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**Union Bank of Nigeria Plc**

**IFRS Consolidated & Separate Financial Statements  
for the period ended 30 June 2015**

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

For the period ended 30 June 2015

	Notes	Group June.2015 ₦ million	Group June.2014 ₦ million	Bank June.2015 ₦ million	Bank June.2014 ₦ million
<b>Gross earnings</b>		<b>55,958</b>	<b>52,883</b>	<b>57,640</b>	<b>49,213</b>
<b>Continuing Operations:</b>					
Interest income	1	43,295	36,634	42,681	35,987
Interest expense	1	(16,421)	(11,552)	(16,635)	(11,537)
<b>Net interest income (NRFF)</b>		<b>26,874</b>	<b>25,082</b>	<b>26,046</b>	<b>24,450</b>
Net impairment charge for credit losses	5(a)	(2,973)	(2,789)	(2,971)	(2,887)
<b>Net interest income after impairment charge for credit losses</b>		<b>23,901</b>	<b>22,293</b>	<b>23,075</b>	<b>21,563</b>
Net fee and commission income	2	4,021	4,621	3,812	4,125
Net trading income	3	2,113	681	2,051	603
Gain on sale of subsidiaries		(511)	3,733	3,412	3,733
Other operating income	4	6,684	4,836	5,684	4,765
<b>Non interest income (NII)</b>		<b>12,307</b>	<b>13,871</b>	<b>14,959</b>	<b>13,226</b>
<b>Operating income</b>		<b>36,208</b>	<b>36,164</b>	<b>38,034</b>	<b>34,789</b>
Net impairment loss on other financial assets	5(b)	-	(117)	-	(117)
<b>Net operating income after net impairment loss on other financial assets</b>		<b>36,208</b>	<b>36,047</b>	<b>38,034</b>	<b>34,672</b>
Personnel expenses	6	(14,645)	(15,098)	(14,016)	(14,573)
Depreciation and amortisation		(2,015)	(1,493)	(1,941)	(1,456)
Other operating expenses	7	(13,183)	(12,827)	(11,924)	(12,027)
<b>Total expenses</b>		<b>(29,843)</b>	<b>(29,418)</b>	<b>(27,881)</b>	<b>(28,056)</b>
Share of profit of equity accounted investee		-	-	-	-
<b>Profit before income tax from continuing operations</b>		<b>6,365</b>	<b>6,629</b>	<b>10,153</b>	<b>6,616</b>
Income tax expense from continuing operations	8	(101)	(81)	(74)	(50)
<b>Profit for the period from continuing operations</b>		<b>6,264</b>	<b>6,548</b>	<b>10,079</b>	<b>6,566</b>
<b>Discontinued operations</b>					
Gross income from discontinued operations	30	356	2,378	-	-
Gross expense from discontinued operations	30	(107)	(2,539)	-	-
<b>Profit/Loss before tax from discontinued operations</b>	30	249	(161)	-	-
Income tax expense from discontinued operations	30	(55)	(44)	-	-
<b>Profit/Loss for the period from discontinued operations</b>	30	<b>194</b>	<b>(205)</b>	<b>-</b>	<b>-</b>
<b>Continuing and discontinued operations:</b>					
<b>Profit before tax</b>		<b>6,614</b>	<b>6,468</b>	<b>10,153</b>	<b>6,616</b>
Income tax		(156)	(125)	(74)	(50)
<b>Profit after tax</b>		<b>6,458</b>	<b>6,343</b>	<b>10,079</b>	<b>6,566</b>
<b>Other comprehensive income, net of income tax</b>					
Foreign currency translation differences for foreign operations		845	48	-	-
Fair value gains/(losses) on available-for-sale investments		(294)	324	(226)	256
Other comprehensive income for the period		551	372	(226)	256
<b>Total comprehensive income for the period</b>		<b>7,009</b>	<b>6,715</b>	<b>9,853</b>	<b>6,822</b>

**Union Bank of Nigeria Plc and Subsidiary Companies**  
Consolidated financial statements for the period ended 30 June 2015

	Notes	Group June.2015 ₦ million	Group June.2014 ₦ million	Bank June.2015 ₦ million	Bank June.2014 ₦ million
<b>Profit attributable to:</b>					
Equity holders of the Bank		6,403	5,924	10,079	6,566
Non-controlling interest		55	419	-	-
<b>Profit for the period</b>		<b>6,458</b>	<b>6,343</b>	<b>10,079</b>	<b>6,566</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Bank		6,954	6,296	9,853	6,822
Non-controlling interest		55	419	-	-
<b>Total comprehensive income for the period</b>		<b>7,009</b>	<b>6,715</b>	<b>9,853</b>	<b>6,822</b>
<b>Profit from continuing operations attributable to:</b>					
Equity holders of the Bank		6,209	6,129	9,853	6,822
Non-controlling interest		55	419	-	-
<b>Total comprehensive income for the period</b>		<b>6,264</b>	<b>6,548</b>	<b>10,079</b>	<b>6,566</b>
Earnings per share for profit from total operations attributable to equity holders of Bank					
Basic and diluted (Kobo)	9	38	35	60	39
Earnings per share for profit from continuing operations attributable to equity holders of bank					
Basic and diluted (Kobo)	9	37	39	60	39

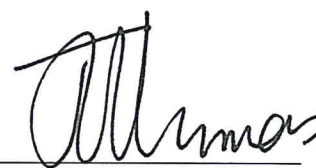
## Separate and Consolidated Statements of Financial Position

	Notes	Group June.2015 N million	Group Dec.2014 N million	Bank June.2015 N million	Bank Dec.2014 N million
<b>ASSETS</b>					
Cash and cash equivalents	10	109,797	121,960	70,894	58,457
Non-pledged trading assets	11	4,584	745	4,584	745
Pledged assets	12	115,099	83,935	115,099	83,935
Derivative assets held for risk management	13	-	7	-	-
Loans and advances to customers	14	374,582	312,797	354,502	302,372
Investments in equity accounted investee	15	24	24	-	-
Investment securities	16	141,848	197,200	133,818	193,656
Trading properties	17	1,743	1,930	1,743	1,930
Investment in subsidiaries	19	-	-	8,372	8,372
Property and equipment	20	48,473	49,521	48,394	49,428
Intangible assets	21	3,029	2,422	2,577	2,071
Deferred tax assets	22	95,883	95,883	95,875	95,875
Cash reserve requirement	22	157,785	113,376	157,785	113,376
Other assets	23	24,940	8,931	24,415	8,194
		<b>1,077,787</b>	<b>988,731</b>	<b>1,018,058</b>	<b>918,411</b>
Assets classified as held for sale	30(b)	7,112	20,426	2,520	2,525
<b>TOTAL ASSETS</b>		<b>1,084,899</b>	<b>1,009,157</b>	<b>1,020,578</b>	<b>920,936</b>
<b>LIABILITIES</b>					
Derivative liabilities held for risk management		-	7	-	-
Deposits from banks	24	127,669	61,890	80,018	18,055
Deposits from customers	25	549,554	527,617	547,927	507,431
Current tax liabilities	26	519	822	504	635
Other liabilities	27	118,727	110,260	118,154	109,861
Retirement benefit obligations	28	226	845	226	845
Other borrowed funds	29	57,922	78,135	57,922	78,135
		<b>854,617</b>	<b>779,576</b>	<b>804,751</b>	<b>714,962</b>
Liabilities classified as held for sale	30(c)	1,015	7,347	-	-
<b>TOTAL LIABILITIES</b>		<b>855,632</b>	<b>786,923</b>	<b>804,751</b>	<b>714,962</b>
<b>EQUITY</b>					
Share capital and share premium	31	400,109	400,109	400,109	400,109
Treasury shares		-	(35)	-	-
Retained deficit		(240,853)	(242,969)	(245,480)	(251,172)
Other reserves		64,618	59,791	61,198	57,037
<b>EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK</b>		<b>223,874</b>	<b>216,896</b>	<b>215,827</b>	<b>205,974</b>
Non-controlling interest	32	5,393	5,338	-	-
<b>TOTAL EQUITY</b>		<b>229,266</b>	<b>222,234</b>	<b>215,827</b>	<b>205,974</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,084,899</b>	<b>1,009,157</b>	<b>1,020,578</b>	<b>920,936</b>

By order of the Board:



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



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

**Consolidated and Separate Statements of Changes in Equity**  
*For the period ended 30 June 2015*

**Group**

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2015	8,468	391,641	19,404	(35)	28,313	8,667	3,407	(242,969)	216,896	5,338	222,234
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	1,512	-	-	-	-	4,891	6,403	55	6,458
<b>Other comprehensive income, net of tax</b>											
Foreign currency translation difference	-	-	-	-	-	-	845	-	845	-	845
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	(294)	-	-	-	(294)	-	(294)
Transfer	-	-	-	-	-	2,875	-	(2,875)	-	-	-
Total comprehensive income for the period	-	-	1,512	-	(294)	2,875	845	2,016	6,954	55	7,009
Total contribution and distributions to owners	-	-	-	35	(11)	-	(100)	100	24	-	24
<b>Balance at 30 June 2015</b>	<b>8,468</b>	<b>391,641</b>	<b>20,916</b>	<b>-</b>	<b>28,008</b>	<b>11,542</b>	<b>4,152</b>	<b>(240,853)</b>	<b>223,874</b>	<b>5,393</b>	<b>229,267</b>

*December 2014*

	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserve	Regulatory risk reserve	Other reserves	Retained deficit	Total	Non-controlling interest	Total equity
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2014	8,468	391,641	17,544	(240)	31,201	7,390	11,048	(274,871)	192,181	7,162	199,343
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	25,627	25,627	1,198	26,825
<b>Other comprehensive income, net of tax</b>											
Foreign currency translation difference	-	-	-	-	-	-	1,770	-	1,770	-	1,770
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	1,720	-	-	-	1,720	-	1,720
Remeasurement of defined benefit liability	-	-	-	-	-	-	(4,108)	-	(4,108)	-	(4,108)
Total comprehensive income for the year	-	-	-	-	1,720	-	(2,338)	25,627	25,009	1,198	26,207
<b>Appropriation:</b>											
Transfer between reserves	-	-	(1,213)	-	(4,859)	1,277	(5,303)	10,098	-	-	-
Transfer to statutory reserve	-	-	3,073	-	-	-	-	(3,073)	-	-	-
	-	-	1,860	-	(4,859)	1,277	(5,303)	7,025	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Increase/dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	205	251	-	-	(750)	(294)	(3,022)	(3,316)
Total contribution and distributions to owners	-	-	-	205	251	-	-	(750)	(294)	(3,022)	(3,316)
<b>Balance at 31 December 2014</b>	<b>8,468</b>	<b>391,641</b>	<b>19,404</b>	<b>(35)</b>	<b>28,313</b>	<b>8,667</b>	<b>3,407</b>	<b>(242,969)</b>	<b>216,896</b>	<b>5,338</b>	<b>222,234</b>

**Consolidated and Separate Statements of Changes in Equity**  
**For the period ended 30 June 2015**

**Bank**

	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserve</b>	<b>Treasury shares</b>	<b>Fair value reserves</b>	<b>Regulatory risk reserves</b>	<b>Other reserves</b>	<b>Retained deficit</b>	<b>Total</b>
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Balance at 1 January 2015	8,468	391,641	19,404	-	27,213	8,667	1,753	(251,172)	205,974
<b>Total comprehensive income for the period</b>									
Profit or loss	-	-	1,512	-	-	-	-	8,567	10,079
<b>Other comprehensive income</b>									
Fair value gains/(loss) on available-for-sale investment	-	-	-	-	(226)	-	-	-	(226)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	2,875	-	(2,875)	-
<b>Total comprehensive income for the period</b>	-	-	1,512	-	(226)	2,875	-	5,692	9,853
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Total contribution and distributions to owners	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>8,468</b>	<b>391,641</b>	<b>20,916</b>	<b>-</b>	<b>26,987</b>	<b>11,542</b>	<b>1,753</b>	<b>(245,480)</b>	<b>215,827</b>

	<b>Share capital</b>	<b>Share premium</b>	<b>Statutory reserve</b>	<b>Treasury shares</b>	<b>Fair value reserves</b>	<b>Regulatory risk reserves</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	₦ million	₦ 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
<b>Total comprehensive income for the period</b>									
Profit or loss	-	-	-	-	-	-	-	20,486	20,486
<b>Other comprehensive income</b>									
Fair value reserve (available-for-sale) financial assets	-	-	-	-	1,812	-	-	-	1,812
Remeasurement of defined benefit liability	-	-	-	-	-	-	(4,108)	-	(4,108)
Transfer from retained earnings	-	-	3,073	-	(4,859)	4,961	(3,581)	406	(0)
<b>Total other comprehensive income for the period</b>	-	-	3,073	-	(3,047)	4,961	(7,689)	406	(2,296)
<b>Total comprehensive income for the period</b>	-	-	3,073	-	(3,047)	4,961	(7,689)	20,892	18,190
<b>Balance at 31 December 2014</b>	<b>8,468</b>	<b>391,641</b>	<b>19,404</b>	<b>-</b>	<b>27,213</b>	<b>8,667</b>	<b>1,753</b>	<b>(251,172)</b>	<b>205,974</b>

## Consolidated Separate Statements of Cash Flows

For the period ended 30 June 2015

	Notes	Group June.2015 ₦ million	Group Dec.2014 ₦ million	Bank June.2015 ₦ million	Bank Dec.2014 ₦ million
<b>Cash flows from operating activities</b>					
Profit for the year		6,458	26,825	10,079	20,486
Income tax expense	8	101	409	74	205
Profit before tax		6,559	27,234	10,153	20,691
<i>Adjustments for:</i>					
Impairment losses on loans and advances	5(a)	2,973	8,299	2,971	6,778
Recoveries on loans and advances	5(a)	-	(3,471)	-	(3,471)
Impairment loss on other investments	5(b)	-	-	-	16
Allowances on other assets	5(b)	-	5,222	-	4,763
Gain on sale of property and equipment	4	(768)	-	(768)	-
Payment from defined contribution plan		(308)	(702)	(308)	(702)
Payment from defined benefit plan		(682)	(12,591)	(682)	(12,591)
Gain on sale of subsidiaries	4	511	(15,689)	(3,412)	(6,315)
Depreciation of property and equipment		1,680	2,879	1,655	2,854
Amortisation of intangible assets		336	432	286	389
Exchange difference on PPE		(5)	-	-	-
Exchange difference on intangibles		(19)	-	-	-
Dividend income from equity investment	4	(662)	(408)	(662)	(2,015)
Interest paid on borrowings	1	8,525	6,836	8,525	6,836
Bad debts (recovered)/written off	14	-	(9,004)	-	(9,004)
Contributions to defined contribution plans		331	702	331	702
Increase/ (decrease) in liability for defined benefit plans		40	(120)	40	(120)
Share of profit of equity accounted investee		-	6	-	-
		18,511	9,625	18,129	8,811
Change in non-pledged trading assets		(3,839)	2,102	(3,839)	2,102
Change in pledged assets		(31,164)	(18,768)	(31,164)	(18,768)
Change in derivative financial instruments-assets		7	-	-	-
Change in loans and advances to customers		(64,758)	(79,079)	(55,101)	(86,557)
Change in other assets		(60,400)	(28,196)	(60,645)	(23,736)
Change in derivative financial instruments-liabilities		(7)	-	-	-
Change in deposits from banks		65,779	15,096	61,963	14,855
Change in deposits from customers		21,937	44,911	40,496	27,475
Change in other liabilities		8,469	(46,146)	8,065	(46,097)
		(45,465)	(100,455)	(22,096)	(121,915)
Income tax paid		(406)	(64)	(205)	(42)
Cash flows from Discontinued operations		(9,571)	(22,677)	-	-
<b>Net cash provided/(used in) by operating activities</b>		<b>(55,442)</b>	<b>(123,196)</b>	<b>(22,301)</b>	<b>(121,957)</b>
<b>Cash flows from investing activities</b>					
Purchase of investment properties		-	(39)	-	-
Proceeds from sale of investment properties	20	-	137	-	-
Proceeds from sale of trading properties		187	635	187	-
Proceeds from sale of property and equipment		2,426	3	2,427	3
Proceed from disposal of subsidiaries		3,645	8,849	3,645	8,849
Acquisition of property and equipment		(2,740)	(6,520)	(2,736)	(6,471)
Acquisition of intangible assets		(452)	(1,901)	(321)	(1,675)
Investment securities		55,047	93,873	59,612	98,533
Dividend income received		662	408	662	2,015
Cash flows from Discontinued operations		8,613	25,830	-	-
<b>Net cash used in investing activities</b>		<b>67,388</b>	<b>121,276</b>	<b>63,476</b>	<b>101,254</b>

<b>Cash flows from financing activities</b>				
Inflow from other borrowings	-	35,087	-	35,087
Repayment of borrowings	(20,213)	(2,232)	(20,213)	(2,232)
Interest paid on borrowings	(8,525)	(6,836)	(8,525)	(6,836)
Inflows from non-controlling interest	-	495	-	-
Cash flows from Discontinued operations	-	(2,259)	-	-
<b>Net cash from financing activities</b>	<b>(28,738)</b>	<b>24,255</b>	<b>(28,738)</b>	<b>26,019</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(16,792)</b>	<b>22,334</b>	<b>12,437</b>	<b>5,316</b>
Cash and cash equivalents at beginning of year	121,960	100,925	58,457	53,141
Net change in cash and cash equivalent from discontinued operation	3,784	(3,069)	-	-
Effect of exchange rate fluctuations on cash held	845	1,770	-	-
<b>Cash and cash equivalents at end of period/year</b>	<b>109,797</b>	<b>121,960</b>	<b>70,894</b>	<b>58,457</b>



**1 Net interest income**

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
	₦ million	₦ million	₦ million	₦ million
<b>Interest income</b>				
Cash and cash equivalents	330	600	330	600
Loans and advances to customers	28,458	18,445	27,916	17,798
Investments securities	14,507	17,589	14,435	17,589
<b>Total interest income</b>	<b>43,295</b>	<b>36,634</b>	<b>42,681</b>	<b>35,987</b>
<b>Interest expense</b>				
Deposits from customers	7,896	9,158	8,110	9,143
Other borrowed funds	8,525	2,394	8,525	2,394
<b>Total interest expense</b>	<b>16,421</b>	<b>11,552</b>	<b>16,635</b>	<b>11,537</b>
<b>Net interest income</b>	<b>26,874</b>	<b>25,082</b>	<b>26,046</b>	<b>24,450</b>
<b>Net interest margin</b>	<b>62.1%</b>	<b>68.5%</b>	<b>61.0%</b>	<b>67.9%</b>

**2 Net Fees and commission income**

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
	₦ million	₦ million	₦ million	₦ million
Retail banking customer fees & commissions	1,696	1,717	1,696	1,717
Corporate banking credit related fees & commissions (See note (a) )	740	500	740	500
Commission on turnover	655	1,077	655	1,077
Commission on off balance sheet transactions	721	821	721	821
Other fees and commission	209	506	-	10
	4,021	4,621	3,812	4,125

- (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.

**3 Net trading income/(loss)**

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
	₦ million	₦ million	₦ million	₦ million
Fixed income securities	242	8	242	8
Foreign exchange gain on trading	1,871	673	1,809	595
Nigerian banking regulations require the Bank to make an annu;	2,113	681	2,051	603

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.

**4 Other operating income**

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
	₦ million	₦ million	₦ million	₦ million
Dividends on available-for-sale equity securities	662	511	662	511
Gains on disposal of property and equipment	768	1	768	1
Foreign exchange revaluation gain	1,235	(30)	1,235	(30)
Rental income	174	62	174	62
Cash recoveries	787	3,292	787	3,292
Sundry income	3,058	1,000	2,058	929
	6,684	4,836	5,684	4,765

**5 Net Impairment loss on financial assets**

	Group June.2015 ₦ million	Group June.2014 ₦ million	Bank June.2015 ₦ million	Bank June.2014 ₦ million
Net impairment charge for credit losses:				
-specific impairment	2,290	2,698	2,288	2,796
-portfolio impairment	683	91	683	91
<b>Total impairment charge on loans and advances</b>	<b>2,973</b>	<b>2,789</b>	<b>2,971</b>	<b>2,887</b>
<b>(b) Net impairment loss on other financial assets:</b>				
Impairment loss on other assets	-	117	-	117
	-	117	-	117
<b>Total net impairment loss on financial assets</b>	<b>2,973</b>	<b>2,906</b>	<b>2,971</b>	<b>3,004</b>

**6 Personnel expenses**

	Group June.2015 ₦ million	Group June.2014 ₦ million	Bank June.2015 ₦ million	Bank June.2014 ₦ million
Wages and salaries	14,274	14,486	13,645	13,961
Contributions to defined contribution plans	331	312	331	312
Increase in liability for defined benefit plans	40	300	40	300
	14,645	15,098	14,016	14,573

**7 Other operating expenses**

	Group June.2015 ₦ million	Group June.2014 ₦ million	Bank June.2015 ₦ million	Bank June.2014 ₦ million
Auditors' remuneration	60	50	60	50
NDIC Premium	1,175	1,233	1,175	1,233
Rents and Rates	459	546	459	493
Business travels	889	761	872	740
Repair and Maintenance	400	368	328	368
Transformation Expense	277	750	277	750
Professional fees	1,098	687	1,063	655
Advertising and Promotion expenses	288	92	288	92
Security expense	615	569	615	569
Expenses on links	638	-	638	-
General administrative expenses	4,827	5,462	3,692	4,768
Insurance	155	124	155	124
AMCON surcharge (see note (a) below)	2,302	2,185	2,302	2,185
	13,183	12,827	11,924	12,027

(a) This represents the Bank's contribution to the Banking Sector Stabilization Fund for the period ended 30 June 2015. 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.

**8 Income tax expense**

**(a) Recognised in the profit or loss**

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
	₦ million	₦ million	₦ million	₦ million
<b>Current tax expense</b>				
Company Income Tax	-	31	-	-
Education tax	-	-	-	-
Capital Gains tax	-	-	-	-
NITDA Levy	101	50	74	50
<b>Total income tax expense</b>	<b>101</b>	<b>81</b>	<b>74</b>	<b>50</b>

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

**9 Earnings per share**

**(a) Basic earnings per share**

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

*Weighted average number of ordinary shares*

	Group June.2015	Group June.2014	Bank June.2015	Bank June.2014
Issued ordinary shares at beginning of the period	16,936	16,936	16,936	16,936
Weighted effect of treasury shares during the period	-	-	-	-
Weighted effect of shares cancelled during the period	-	-	-	-
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.2015	Group June.2014	Bank June.2015	Bank June.2014
Profit/(Loss) for the period attributable to equity holders	6,403	5,924	10,079	6,566
Basic earnings/(loss) per share (in kobo)	38	35	60	39
Profit from continuing operations attributable to equity holders of bank	6,264	6,548	10,079	6,566
Basic earnings/(loss) per share (in kobo)	37	39	60	39

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

**10 Cash and cash equivalents**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Cash and balances with banks	43,489	52,661	41,192	42,051
Unrestricted balances with central bank	14,866	8,904	14,866	8,904
Money market placements	51,442	60,395	14,836	7,502
	<u>109,797</u>	<u>121,960</u>	<u>70,894</u>	<u>58,457</u>

**11 Non-pledged Assets (Held for trading)**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Government bonds	-	348	-	348
Treasury bills	4,584	397	4,584	397
	<u>4,584</u>	<u>745</u>	<u>4,584</u>	<u>745</u>

**12 Pledged assets**

Financial assets that may be repledged or resold by counterparties

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Treasury bills	39,165	17,034	39,165	17,034
Bonds	75,885	62,206	75,885	62,206
Placement	49	4,695	49	4,695
	<u>115,099</u>	<u>83,935</u>	<u>115,099</u>	<u>83,935</u>

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

**14 Loans and advances to customers at amortised cost**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Gross amount	400,511	336,392	380,331	325,748
Specific impairment	(11,523)	(9,931)	(11,523)	(9,753)
Portfolio impairment	(14,406)	(13,664)	(14,306)	(13,623)
Total impairment	<u>(25,929)</u>	<u>(23,595)</u>	<u>(25,829)</u>	<u>(23,376)</u>
Carrying amount	<u>374,582</u>	<u>312,797</u>	<u>354,502</u>	<u>302,372</u>

**15 Investment in equity accounted investee**

	Group June.2015 ₦ million	Group Dec.2014 ₦ million	Bank June.2015 ₦ million	Bank Dec.2014 ₦ million
Cost				
Balance, beginning of the period	115	100	91	91
Disposal of subsidiaries	-	21	-	-
	115	115	91	91
(Impairments) /increase in value	(91)	(91)	(91)	(91)
Balance, end of the period	24	24	-	-

**16 Investment securities**

	Group June.2015 ₦ million	Group Dec.2014 ₦ million	Bank June.2015 ₦ million	Bank Dec.2014 ₦ million
<i>Available-for-sale investment securities comprise:</i>				
Treasury bills	21,453	50,988	15,125	49,128
Equity: Quoted	20,097	2,195	2,427	2,195
Unquoted	2,427	20,067	20,097	20,067
Bonds	11,652	10,332	9,950	8,648
	55,629	83,582	47,599	80,038
Less: specific impairment allowance	(4,071)	(4,072)	(4,071)	(4,072)
	51,558	79,510	43,528	75,966
<i>Held to maturity investment securities comprise:</i>				
Treasury bills	-	9,197	-	9,197
Bonds	90,290	108,493	90,290	108,493
	90,290	117,690	90,290	117,690
Investment securities	141,848	197,200	133,818	193,656

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

	Group June.2015 ₦ million	Group Dec.2014 ₦ million	Bank June.2015 ₦ million	Bank Dec.2014 ₦ million
Balance, beginning of the period	4,072	4,083	4,072	4,542
Prior year adjustment				
Balance, beginning of the year	4,072	4,083	4,072	4,542
Allowance no longer required	(1)	(11)	(1)	(470)
Balance, end of the period	4,071	4,072	4,071	4,072

**17 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 period was as follows:

	Group June.2015 N million	Group Dec.2014 N million	Bank June.2015 N million	Bank Dec.2014 N million
Balance, beginning of period	1,930	4,747	1,930	1,930
Disposal	(187)	(635)	(187)	-
Transfer to assets held for sale	-	(2,182)		
<b>Balance, end of period</b>	<b>1,743</b>	<b>1,930</b>	<b>1,743</b>	<b>1,930</b>

**18 Investment Properties**

	Group June.2015 N million	Group Dec.2014 N million	Bank June.2015 N million	Bank Dec.2014 N million
Balance, beginning of the period	-	16,413	-	
Additions	-	39	-	
Disposal	-	(137)	-	-
De-recognition of subsidiaries	-	(11,603)		
Assets classified as held for sale	-	(4,712)	-	-
<b>Balance, end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**19 Investment in subsidiaries**

**Cost**

	Bank June.2015 N million	Bank Dec.2014 N million
Union Trustees Limited	-	5
UBN Property Company Limited	-	2,195
Union Bank UK Plc	8,372	8,372
Atlantic Nominees Limited	-	325
Reclassification to assets classified as held for sale	-	(2,525)
	<b>8,372</b>	<b>8,372</b>

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

Company Name	Country Incorporation	Nature of business	Year end	Direct ownership interest	
				June.2015 Status/%	Dec.2014 Status/%
Union Trustees Limited (i)	Nigeria	Trusteeship	31 December	Disposed	100
UBN Property Company Limited (ii)	Nigeria	Property Development	31 December	39	39
Union Bank UK Plc (iii)	Nigeria	Licensed UK Bank	31 December	100	100
Atlantic Nominees Limited (iv)	Nigeria	Real Estate	31 December	100	100

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

In line with the CBN Regulation 3 on the Scope of Banking Activities and Ancillary Matters, the Bank divested its interest in Union Trustees Limited in 2015.

(ii) **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 2013 - 39.01%) is held by the Bank. In line with IFRS 10- Consolidated Financial Statement, Union Bank of Nigeria Plc has control over this entity as it has the power, exposure to variability of returns and a strong link between power and variability of returns. The Bank also governs the financial and operating policies of UBN Property Company Limited. The carrying value of the investment in Union Property Company Limited is included in 'assets classified as held for sale' .

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

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

(iv) **Atlantic Nominees Limited**

The Bank holds 49,990 (approx. 100%) out of 50,000 ordinary shares of N1 each. The balance of 10 is held by Union Trustees Limited. The Company is a Special Purpose Vehicle of former Universal Trust Bank Plc, one of the banks acquired by Union Bank in 2005. The Company was incorporated to hold interests in landed properties. The carrying value of the investment in Union Property Company Limited is included in 'assets classified as held for sale' (see Note 30(b)).

(c) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 30 June 2015, are as follows

**Condensed statement of comprehensive income**

<b>Statement of Comprehensive income</b>	<b>Group balances</b>	<b>Consolidation entries</b>	<b>Total</b>	<b>Bank</b>	<b>Union Properties</b>	<b>Union Pension</b>	<b>Atlantic Nominees</b>	<b>Union Bank UK</b>
	N million	N million	N million	N million	N million	N million	N million	N million
<b>Operating income</b>	39,181	(2,921)	42,102	41,004	-	-	-	1,098
<b>Net operating income after net impairment loss</b>	36,208	(2,921)	39,129	38,034	-	-	-	1,096
Operating Expenses	(29,843)	(999)	(28,844)	(27,881)	-	-	-	(963)
Net impairment loss on financial assets	(2,973)	(0)	(2,973)	(2,971)	-	-	-	(2)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-
<b>Profit before income tax</b>	<b>6,365</b>	<b>(3,920)</b>	<b>10,285</b>	<b>10,153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>
Taxation	(101)	(0)	(101)	(74)	-	-	-	(27)
<b>Profit after income tax</b>	<b>6,264</b>	<b>(3,920)</b>	<b>10,184</b>	<b>10,079</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>

**Condensed Statement of financial position**

	<b>Group balances</b>	<b>Consolidation entries</b>	<b>Total</b>	<b>Bank</b>	<b>Union Properties</b>	<b>Union Pension</b>	<b>Atlantic Nominees</b>	<b>Union Bank UK</b>
	N million	N million	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	109,797	(11,371)	121,168	70,894	-	-	-	50,274
Non-pledged trading assets	4,584	-	4,584	4,584	-	-	-	-
Pledged assets	115,099	-	115,099	115,099	-	-	-	-
Derivative financial instrument	-	-	-	-	-	-	-	-
Loans and advances to customers	374,583	-	374,583	354,503	-	-	-	20,080
Investments in equity-accounted investee	24	24	-	-	-	-	-	-
Investment securities	141,848	-	141,848	133,819	-	-	-	8,029
Assets held for sale	7,112	4,592	2,520	2,520	-	-	-	-
Trading properties	1,743	-	1,743	1,743	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	(8,372)	8,372	8,372	-	-	-	-
Property and equipment	48,473	-	48,473	48,394	-	-	-	79
Intangible assets	3,029	-	3,029	2,577.00	-	-	-	452
Deferred tax assets	95,883	-	95,883	95,875	-	-	-	8
Other assets	182,725	(157)	182,882	182,200	-	434	-	248
<b>Total assets</b>	<b>1,084,899</b>	<b>(15,285)</b>	<b>1,100,184</b>	<b>1,020,580</b>	<b>-</b>	<b>434</b>	<b>-</b>	<b>79,171</b>
Financed by:								
Derivative financial instruments	-	-	-	-	-	-	-	-
Deposits from banks	127,669	-	127,669	80,018	-	-	-	47,651
Deposits from customers	549,554	(14,643)	564,197	547,927	-	-	-	16,270
Liability on investment contract	-	-	-	-	-	-	-	-
Liability on insurance contract	-	-	-	-	-	-	-	-
Current tax liabilities	519	-	519	504	-	-	-	15
Other liabilities	118,729	(7)	118,736	118,157	-	-	-	579
Retirement benefit obligations	226	-	226	226	-	-	-	-
Other borrowed funds	57,922	-	57,922	57,922	-	-	-	-
Liabilities classified as held for sale	1,015	1,015	-	-	-	-	-	-
Equity and reserves	229,266	(1,650)	230,916	215,827	-	434	-	14,656
<b>Total liabilities</b>	<b>1,084,900</b>	<b>(15,285)</b>	<b>1,100,185</b>	<b>1,020,581</b>	<b>-</b>	<b>434</b>	<b>-</b>	<b>79,170</b>



(c) Condensed results of consolidated entities

(i) The condensed financial data of the continuing operations as at 31 December 2014, are as follows

**Condensed statement of comprehensive income**

<b>Statement of Comprehensive income</b>	<b>Group balances</b>	<b>Consolidation entries</b>	<b>Total</b>	<b>Bank</b>	<b>Union Pension</b>	<b>Union Bank UK</b>
	N million	N million	N million	N million	N million	N million
<b>Operating income</b>	95,352	7,879	87,472	85,583	-	1,889
<b>Net operating income after net impairment loss</b>	85,701	102	79,832	77,913	-	1,919
Operating Expenses	(58,724)	46	(58,770)	(57,222)	-	(1,549)
Net impairment loss on financial assets	(9,650)	(2,011)	(7,640)	(7,671)	-	31
Share of profit of equity accounted investees	(6)		(6)	-		
<b>Profit before income tax</b>	<b>26,971</b>	<b>5,915</b>	<b>21,056</b>	<b>20,691</b>	<b>-</b>	<b>371</b>
Taxation	(409)	(150)	(259)	(205)	-	(54)
<b>Profit after income tax</b>	<b>26,562</b>	<b>5,765</b>	<b>20,797</b>	<b>20,486</b>	<b>-</b>	<b>317</b>

**Condensed Statement of financial position**

	<b>Group balances</b>	<b>Consolidation entries</b>	<b>Total</b>	<b>Bank</b>	<b>Union Pension</b>	<b>Union Bank UK</b>
	N million	N million	N million	N million	N million	N million
Cash and cash equivalents	121,960	(1,960)	123,920	58,457	-	65,463
Non-pledged trading assets	745	-	745	745	-	-
Pledged assets	83,935	-	83,935	83,935	-	-
Derivative financial instrument	7	-	7	-	-	7
Loans and advances to customers	312,797	-	312,797	302,372	-	10,425
Investments in equity-accounted investee	24	24	-	-	-	-
Investment securities	197,199	-	197,199	193,656	-	3,543
Assets held for sale	20,426	17,901	2,525	2,525	-	-
Trading properties	1,930	-	1,930	1,930	-	-
Investment in subsidiaries	-	(8,372)	8,372	8,372	-	-
Property and equipment	49,522	-	49,522	49,428	-	94
Intangible assets	2,422	-	2,422	2,071	-	351
Deferred tax assets	95,883	-	95,883	95,875	-	8
Other assets	122,307	(77)	122,384	121,570	434	380
<b>Total assets</b>	<b>1,009,157</b>	<b>7,516</b>	<b>1,001,641</b>	<b>920,936</b>	<b>434</b>	<b>80,271</b>
Financed by:						
Derivative financial instruments	7	-	7	-	-	7
Deposits from banks	61,890	-	61,890	18,055	-	43,835
Deposits from customers	527,617	(1,960)	529,577	507,431	-	22,146
Current tax liabilities	822	149	673	635	-	38
Other liabilities	110,261	(70)	110,331	109,861	-	470
Retirement benefit obligations	845	-	845	845	-	-
Other borrowed funds	78,135	-	78,135	78,135	-	-
Liabilities classified as held for sale	7,346	7,346	-	-	-	-
Equity and reserves	222,234	2,051	220,183	205,974	434	13,775
<b>Total liabilities</b>	<b>1,009,157</b>	<b>7,516</b>	<b>1,001,641</b>	<b>920,936</b>	<b>434</b>	<b>80,271</b>

**20 Property and equipment**

(a) **Group:**

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

	<u>Leasehold land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture &amp; equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
	N million	N million	N million	N million	N million	N million
<b>Cost</b>						
Balance at 1st January, 2015	52,547	-	14,145	3,755	1,361	71,808
Exchange difference	10	-	11	1	-	22
Additions	946	-	714	8	1,072	2,740
Disposals	(1,808)	-	(128)	(41)	-	(1,977)
Balance as at 30 June 2015	<u>51,695</u>	<u>-</u>	<u>14,742</u>	<u>3,723</u>	<u>2,433</u>	<u>72,593</u>
Balance at 1st January, 2014	52,343	-	11,676	1,160	818	65,997
Exchange difference	26	-	26	2	-	54
Additions	1,239	-	4,252	39	990	6,520
Disposals	-	-	(6)	(34)	-	(40)
Reclassification to other assets	(1,551)	-	(935)	2,608	525	647
Write off	-	-	-	-	-	-
Transfers	490	-	366	-	(972)	(116)
Assets classified as discontinued operations	-	-	(1,234)	(20)	-	(1,255)
Balance as at 31 December 2014	<u>52,547</u>	<u>-</u>	<u>14,145</u>	<u>3,755</u>	<u>1,361</u>	<u>71,808</u>
<b>Depreciation and impairment losses</b>						
Balance at 1st January, 2015	10,673	-	7,903	3,552	159	22,287
Exchange difference	10	-	6	1	-	17
Charge for the year	570	-	1,057	52	-	1,680
Disposals	(151)	-	(127)	(41)	-	(319)
Write-off/Adj	-	-	(17)	-	-	(17)
Reclassifications	-	-	472	-	-	472
Derecognition of subsidiaries	-	-	-	-	-	-
Assets classified as discontinued operations	-	-	-	-	-	-
Balance as at 30 June 2015	<u>11,102</u>	<u>-</u>	<u>9,294</u>	<u>3,565</u>	<u>159</u>	<u>24,120</u>
Balance at 1st January, 2014	11,530	-	7,909	872	159	20,470
Exchange difference	24	-	15	-	-	39
Charge for the year	1,156	-	1,613	110	-	2,879
Disposals	-	-	(5)	(32)	-	(37)
Write-off/Adj	-	-	-	-	-	-
Reclassification to other assets	(1,687)	-	(849)	2,615	-	79
Assets classified as held for sale and discontinued operations	(351)	-	(780)	(13)	-	(1,143)
Balance as at 31 December 2014	<u>10,673</u>	<u>-</u>	<u>7,903</u>	<u>3,552</u>	<u>159</u>	<u>22,287</u>
<b>(iii) Net Book Value</b>						
Balance as at 30 June 2015	<u>40,593</u>	<u>-</u>	<u>5,448</u>	<u>158</u>	<u>2,274</u>	<u>48,473</u>
Balance as at 31 December 2014	<u>41,874</u>	<u>-</u>	<u>6,242</u>	<u>202</u>	<u>1,202</u>	<u>49,521</u>

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

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

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

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2014: nil)

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

	<u>Leasehold land and buildings</u>	<u>Leasehold improvements</u>	<u>Furniture &amp; equipment</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
	N million	N million	N million	N million	N million	N million
<b>(i) Cost</b>						
Balance at 1st January, 2015	52,351	-	13,952	3,737	1,361	71,401
Additions	946	-	710	8	1,072	2,736
Disposals	(1,808)	-	(128)	(41)	-	(1,977)
Reclassifications	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Write off	-	-	-	-	-	-
<b>Balance as at 30 June 2015</b>	<b>51,489</b>	<b>-</b>	<b>14,534</b>	<b>3,704</b>	<b>2,433</b>	<b>72,160</b>
Balance at 1st January, 2014	52,182	-	10,315	1,124	818	64,439
Additions	1,230	-	4,212	39	990	6,471
Disposals	-	-	(6)	(34)	-	(40)
Reclassification to other assets	(1,551)	-	(935)	2,608	525	647
Transfers	490	-	366	-	(972)	(116)
Write off	-	-	-	-	-	-
<b>Balance as at 31 December 2014</b>	<b>52,351</b>	<b>-</b>	<b>13,952</b>	<b>3,737</b>	<b>1,361</b>	<b>71,401</b>
<b>(ii) Accumulated depreciation</b>						
Balance at 1st January, 2015	10,843	-	7,594	3,536	-	21,973
Charge for the year	555	-	1,048	52	-	1,655
Disposals	(151)	-	(127)	(41)	-	(318)
Reclassifications	-	-	472	-	-	472
Write-off/Adj	-	-	(17)	-	-	(17)
<b>Balance as at 30 June 2015</b>	<b>11,247</b>	<b>-</b>	<b>8,971</b>	<b>3,548</b>	<b>-</b>	<b>23,765</b>
Balance as at 1 January 2014	11,397	-	6,845	846	-	19,088
Charge for the year	1,136	-	1,605	113	-	2,854
Disposals	-	-	(5)	(32)	-	(37)
Write-off/Adj	-	-	-	-	-	-
Reclassification to other assets	(1,690)	-	(851)	2,609	-	68
<b>Balance as at 31 December 2014</b>	<b>10,843</b>	<b>-</b>	<b>7,594</b>	<b>3,536</b>	<b>-</b>	<b>21,973</b>
<b>(iii) Net Book Value</b>						
Balance as at 30 June 2015	40,242	-	5,563	157	2,433	48,394
Balance as at 31 December 2014	41,508	-	6,358	201	1,361	49,428

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

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

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 2014: nil)

**21 Intangible assets**

	Group June.2015 ₦ million	Group Dec.2014 ₦ million	Bank June.2015 ₦ million	Bank Dec.2014 ₦ million
<b>Cost</b>				
Balance, beginning of the period	4,263	2,134	3,401	1,610
Additions	452	1,901	321	1,675
Transfer from work-in-progress	-	116	-	116
Exchange translation difference	46	112	-	-
<b>Balance, end of period</b>	<b>4,761</b>	<b>4,263</b>	<b>3,722</b>	<b>3,401</b>
<b>Amortization and impairment losses</b>				
Balance, beginning of period	1,841	1,326	1,331	796
	-	-	-	-
Balance, beginning of the period	1,841	1,326	1,331	925
Amortisation for the period	336	432	286	389
Reclassification	(472)	16	(472)	16
Exchange translation difference	27	67	-	-
<b>Balance, end of period</b>	<b>1,732</b>	<b>1,841</b>	<b>1,145</b>	<b>1,330</b>
<b>Carrying amounts as at period end</b>				
	3,029	2,422	2,577	2,071
<b>Balance as at 1 January</b>	<b>2,422</b>	<b>808</b>	<b>2,071</b>	<b>685</b>

- (i) In the opinion of the directors, the market value of the Group's software is not less than the value shown in the financial statements.
- (ii) There were no capitalised borrowing costs related to the acquisition of software during the year (December 2014 : nil)

**22 Deferred tax assets and liabilities**

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

**Group**

30 June 2015

	Assets ₦ million	Liabilities ₦ million	Net ₦ million
Property, equipment, and software	-	6,847	(6,847)
Nigerian banking regulations require the Bank to make an annual appr	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,638	-	100,638
Others	1,711	-	1,711
<b>Net tax assets (liabilities)</b>	<b>102,922</b>	<b>7,039</b>	<b>95,883</b>

31 December 2014

	Assets ₦ million	Liabilities ₦ million	Net ₦ million
Property, equipment, and software	-	6,847	(6,847)
Allowances for loan losses	-	192	(192)
Foreign exchange gains	573	-	573
Tax loss carry forward	100,638	-	100,638
Others	1,711	-	1,711
<b>Net tax assets (liabilities)</b>	<b>102,922</b>	<b>7,039</b>	<b>95,883</b>

**Bank**

30 June 2015

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

31 December 2014

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

**Deferred tax assets and liabilities**

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

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Balance, beginning of the period	95,883	95,889	95,875	95,875
Credit for the period	-	(16)	-	-
Net assets/(liabilities) of discontinued operations	-	10	-	-
<b>Net deferred tax assets/(liabilities)</b>	<b>95,883</b>	<b>95,883</b>	<b>95,875</b>	<b>95,875</b>
<i>Made up of</i>				
Deferred tax assets	102,922	102,922	102,914	102,914
Deferred tax liabilities	(7,039)	(7,039)	(7,039)	(7,039)

**Recognised and unrecognised deferred tax assets**

Recognition of deferred tax assets of N95,883 (December 2014: 95,883) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicate that it is probable that the Group's entities will have taxable profits against which these assets can be utilized.

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

**23 Other assets**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Cash Reserve Requirement (see (i))	157,785	113,376	157,785	113,376
<b>Other assets:</b>				
Accounts receivable and prepayments	9,308	4,086	9,217	3,783
Sundry assets	199,553	187,498	199,119	187,064
Clearing	63	857	63	857
	208,924	192,441	208,399	191,704
Impairment on other assets	(183,984)	(183,510)	(183,984)	(183,510)
	24,940	8,931	24,415	8,194

- (i) The Bank had restricted balances of N157.785 billion (Dec. 2014: N113.976 billion) with the Central Bank of Nigeria (CBN) as at 30 June 2015. This balance is made up of CBN cash reserve requirement (CRR). The CRR is a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with central banks are non interest bearing and are not available for use in the Group's day-to-day operations.

**24 Deposits from banks**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Money market deposits	80,018	18,055	80,018	18,055
Other deposits from banks	47,651	43,835	-	-
	<u>127,669</u>	<u>61,890</u>	<u>80,018</u>	<u>18,055</u>

**25 Deposits from customers**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Term deposits	196,789	167,388	197,019	160,773
Current deposits	211,589	222,180	209,732	208,609
Savings	141,176	138,049	141,176	138,049
	<u>549,554</u>	<u>527,617</u>	<u>547,927</u>	<u>507,431</u>

**26 Tax Payable**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Balance, beginning of period	822	534	635	472
Foreign exchange translation difference	2	-	-	-
Charge for the period	101	409	74	205
Payments during the period	(406)	(64)	(205)	(42)
Transfer to assets held for sale	-	(57)	-	-
Balance, end of period	<u>519</u>	<u>822</u>	<u>504</u>	<u>635</u>

**27 Other liabilities**

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Deposits for foreign currency	30,005	36,879	30,005	36,879
PAYE and other statutory deductions	1,173	474	1,173	474
Draft and Bills payable	14,805	15,526	14,805	15,526
Sundry creditors	4,129	4,777	4,129	4,777
Creditors and accruals	30,085	27,949	30,085	27,949
Provision for claims and contingencies	1,957	1,844	1,957	1,844
Accounts payable	4,131	5,566	4,131	5,566
Other credit balances	32,442	17,245	31,869	16,846
	<u>118,727</u>	<u>110,260</u>	<u>118,154</u>	<u>109,861</u>

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

	Group June.2015	Group Dec.2013	Bank June.2015	Bank Dec.2014
	N million	N million	N million	N million
Balance, beginning of period	1,844	5,441	1,844	5,441
Charge/reversal during the period	113	(3,597)	113	(3,597)
Reclassification	-	-	-	-
Balance, end of the period	<u>1,957</u>	<u>1,844</u>	<u>1,957</u>	<u>1,844</u>

## 28 Retirement benefit obligations

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Defined contribution scheme (see (a) below)	154	131	154	131
Other long-term employee benefits (see (b) below)	72	714	72	714
	<u>226</u>	<u>845</u>	<u>226</u>	<u>845</u>

### (a) Defined Contribution Scheme

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period/year	131	131	131	131
Charge during the period	331	702	331	702
Contribution remitted during the period	(308)	(702)	(308)	(702)
Balance, end of period/year	<u>154</u>	<u>131</u>	<u>154</u>	<u>131</u>

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

### (b) Other long-term employee benefits

The Group has discontinued its defined benefit scheme in the current year and has derecognised such in its books as at 31st December 2014. Outstanding balance represents liability in respect of long service award.

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

- (i) Less than 5 years of service: 12 weeks total emolument for each completed year of service.
- (ii) 5 years but less than 15 years of service: 14 weeks total emolument for each completed year of service.
- (iii) 15 years of service and above: 16 weeks total emolument for each completed year of service.

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

The Group also has a Legacy defined benefits pension scheme for its staff, prior to passage of the Pension Reform Act. Under the scheme, terminal benefits were determined with reference to the employees' salaries upon disengagement. The Bank has continued to carry accrued benefits under the scheme but has now commenced the transfer of such benefits to the Retirement Savings Accounts (RSA) of the affected employees.

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

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Balance, beginning of period/year	714	10,130	714	10,085
Benefits paid by the plan	(682)	(12,591)	(682)	(12,591)
Current service costs and interest	40	(120)	40	373
Curtailment	-	-	-	(492)
Reclassification to other liabilities	-	-	-	(769)
Reclassification to discontinued operations	-	(813)	-	-
Transfer from reserves	-	4,108	-	4,108
Balance, end of period/year	<u>72</u>	<u>714</u>	<u>72</u>	<u>714</u>

## 29 Other borrowed funds

	Group June.2015	Group Dec.2014	Bank June.2015	Bank Dec.2014
	₦ million	₦ million	₦ million	₦ million
Due to CAC ( see (a))	10,657	14,488	10,657	14,488
BOI on-lending facilities (see note (b) below)	9,032	10,182	9,032	10,182
Other borrowings ( see (c))	38,233	53,465	38,233	53,465
	<u>57,922</u>	<u>78,135</u>	<u>57,922</u>	<u>78,135</u>

- (a) This represents the outstanding balance on an unsecured facility of N18,167,000,000 disbursed by the Central Bank of Nigeria (CBN), as part of its developmental role, in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Water Resources which established the Commercial Agriculture Credit Scheme for promoting agricultural enterprises in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agricultural enterprises at a maximum rate of 9.00%
- (b) This represents the outstanding balance of an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing / or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth N18.4 billion (Dec. 2014: N18.4 billion) and has a 15-year tenor and

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

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

			Jun-15	Dec-14
	Lender	\$million	Naira equivalent =N=bn	Naira equivalent =N=bn
3-year medium term loan for general corporate and trade finance; secured by FGN bonds with face value of N19.5bn	Standard Chartered Bank	75.2	14.85	19.1
3-year unsecured syndicated medium term loan for general corporate and trade finance.	Syndicate; lead arranger: Standard Chartered Bank	78.5	15.49	19.3
Short term borrowing, for general corporate and trade finance	Citi Group Global Market Limited	-	-	7.70
1-year unsecured term loan for general corporate and trade finance purposes.	Commerzbank	40.0	7.90	7.4
		<u>193.7</u>	<u>38.23</u>	<u>53.5</u>

## 30 Discontinued operations

### (a) Profit for the period from discontinued operations

Profit for the period from discontinued operations represents the operating results of subsidiaries held for sale in line with the Bank's Regulation 3 compliance plan to divest from non-banking subsidiaries.

The profit for the year from discontinued operations comprises:

	Group June.2015	Group June.2014
	₦ million	₦ million
<b>Gross income (a + d)</b>	<b>356</b>	<b>1,893</b>
<b>Gross expense</b>	<b>(107)</b>	<b>(2,125)</b>
Interest Income (a)	245	898
Interest Expense (b)	-	(1,499)
Net interest income (c)	245	(601)
Recoveries on credit losses	-	-
Net interest income after impairment charge for credit losses	245	(601)



Net fee and commission income	105	242
Net trading income	-	(43)
Other operating income	6	1,281
<b>Total operating income</b>	<b>-</b>	<b>1,480</b>
Total non-interest income (d)	111	1,480
<b>Operating Income (c + d)</b>	<b>356</b>	<b>879</b>
Net impairment loss on financial assets	(8)	-
Net operating income after net impairment loss on other financial assets (e )	348	879
Personnel expenses	(51)	(342)
Depreciation and amortization	(5)	(184)
Other operating expenses	(43)	(514)
	(99)	(1,040)
Share of profit of equity accounted investee	-	-
<b>Loss before tax from discontinued operations</b>	<b>249</b>	<b>-161</b>
Income tax expense	(55)	(44)
<b>Loss from discontinued operations (net of tax)</b>	<b>194</b>	<b>-205</b>

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

	Group	Group	Bank	Bank
	June.2015	Dec.2014	June.2015	Dec.2014
	₦ million	₦ million	₦ million	₦ million
Cash and cash equivalents	64	3,848	-	-
Investments in subsidiaries	-	-	2,520	2,525
Non-pledged trading assets	-	137	-	-
Loans and advances to customers	-	-	-	-
Investments in equity accounted investee	-	-	-	-
Investment securities	-	8,342	-	-
Trading properties	2,046	2,182	-	-
Investment properties	4,768	4,712	-	-
Property and equipment	13	25	-	-
Deferred tax assets	-	13	-	-
Other assets	221	1,167	-	-
	7,112	20,426	2,520	2,525
Impairment allowance	-	-	-	-
	7,112	20,426	2,520	2,525

**(c) Liabilities for assets classified as held for sale**

	Group	Group	Bank	Bank
	June.2015	Dec.2014	June.2015	Dec.2014
	₦ million	₦ million	₦ million	₦ million
Current tax liabilities	187	293	-	-
Deferred tax liabilities	1	1	-	-
Other liabilities	790	6,947	-	-
Retirement benefit obligations	37	106	-	-
	1,015	7,347	-	-

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.

## DISCONTINUED OPERATIONS

### Statements of Comprehensive Income

*For the period ended 30 June 2015*

**(d) Condensed results of discontinued operations**

The condensed financial data of the discontinued operations as at 30 June 2015, are as follows

Statement of Comprehensive income	<i>Union Properties</i>	<i>Union Trustees</i>	<i>Group Total</i>
	₦ million	₦ million	₦ million
Interest income	168	77	245
Interest expense	-	-	-
<b>Net interest income</b>	<b>168</b>	<b>77</b>	<b>245</b>
Impairment charge for credit losses	-	-	-
<b>Net interest income after impairment charge for credit losses</b>	<b>168</b>	<b>77</b>	<b>245</b>
Net fee and commission income	41	64	105
Net trading (loss)/income	-	-	-
Other operating income	5	1	6
Underwriting profit	-	-	-
	45	65	110
<b>Operating income</b>	<b>214</b>	<b>142</b>	<b>356</b>
Net impairment loss on other financial assets	-	(8)	(8)
<b>Net operating income after net impairment loss on other financial assets</b>	<b>214</b>	<b>134</b>	<b>348</b>
Personnel expenses	(36)	(15)	(51)
Depreciation and amortisation	(5)	-	(5)
Other operating expenses	(30)	(13)	(43)
<b>Total expenses</b>	<b>(71)</b>	<b>(28)</b>	<b>(99)</b>
Share of profit of equity accounted investee	-	-	-
<b>Profit/(loss) before income tax</b>	<b>142</b>	<b>106</b>	<b>248</b>
Income tax	(46)	(9)	(55)
<b>Profit/(loss) for the year</b>	<b>97</b>	<b>97</b>	<b>194</b>

## **DISCONTINUED OPERATIONS**

### **Statements of Financial Position**

#### **Condensed statement of financial position for discontinued operations**

<i>Statement of financial position</i>	<u><i>Union trustees</i></u>	<u><i>Union properties</i></u>	<u><i>Atlantic Nominee</i></u>	<u><i>Intragroup adj</i></u>	<u><i>Total</i></u>
		N million	N million	N million	N million
<b>ASSETS</b>					
Cash and cash equivalents	12	3,336	-	(3,272)	64
Investment securities	10,316	-	-	-	-
Trading properties	-	2,046	-	-	2,046
Investment properties	-	4,580	188	-	4,768
Property and equipment	6	13	-	-	13
Other assets	587	11	209	-	221
<b>TOTAL ASSETS</b>	<b>10,921</b>	<b>9,987</b>	<b>397</b>	<b>(3,272)</b>	<b>7,112</b>
<b>LIABILITIES</b>					
Current tax liabilities	221	187	-	-	187
Deferred tax liabilities	-	1	-	-	1
Other liabilities	6,782	933	-	(143)	790
Retirement benefit obligations	-	37	-	-	37
Liabilities included in assets classified as held for sale and discontinued operations					
<b>TOTAL LIABILITIES</b>	<b>7,003</b>	<b>1,158</b>	<b>-</b>	<b>(143)</b>	<b>1,015</b>

### 31 Capital and reserves

<b>Share capital</b>	Group June.2015 ₦ million	Group Dec. 2014 ₦ million	Bank June.2015 ₦ million	Bank Dec. 2014 ₦ million
<b>(a) Authorised :</b> 19,023,125,000 Ordinary shares of 50 kobo each	9,512	9,512	9,512	9,512
<b>(b) Issued and fully paid -</b> 16,935,806,472 Ordinary shares of 50kobo each	8,468	8,468	8,468	8,468
Balance, beginning of year	8,468	8,468	8,468	8,468
Shares cancelled on reconstruction of shares during the year	-	-	-	-
<b>Balance, end of year</b>	<b>8,468</b>	<b>8,468</b>	<b>8,468</b>	<b>8,468</b>
<b>(c) Share premium</b> Share premium is the excess paid by shareholders over the nominal value for their shares.	Group June.2015 ₦ million	Group Dec. 2014 ₦ million	Bank June.2015 ₦ million	Bank Dec. 2014 ₦ million
Balance, beginning of year	391,641	391,641	391,641	391,641
Transfer to general reserve on cancellation of existing shares	-	-	-	-
<b>Balance, end of year</b>	<b>391,641</b>	<b>391,641</b>	<b>391,641</b>	<b>391,641</b>
<b>Share capital and share premium</b>	<b>400,109</b>	<b>400,109</b>	<b>400,109</b>	<b>400,109</b>

#### **(d) Other reserves**

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

##### **(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 N1.46billion (December 2014: N3.07billion) to statutory reserves as at 30 June 2015.

##### **(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) Other reserves**

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

**(v) Small and Medium Scale Industries Reserve (SMEEIS):**

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the 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.

**(vi) Translation reserve**

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

**(vii) Excess Capital Clawback**

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

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

**(e) Retained deficit**

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

**32 Non-controlling Interest**

	Group June.2015	Group Dec. 2014
<i>Movement in the non controlling interest</i>	<i>₦ million</i>	<i>₦ million</i>
Balance, beginning of period/year	5,338	7,162
Profit/(loss) for the year	55	1,198
Increase/(diminution) in non controlling interest	-	(3,022)
Balance, end of period/year	5,393	5,338