



Union Bank of Nigeria Plc

Consolidated IFRS Interim Financial Statements
For the period ended 30 June 2013

Separate and Consolidated Statements of Financial Position

	Notes	Group	Group	Bank	Bank
		June 2013	December 2012	June 2013	December 2012
<i>In millions of Naira</i>					
ASSETS					
Cash and cash equivalents	12	148,981	200,260	73,566	142,938
Non-pledged trading assets	13	1,347	1,895	1,032	867
Pledged assets	14	61,346	44,503	58,096	44,503
Derivative financial instruments		-	78	-	-
Loans and advances to customers	15	177,692	156,375	153,949	136,982
Investments in equity accounted investee	16	15,242	15,242	91	91
Investment securities	17	318,764	313,754	297,427	280,449
Assets held for sale	18	84	84	84	84
Trading properties	19	6,367	6,971	2,282	2,282
Investment properties	20	16,864	19,296	-	-
Investment in subsidiaries	21	-	-	17,445	17,445
Property and equipment	22	48,051	48,466	45,254	45,137
Intangible assets	23	1,135	922	673	522
Deferred tax assets	24	95,633	95,707	95,683	95,875
Other assets	25	79,200	121,296	81,078	119,293
TOTAL ASSETS		970,707	1,024,849	826,659	886,468
LIABILITIES					
Derivative financial instrument		-	78	-	-
Deposits from banks	26	-	45,112	-	3,500
Deposits from customers	27	529,291	522,443	456,908	482,005
Liability on investment contract	28	1,014	803	-	-
Liability on insurance contract	29	3,184	2,691	-	-
Current tax liabilities	30	2,410	2,317	599	495
Deferred tax liabilities	24	110	358	-	-
Other liabilities	31	154,797	178,586	110,903	145,480
Retirement benefit obligations	32	39,188	49,886	39,170	49,368
Other borrowed funds	33	44,558	34,564	36,011	33,951
TOTAL LIABILITIES		774,551	836,838	643,591	714,799
EQUITY					
Share capital and share premium	34	400,109	400,109	400,109	400,109
Treasury shares	34	(240)	(65)	-	-
Retained earnings	34	(257,583)	(265,748)	(259,193)	(269,036)
Other reserves	34	51,194	48,736	42,153	40,596
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		193,481	183,032	183,069	171,669
Non-controlling interest		2,676	4,979	-	-
TOTAL EQUITY		196,156	188,011	183,069	171,669
TOTAL LIABILITIES AND EQUITY		970,707	1,024,849	826,660	886,468

The notes on pages 6 to 21 are an integral part of these consolidated and separate financial statements.

Separate and Consolidated Statements of Comprehensive Income

For the period ended 30 June 2013

<i>In millions of Naira</i>	Notes	Group	Group	Bank	Bank
		6 months to June 2013	6 months to June 2012	6 months to June 2013	6 months to June 2012
Interest income	4	43,622	44,382	40,246	39,126
Interest expense	4	(13,538)	(9,673)	(11,408)	(7,903)
Net interest income		30,084	34,709	28,838	31,223
Net fee and commission income	5	5,960	7,314	4,142	4,600
Net trading income	6	1,412	1,233	136	405
Other operating income	7	5,169	3,729	3,613	1,891
		12,541	12,275	7,891	6,895
Operating income		42,625	46,984	36,728	38,118
Net impairment loss on financial assets	8	(3,357)	(1,261)	(1,188)	661
Personnel expenses	9	(17,552)	(20,720)	(15,343)	(18,155)
Depreciation and amortisation		(2,183)	(2,507)	(1,795)	(2,108)
Other operating expenses	10	(9,732)	(12,260)	(6,764)	(10,957)
		9,801	10,237	11,639	7,559
Share of profit of equity accounted investee		-	-	-	-
Profit before income tax		9,801	10,237	11,639	7,559
Income tax	11	(407)	(275)	(297)	(74.84)
Profit for the period		9,393	9,962	11,342	7,484
Other comprehensive income, net of income tax					
Foreign currency translation differences for foreign		(421)	-	-	-
Fair value (losses)/gains on available-for-sale investments		180	3,336	58	(1,558)
Other comprehensive income for the period		(241)	3,336	58	(1,558)
Total comprehensive income for the period		9,152	13,298	11,400	5,926
Profit attributable to:					
Equity holders of the Bank		10,864	9,535	11,342	7,484
Non-controlling interest		(1,471)	427	-	-
Profit for the period		9,393	9,962	11,342	7,484
Total comprehensive income attributable to:					
Equity holders of the Bank		10,623	12,871	11,400	5,926
Non-controlling interest		(1,471)	427	-	-
Total comprehensive income for the period		9,152	13,298	11,400	5,926
Earnings per share - Basic		64k	155k	67k	122k
Earnings per share - Adjusted		64k	56k	67k	44k

Consolidated Separate Statements of Cash Flows

For the period ended 30 June 2013

	Notes	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
<i>In millions of Nigerian Naira</i>					
Cash flows from operating activities					
Profit for the period		9,393	7,375	11,342	7,851
Income tax expense	11	407	1,685	297	268
Profit before tax		9,801	9,060	11,639	8,119
<i>Adjustments for:</i>					
Impairment (recoveries)/allowances on loans and advances	8	(2,001)	682	238	(550)
Impairment (recoveries)/allowances on investment securities and other investments	8	422	747	459	(362)
Allowances on other assets	8	773	3,966	-	2,959
Gain on sale of property and equipment	7	41	(32)	(296)	(29)
Loss on sale of investment properties		-	66	-	-
Gain on sale of trading properties		-	(222)	-	-
Depreciation of property and equipment	22	2,043	4,667	1,727	4,096
Amortisation of intangible assets	23	139	285	68	79
Revaluation gain on investment properties		-	(85)	-	-
Dividend income from equity investment	7		(926)		(775)
Interest paid on borrowings		-	7,784	-	8,078
Bad debts (recovered)/written off		(1,053)	481	(110)	191
Retirement benefit provisions	32	603	5,465	394	5,109
Share of profit of equity accounted investee		-	(1,850)	-	-
Change in the value of equity accounted investee		-	(692)	-	-
		10,768	29,396	14,119	26,915
Change in non-pledged trading assets		548	3,968	(165)	1,984
Change in pledged assets		(16,843)	25,191	(13,593)	25,191
Change in derivative financial instruments - assets		78	(78)	-	-
Change in loans and advances to customers		(18,263)	79	(17,095)	7,735
Change in other assets		41,323	(1,455)	38,215	(5,840)
Change in derivative financial instruments - liabilities		(78)	78	-	-
Change in deposits from banks		(45,112)	(17,102)	(3,500)	1,920
Change in deposits from customers		6,848	21,470	(25,097)	82,230
Change in liabilities on investment contracts		211	234	-	-
Change in liabilities on insurance contracts		493	47	-	-
Change in other liabilities		(23,789)	(35,900)	(34,577)	(29,401)
		(43,817)	25,928	(41,694)	110,734
Income tax paid		(488)	(2,032)	-	(1,131)
Net (used in)/cash provided by operating activities		(44,305)	23,896	(41,694)	109,603

Cash flows from investing activities					
Purchase of investment properties	20	10	(59)	-	-
Proceeds from sale of investment properties	20	2,422	4,057	-	-
Acquisition of trading properties	19		(2,748)		(2,282)
Proceeds from sale of trading properties		604	1,563	-	-
Proceeds from sale of assets classified as held for sale		-	723	-	723
Proceeds from sale of property and equipment	22	811	45	405	30
Acquisition of property and equipment	22	(2,480)	(3,076)	(1,953)	(2,773)
Acquisition of intangible assets	23	(353)	(610)	(219)	(492)
Investment securities		(5,252)	(48,056)	(17,379)	(31,858)
Dividend income received	7		926		775
Dividend income from equity accounted investee		-	242	-	-
Investment in retirement benefit scheme	32	(11,301)	(14,965)	(10,592)	(14,369)
Net cash used in investing activities		(15,539)	(61,958)	(29,738)	(50,246)
Cash flows from financing activities					
Inflow from other borrowings		9,994	7,614	2,060	7,001
Interest paid on borrowings		-	(7,784)	-	(8,078)
Acquisition of own shares		(175)	-	-	-
Acquisition of non-controlling interest		(832)	-	-	-
Net cash from financing activities		8,987	(170)	2,060	(1,077)
Net increase in cash and cash equivalents		(50,857)	(38,232)	(69,372)	58,280
Cash and cash equivalents at beginning of period		200,260	239,013	142,938	84,658
Effect of exchange rate fluctuations on cash held		(421)	(521)		-
Cash and cash equivalents at end of period		148,982	200,260	73,566	142,938

The notes on pages 6 to 36 are an integral part of these consolidated and separate financial statements.

Consolidated Statements of Changes in Equity
For the period ended 30 June 2013

Group

<i>In millions of Nigerian Naira</i>	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013	8,468	391,641	17,460	(65)	31,059	1,005	(788)	(265,748)	183,032	4,979	188,011
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	10,864	10,864	(1,471)	9,393
Other comprehensive income											
Foreign currency translation difference	-	-	-	-	-	-	(421)	-	(421)	-	(421)
Fair value reserve on financial assets	-	-	-	-	180	-	-	-	180	-	180
Transfer from retained earnings	-	-	-	-	-	2,639	60	(2,699)	-	-	-
Total comprehensive income for the period	-	-	-	-	180	2,639	(361)	8,165	10,623	(1,471)	9,152
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	-	-	-	-	-	-	-	-	-	(832)	(832)
Total contribution and distributions to owners	-	-	-	(175)	-	-	-	-	(175)	(832)	(1,007)
Balance at 30 June 2013	8,468	391,641	17,460	(240)	31,239	3,644	(1,149)	(257,583)	193,481	2,676	196,156

Bank

<i>In millions of Nigerian Naira</i>	Share capital	Share premium	Statutory reserve	Treasury shares	Fair value reserves	Regulatory risk reserves	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2013	8,468	391,642	15,563	-	24,788	1,005	(760)	(269,036)	171,670	-	171,670
Total comprehensive income for the period											
Profit or loss	-	-	-	-	-	-	-	11,342	11,342	-	11,342
Other comprehensive income											
Fair value reserve (available-for-sale) financial a	-	-	-	-	58	-	-	-	58	-	58
Transfer from retained earnings	-	-	-	-	-	1,498	-	(1,498)	-	-	-
Total comprehensive income for the period	-	-	-	-	58	1,498	-	9,843	11,400	-	11,400
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Premium on shares issued	-	-	-	-	-	-	-	-	-	-	-
Total contribution and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2013	8,468	391,642	15,563	-	24,846	2,503	(760)	(259,193)	183,070	-	183,070

4 Net interest income

	Group 6 months to 30 June 2013	Group 3 months to 31 March 2012	Bank 3 months to 31 March 2012	Bank 3 months to 31 March 2012
<i>In millions of Nigerian Naira</i>				
Interest income				
Cash and cash equivalents	5,757	3,711	4,586	1,698
Loans and advances to banks and customers	15,761	14,412	13,616	11,485
Investments securities	22,104	26,259	22,043	25,943
Total interest income	43,622	44,382	40,246	39,126
Interest expense				
Deposits from banks	300	1,587	3,200	1,292
Deposits from customers	10,038	8,086	8,208	6,611
Long term borrowing	3,200	-	-	-
Total interest expense	13,538	9,673	11,408	7,903
Net interest income	30,084	34,709	28,838	31,223

5 Fees and commission income

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
Retail banking customer fees & commissions	3,240	4,116	3,239	4,086
Corporate banking credit related fees & commis	222	64	204	263
Commission on managed funds	-	-	-	163
Brokerage	110	-	-	-
Commission on off balance sheet transactions	648	1,910	648	88
Other fees and commission	1,766	-	51	-
Total fee and commission income	5,985	7,314	4,142	4,600
Fee and commission expense	(26)	-	-	-
	5,960	7,314	4,142	4,600

6 Net trading income

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
Fixed income securities	727	151	-	376
Treasury bills	558	397	-	-
Equities	(9)	133	-	-
Foreign exchange gain	-	552	-	178
Foreign exchange trading	136	-	136	(149)
	1,412	1,233	136	405

7 Other operating income

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
Dividends Income	3,504	375	3,463	355
Gains on disposal of property and equipment	41	883	(296)	88
Fair value gain through profit or loss	128	-	-	-
Foreign exchange income	256	178	256	178
Gain on disposal of investments	100	791	-	792
Rental income	230	93	180	85
Sundry income	483	1,408	10	393
	<u>5,169</u>	<u>3,729</u>	<u>3,613</u>	<u>1,891</u>

8 Impairment loss on financial assets

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
Impairment losses/(credits) on loans and advances				
-specific impairment	1,897	459	253	1,359
-portfolio impairment	121	796	(15)	-
Reversal of impairment on loans and advan	(855)	-	-	(2,020)
Recoveries on advances under finance lease				
Impairment loss on available for sale financial a	422	6	459	-
Impairment loss on Held to Maturity financial assets				
Impairment loss on investments in associates				
Impairment loss on on cash and short term fund	970	-	490	-
Recoveries on other investments	-	-	-	-
Impairment loss on other assets	802	-	-	-
	<u>3,357</u>	<u>1,261</u>	<u>1,188</u>	<u>(661)</u>

9 Personnel expenses

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
Wages and salaries	16,950	27,226	14,949	16,641
Contributions to defined contribution plans	503	-	386	-
Increase/ (decrease) in liability for defined bene:	100	(6,506)	8	1,514
	<u>17,552</u>	<u>20,720</u>	<u>15,343</u>	<u>18,155</u>

10 Other operating expenses

	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
<i>In millions of Nigerian Naira</i>				
NDIC Premium	1,454	2,260	1,374	2,176
Rents and Rates	850	620	559	361
Business travels	573	712	561	692
Repair and Maintenance	513	814	504	320
Professional fees	1,206	543	1,049	471
Advertising and Promotion expenses	52	598	47	442
General administrative expenses	2,682	5,148	338	5,039
Insurance	186	273	116	164
AMCON surcharge	2,216	1,292	2,216	1,292
	<u>9,732</u>	<u>12,260</u>	<u>6,764</u>	<u>10,957</u>

11 Income tax expense

(a) Recognised in the profit or loss

<i>In millions of Nigerian Naira</i>	Group 6 months to 30 June 2013	Group 6 months to 30 June 2012	Bank 6 months to 30 June 2013	Bank 6 months to 30 June 2012
Current tax expense				
Company Income Tax	476	207	-	-
Education tax	-	2	-	-
NITDA Levy	105	66	105	75
	<u>581</u>	<u>275</u>	<u>105</u>	<u>75</u>
Deferred tax expense				
Origination and reversal of temporary differences	(174)	-	192	-
Total income tax expense	<u>407</u>	<u>275</u>	<u>297</u>	<u>75</u>

12 Cash and cash equivalents

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 30 December 2012	Bank 30 June 2013	Bank 31 December 2012
Cash in hand	13,928	19,347	13,792	19,347
Cash and balances with banks	32,278	13,548	28,578	20,812
Unrestricted balances with central bank	20,046	10,131	20,027	10,115
Money market placements	102,217	175,751	29,947	110,951
Provisions (see note (a) below)	(19,487)	(18,517)	(18,778)	(18,287)
	<u>148,981</u>	<u>200,260</u>	<u>73,566</u>	<u>142,938</u>

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

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 30 December 2012	Bank 30 June 2013	Bank 31 December 2012
Balance, beginning of period	18,517	21,034	18,287	20,804
Charge/(reversals) during the period	970	(2,517)	491	(2,517)
Balance, end of period	<u>19,487</u>	<u>18,517</u>	<u>18,778</u>	<u>18,287</u>

13 Non-pledged Trading assets

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 30 December 2012	Bank 30 June 2013	Bank 31 December 2012
Government bonds	642	374	642	374
Treasury bills	390	493	390	493
Equities	315	1,028	-	-
	<u>1,347</u>	<u>1,895</u>	<u>1,032</u>	<u>867</u>

14 Pledged assets

Financial assets that may be repledged or resold by counterparties

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 30 December 2012	Bank 30 June 2013	Bank 31 December 2012
Treasury bills	19,330	3,121	16,080	3,121
Bonds	42,015	41,382	42,015	41,382
	<u>61,346</u>	<u>44,503</u>	<u>58,096</u>	<u>44,503</u>

15 Loans and advances to customers at amortised cost

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Gross amount	215,371	191,794	167,970	148,790
Specific impairment	(29,077)	(27,009)	(6,198)	(3,970)
Portfolio impairment	(8,602)	(8,410)	(7,823)	(7,838)
Total impairment	(37,679)	(35,419)	(14,021)	(11,808)
Carrying amount	177,692	156,375	153,949	136,982

Impairment allowance on loans and advances to customers

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	6 months to 30 June 2013	12 months to 30 December 2012	6 months to 30 June 2013	12 months to 31 December 2012

Specific impairment

Balance, beginning of period	30,023	26,277	3,970	3,522
Impairment loss/credit for the period:	(1,972)	(526)	253	(521)
Allowances reversed on transfer to AMCON	-	(491)	-	(491)
Effect of foreign currency movements	(6)	(1)	-	-
Provision re-instated during the period	2,085	1,652	2,085	1,652
Interest suspended	-	-	-	-
Write-offs	(1,053)	481	(110)	191
Reclassification	-	(383)	-	(383)
Balance, end of period	29,077	27,009	6,198	3,970

Portfolio impairment

Balance, beginning of the period	8,410	7,203	7,838	7,867
Impairment credit/loss for the period:	(29)	1,208	(15)	(29)
Effect of foreign currency movements	(58)	(1)	-	-
Reclassification	-	-	-	-
Balance, end of the period	8,323	8,410	7,823	7,838

16 Investment in equity accounted investee

<i>In millions of Nigerian Naira</i>	Group	Group	Bank	Bank
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Cost				
Balance, beginning of the period	15,242	75	91	75
Reclassification from investment securities	-	5,402	-	16
Dividend income	-	(242)	-	-
Share of current period result	-	1,850	-	-
Previously unconsolidated reserves	-	8,157	-	-
Balance, end of the period	15,242	15,242	91	91

17 Investment securities

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
<i>Available-for-sale investment securities comprise:</i>				
Treasury bills	11,909	18,273	7,258	10,462
Equity	21,708	17,788	12,851	12,565
Managed funds	859	756	730	756
Bonds	8,133	10,048	4,119	8,308
Less: specific impairment allowance	(10,689)	(10,266)	(8,951)	(8,492)
	31,920	36,599	16,008	23,599
<i>Held to maturity investment securities comprise:</i>				
Treasury bills	122,371	153,546	122,063	137,006
Bonds	164,473	123,609	159,356	119,844
	286,845	277,155	281,419	256,850
Investment securities	318,764	313,754	297,427	280,449

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

<i>In millions of Nigerian Naira</i>	Group		Bank	
	6 months to 30 June 2013	12 months to 30 December 2012	6 months to 30 June 2013	12 months to 31 December 2012
Balance, beginning of the period	10,266	13,156	8,492	10,592
Allowance no longer required	422	(1,087)	459	(297)
Changes in carrying value of investment				
Reclassification		(1,803)		(1,803)
Balance, end of the period	10,689	10,266	8,951	8,492

18 Assets held for sale

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Balance, beginning of period	1,048	1,771	1,048	1,771
Additions	-	-	-	-
Disposal	-	(723)	-	(723)
Revaluation gains/(losses)	-	-	-	-
	1,048	1,048	1,048	1,048
Less: specific impairment allowance	(964)	(964)	(964)	(964)
	84	84	84	84

Movement in specific impairment for assets held for sale was as follows:

Balance, beginning of period	964	964	964	964
(Writeback)/allowance made during the period	-	-	-	-
Balance, end of period	964	964	964	964

19 Trading properties

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Balance, beginning of period	6,971	-	2,282	-
Additions	-	2,748	-	-
Disposal	(604)	(1,341)	-	-
Reclassification	-	5,564	-	2,282
Balance, end of period	6,367	6,971	2,282	2,282

20 Investment Properties

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Balance, beginning of period	21,117	29,140	-	-
Additions	9	59	-	-
Disposal	(2,422)	(4,123)	-	-
Revaluation gains/(losses)	-	85	-	-
Reclassification	-	(4,024)	-	-
	18,704	21,137	-	-
Impairment allowance	(1,839)	(1,841)	-	-
Balance, end of the period	16,864	19,296	-	-

21 Investment in subsidiaries

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	30 December 2012	30 June 2013	31 December 2012
Union Homes Savings and Loans Plc	-	-	1,834	1,834
Union Trustees Limited	-	-	5	5
Union Assurance Company Limited	-	-	1,448	1,448
UBN Property Company Limited	-	-	2,195	2,195
Union Bank UK Plc	-	-	8,372	8,372
Union Registrars Limited	-	-	480	480
Union Capital Markets Limited	-	-	2,620	2,620
Union Pension Fund Custodian	-	-	2,000	2,000
Atlantic Nominees Limited	-	-	325	325
	-	-	19,279	19,279
Impairment on investment in subsidiary	-	-	(1,834)	(1,834)
	-	-	17,445	17,445

22 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
	N million	N million	N million	N million	N million	N million
(a) (i) Cost						
Balance, beginning of the period	52,794	922	28,146	7,115	2,049	91,026
Exchange difference	3	-	2	1	-	6
Additions	279	-	287	55	1,409	2,030
Disposals	(123)	-	(10)	-	-	(133)
Reclassification to other assets	3,861	(922)	708	(1,176)	(1,852)	619
Write off	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Balance, end of the period	<u>56,814</u>	<u>-</u>	<u>29,134</u>	<u>5,995</u>	<u>1,606</u>	<u>93,549</u>
(a) (ii) Accumulated depreciation						
Balance, beginning of the period	10,997	87	25,692	5,785	-	42,560
Exchange difference	1	-	1	-	-	2
Charge for the period	741	-	915	253	-	2,183
Disposals	(14)	-	(10)	(0)	-	(24)
Transfers	-	-	-	-	-	-
Reclassification to other assets	450	(87)	1,121	(433)	-	1,051
Balance, end of the period	<u>12,175</u>	<u>-</u>	<u>27,719</u>	<u>5,604</u>	<u>-</u>	<u>45,771</u>
(a) (iii) Net Book Value						
End of period	<u>44,639</u>	<u>-</u>	<u>1,415</u>	<u>391</u>	<u>1,606</u>	<u>48,051</u>
Beginning of the period	<u>41,797</u>	<u>835</u>	<u>2,455</u>	<u>1,331</u>	<u>2,049</u>	<u>48,466</u>

(a) (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.

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

(a) (vi) 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.

Property and equipment

(b) Bank:

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

	Leasehold land and buildings	Leasehold improvements	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	N million	N million	N million	N million	N million	N million
(b) (i) Cost						
Balance, beginning of the period	53,190	-	26,038	5,195	197	84,620
Additions during the period	271	-	320	26	1,409	2,026
Disposals during the period	(123)	-	(10)	-	-	(133)
Transfers	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
Write off	-	-	-	-	-	-
Balance, end of the period	<u>53,338</u>	<u>-</u>	<u>26,348</u>	<u>5,221</u>	<u>1,606</u>	<u>86,513</u>
(b) (ii) Accumulated depreciation						
Balance, beginning of the period	10,086	-	24,883	4,587	-	39,556
Charge for the period	699	-	807	221	-	1,727
Disposals	(14)	-	(10)	-	-	(24)
Balance, end of the period	<u>10,771</u>	<u>-</u>	<u>25,680</u>	<u>4,808</u>	<u>-</u>	<u>41,259</u>
(b) (iii) Net Book Value						
End of period	<u>42,567</u>	<u>-</u>	<u>668</u>	<u>413</u>	<u>1,606</u>	<u>45,254</u>
Beginning of the period	<u>43,104</u>	<u>-</u>	<u>1,155</u>	<u>608</u>	<u>197</u>	<u>45,064</u>

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

(vi) 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.

23 Intangible assets

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	Software	Software	Software	Software
Cost				
Balance, beginning of period	2,117	2,117	1,318	826
Additions	268	-	219	492
Reclassification	-	-	-	-
Exchange translation difference	-	-	-	-
Balance, end of period	2,384	2,117	1,537	1,318
Amortization and impairment losses				
Balance, beginning of period	1,195	1,195	796	717
Amortisation for the period	139	-	68	79
Reclassification	(85)	-	-	-
Exchange translation difference	-	-	-	-
Balance, end of period	1,249	1,195	864	796
Carrying amounts	1,135	922	673	522

24 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

31 June 2013

<i>In millions of Nigerian Naira</i>	Assets	Liabilities	Net
Property, equipment, and software	-	110	(110)
Allowances for loan losses	-	-	-
Foreign exchange gains	-	-	-
Tax loss carry forward	95,608	-	95,608
Others	25	-	25
Net tax assets (liabilities)	95,633	110	95,523

31 December 2012

<i>In millions of Nigerian Naira</i>	Assets	Liabilities	Net
Property, equipment, and software	-	6,553	(6,553)
Allowances for loan losses	63	135	(72)
Foreign exchange gains	573	609	(36)
Tax loss carry forward	100,744	2	100,742
Others	1,366	98	1,268
Net tax assets (liabilities)	102,746	7,397	95,349

Bank

31 June 2013

<i>In millions of Nigerian Naira</i>	Assets	Liabilities	Net
Property, equipment, and software	-	-	-
Allowances for loan losses	-	-	-
Foreign exchange gains	-	-	-

Tax loss carry forward	95,682	-	95,682
Others	-	-	-
Net tax assets (liabilities)	95,682	-	95,682

31 December 2012

<i>In millions of Nigerian Naira</i>	Assets	Liabilities	Net
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:

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 12 months to 31 December 2012	Bank 30 June 2013	Bank 12 months to 31 December 2012
Balance, beginning of the period	95,349	95,349	95,875	95,875
Credit for the period	174	-	(192)	-
Credit/(reversal)	-	-	-	-
Charge for the period	-	-	-	-
Arising from revaluation of fixed asset	-	-	-	-
Net deferred tax assets/(liabilities)	95,523	95,349	95,683	95,875
<i>Out of which</i>				
Deferred tax assets	95,633	102,746	95,682	102,914
Deferred tax liabilities	(110)	(7,397)	-	(7,039)

25 Other assets

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 31 December 2012	Bank 30 June 2013	Bank 31 December 2012
Accounts receivable and prepayments	17,067	16,391	12,280	11,283
Restricted deposits with central bank (see (i))	56,687	55,117	56,671	55,117
Insurance receivables	-	1,963	-	-
Receivable from AMCON	-	47,696	-	47,696
Others	111,620	107,498	115,962	110,949
Statutory deposit	501	500	-	-
Clearing	47,751	45,341	47,751	45,341
	233,626	274,506	232,664	270,386
Impairment on other assets	(154,426)	(153,209)	(151,586)	(151,093)
	79,200	121,297	81,078	119,293

- (i) The Bank had restricted balances of N56,671 million with the Central Bank of Nigeria (CBN) as at 30 June 2013. This balance is made up of CBN cash reserve requirement. The cash reserve ratio represents 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

Movement in impairment on other assets:

<i>In millions of Nigerian Naira</i>	Group		Bank	
	6 months to 30 June 2013	12 months to 31 December 2012	6 months to 30 June 2013	12 months to 31 December 2012
Balance, beginning of period	153,209	144,205	151,093	142,888
Charge for the period	773	3,966	-	2,959
Allowance written off	(49)	-	-	-
Reclassification	493	5,038	493	5,246
Balance, end of period	154,426	153,209	151,586	151,093

26 Deposits from banks

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Money market deposits	-	3,500	-	3,500
Other deposits from banks	-	41,612	-	-
	-	45,112	-	3,500

27 Deposits from customers

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Term deposits	162,650	123,094	108,373	96,968
Current deposits	235,310	272,979	220,018	261,660
Savings	131,331	126,370	128,517	123,377
	529,291	522,443	456,908	482,005

28 Liability on investment contracts

<i>In millions of Nigerian Naira</i>	Group		Bank	
	6 months to 30 June 2013	12 months to 31 December 2012	6 months to 30 June 2013	12 months to 31 December 2012
Deposit administered funds (secured funds)	1,014	803	-	-
Other managed funds	-	-	-	-
	1,014	803	-	-

29 Liability on insurance contracts

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Life assurance contracts	989	1,794	-	-
Non-life insurance contracts	2,195	897	-	-
	3,184	2,691	-	-

30 Tax Payable

<i>In millions of Nigerian Naira</i>	Group		Bank	
	6 months to 30 June 2013	12 months to 31 December 2012	6 months to 30 June 2013	12 months to 31 December 2012
Balance, beginning of period	2,317	2,668	494	1,358
Foreign exchange translation difference	-	(4)	-	-
Prior period under provision	-	-	-	-
Charge for the period	581	1,685	105	268
Payments during the period	(488)	(2,032)	-	(1,131)
Balance, end of period	2,410	2,317	599	495

31 Other liabilities

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Deposit for foreign currency	14,413	20,157	14,413	20,157
Deposit for dividend	15,281	13,503	-	-
PAYE and other statutory deductions	2,458	2,491	2,304	2,491
Draft and Bills payable	41,652	22,998	24,683	22,998
Sundry creditors	16,450	29,999	16,110	29,999
Provisions and accruals	26,152	32,574	25,774	31,073
Interest payable	1,288	-	987	-
Accounts payable	3,425	5,422	769	780
Other credit balances	33,299	51,442	25,863	37,982
	154,797	178,586	110,903	145,480

32 Retirement benefit obligations

<i>In millions of Nigerian Naira</i>	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Defined contribution scheme (see (a) below)	358	259	257	247
Defined benefit obligation (see (b) below)	38,830	49,627	38,913	49,121
	39,188	49,886	39,170	49,368

(a) The movement in the defined contribution scheme account during the period:

<i>In millions of Nigerian Naira</i>	Group		Bank	
	6 months to 30 June 2013	12 months to 31 December 2012	6 months to 30 June 2013	12 months to 31 December 2012
Balance, beginning of period	259	219	247	218
Charge during the period	503	1,736	386	1,665
Contribution remitted during the period	(404)	(1,696)	(376)	(1,636)
Balance, end of period	358	259	257	247

(b) The movement in the defined benefit obligation account during the period:

<i>In millions of Nigerian Naira</i>	Group 6 months to 30 June 2013	Group 12 months to 31 December 2012	Bank 6 months to 30 June 2013	Bank 12 months to 31 December 2012
Balance, beginning of period	49,627	59,167	49,121	58,410
Current service costs and interest	100	3,729	8	3,444
Benefit paid by the plan	(10,897)	(13,269)	(10,216)	(12,733)
Balance, end of period	38,830	49,627	38,913	49,121

33 Other borrowed funds

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 31 December 2012	Bank 30 June 2013	Bank 31 December 2012
Due to Multilateral lending agencies (see (a))	-	-	-	-
Due to CAC (see (b))	15,267	18,167	15,267	18,167
BOI on-lending facility (see note (c) below)	20,744	15,784	20,744	15,784
Other borrowings	8,547	613	-	-
	44,558	34,564	36,011	33,951

34 Capital and reserves

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 31 December 2012	Bank 30 June 2013	Bank 31 December 2012
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(a) Authorised :

19,023,125,000 Ordinary shares of 50 kobo each	9,512	9,512	9,512	9,512
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<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 31 December 2012	Bank 30 June 2013	Bank 31 December 2012
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(b) Issued and fully paid -

16,935,806,472 Ordinary shares of 50kobo each	8,468	8,468	8,468	8,468
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<i>In millions of Nigerian Naira</i>	Group 6 months to 30 June 2013	Group 12 months to 31 December 2012	Bank 6 months to 30 June 2013	Bank 12 months to 31 December 2012
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Balance, beginning of period	8,468	8,468	8,468	8,468
New issues during the period				
Balance, end of period	8,468	8,468	8,468	8,468

(c) Share premium

<i>In millions of Nigerian Naira</i>	Group 30 June 2013	Group 31 December 2012	Bank 30 June 2013	Bank 31 December 2012
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Balance, beginning of period	391,641	391,641	391,641	391,641
Premium on shares issued	-	-	-	-
Balance, end of period	391,641	391,641	391,641	391,641

(d) 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. However, the Bank transferred 30% of its profit after tax to statutory reserves as at period end.

(e) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(f) 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.

(g) Other reserves

The other reserves includes movements in the the small scale industries reserve, translation reserve, contingency reserve and capital reserve.

(i) 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. The small and medium scale industries equity investment scheme reserves are non-distributable.

(ii) Translation reserve

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

(iii) 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 net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital or per centum of the premiums (whichever is greater) for a non-life insurance company and an amount equal to 1 percent of the 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.

(iv) Capital reserve

Capital reserve warehouses the nominal value of shares cancelled during the capital reconstruction exercise that occurred during the financial period ended March 2013.

The Financial Accommodation provided by AMCON exceed the Bank's Completion NAV of zero, calculated as at 31 December 2011, by N14.92 billion. In line with the Clawback Rights Agreement (CRA) and the recapitalisation plan, this excess amount is refundable to AMCON.

(h) Treasury shares

Treasury shares represent the Bank's shares of 3,376,916 units (December 2012: 7,539,655 units) held by Union Registrars Limited and Union Trustees Limited as at 30 June 2013.

(i) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

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

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the Group was N118.7 billion.

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise performance bonds, acceptances, guarantees and letters of credit.

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

These comprise:

(a)	Group		Bank	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
	<i>In millions of Nigerian Naira</i>			
	45,550	44,450	45,550	44,450
	8,408	2,062	8,408	2,062
	53,958	46,512	53,958	46,512