,641	391,641	391,641
Share capital and share premium	**400,109**	**400,109**	**400,109**	**400,109**

(d) Other reserves

The other reserves includes Statutory reserves, Fair value reserve, Regulatory risk reserves, Small and Medium Scale Industries Reserve (SMEEIS), Contingency reserve, Capital reserve, Translation reserve and Excess Clawback reserve.

(i) Statutory reserves:

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank made a total transfer of N766million (December 2012: N1,178million) to statutory reserves as at period end.

(ii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments securities recognised in other comprehensive income.

(iii) Regulatory risk reserve

The regulatory risk reserve warehouses the difference between the impairment on loans and advances computed under the Nigeria GAAP based on the Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the incurred loss model used in calculating the impairment under IFRSs.

(iv) Small and Medium Scale Industries Reserve (SMEEIS):

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory and therefore no reserve was made during the year. The small and medium scale industries equity investment scheme reserves are non-distributable.

(v) Contingency reserve:

The contingency reserve is maintained to comply with the National Insurance Commission (NAICOM) requirement that insurance companies set funds aside to cover fluctuations in securities and variations in statistical estimates. The contingency reserves shall be credited with an amount not less than 3 per centum of the total premium or 20 per centum of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or 50 per centum of the premiums (whichever is greater) for a non-life insurance company and an amount equal to 1 percent of the gross premiums or 10 percent of the profits (whichever is greater) and accumulated until it reaches the amount of the minimum paid-up capital for a life assurance company.

(vi) Capital reserve

Capital reserve warehouses the nominal value of shares cancelled during the capital reconstruction exercise that occurred during the financial year ended December 2012.

(vii) Translation reserve

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

(viii) Excess Capital Clawback

Under the recapitalisation plan of the Bank executed in 2011, the Asset Management Corporation of Nigeria (AMCON) provided Financial Accommodation to bring the Bank's Completion Net Assets Value (NAV) to zero.

The Financial Accommodation provided by AMCON exceeded the Bank's Completion NAV of zero, calculated as at 31 December 2011, by N14.918 billion. This excess amount has been refunded to AMCON.

(e) Retained deficit

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

35 Non-controlling Interest

Movement in the non controlling interest	Group June. 2014 ₦ million	Group Dec. 2013 ₦ million
Balance, beginning of year	7,162	5,346
Profit/(loss) for the year	419	(1,471)
Increase/(dimunition) in non controlling interest	495	3,287
Disposal of subsidiaries	(2,824)	-
Balance, end of year	5,252	7,162