



Union Bank of Nigeria Plc
UNAUDITED
FINANCIAL STATEMENTS
30 September 2019

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

For the period ended 30 September 2019

	Notes	Group				Bank			
		September 2019	September 2018	3 Months Q3 2019	3 Months Q3 2018	September 2019	September 2018	3 Months Q3 2019	3 Months Q3 2018
		N million	N million	N million	N million	N million	N million	N million	N million
Gross earnings		117,152	122,196	41,135	38,863	111,909	118,415	39,553	37,424
Interest income	1	90,026	91,479	32,677	29,277	84,850	87,238	31,055	27,869
Interest expense	1	(49,530)	(42,074)	(18,174)	(14,218)	(48,412)	(41,044)	(17,811)	(13,802)
Net interest income (NRFF)		40,496	49,405	14,503	15,059	36,438	46,194	13,244	14,067
Net impairment charge for credit losses	6	3,790	(7,434)	(695)	(2,809)	4,752	(7,019)	243	(2,674)
Net interest income after impairment charge for credit losses		44,286	41,971	13,808	12,250	41,190	39,175	13,487	11,393
Net fee and commission income	2	9,542	8,693	2,779	2,686	9,038	8,222	2,599	2,476
Net trading income	3	4,723	7,659	1,001	670	4,598	7,553	963	640
Cash recoveries		8,390	3,918	3,109	1,955	8,390	3,918	3,109	1,955
Net income from other financial instruments at fair value through profit or loss	4	2,225	5,748	910	3,010	2,225	5,748	910	3,010
Other operating income	5	2,246	4,699	659	1,265	2,808	5,736	917	1,474
Non interest income (NII)		27,126	30,717	8,458	9,586	27,059	31,177	8,498	9,555
Operating income		71,412	72,688	22,266	21,836	68,249	70,352	21,985	20,948
Net impairment write-back/(loss) on other financial assets	6	462	137	-	117	462	137	-	117
Net operating income after net impairment write-back/(loss) on other financial assets		71,874	72,825	22,266	21,953	68,711	70,489	21,985	21,065
Personnel expenses	7	(26,223)	(26,633)	(8,917)	(8,384)	(24,423)	(25,045)	(8,328)	(7,809)
Depreciation and amortisation		(5,513)	(5,112)	(1,806)	(1,784)	(5,320)	(4,900)	(1,741)	(1,708)
Other operating expenses	8	(24,495)	(26,223)	(8,026)	(8,592)	(23,471)	(25,144)	(7,658)	(8,270)
Total expenses		(56,231)	(57,968)	(18,749)	(18,760)	(53,214)	(55,089)	(17,727)	(17,787)
Profit before income tax		15,643	14,857	3,517	3,193	15,497	15,400	4,258	3,278
Income tax expense	9	(451)	(193)	(178)	24	(195)	(164)	(84)	(21)
Profit for the year		15,192	14,664	3,339	3,217	15,302	15,236	4,174	3,257
Other comprehensive income, net of income tax									
Remeasurement of defined benefit liability		-	204	-	-	-	204	-	-
Foreign currency translation differences for foreign operations		78	2,502	117	2,247	-	-	-	-
Fair value gains/(losses) on financial assets at FVTOCI		1,979	(5,082)	1,979	(1,813)	2,011	(4,868)	(422)	(1,812)
Other comprehensive income for the year		2,057	(2,376)	2,096	434	2,011	(4,664)	(422)	(1,812)
Total comprehensive income for the year		17,249	12,288	5,435	3,651	17,313	10,572	3,752	1,445
Profit attributable to:									
Equity holders of the Bank		14,960	14,273	3,286	3,086	15,302	15,236	4,174	3,257
Non-controlling interest		232	391	53	131	-	-	-	-
Profit for the year		15,192	14,664	3,339	3,217	15,302	15,236	4,174	3,257
Total comprehensive income attributable to:									
Equity holders of the Bank		17,017	11,897	5,382	3,520	17,313	10,572	3,752	1,445
Non-controlling interest		232	391	53	131	-	-	-	-
Total comprehensive income for the year		17,249	12,288	5,435	3,651	17,313	10,572	3,752	1,445
Earnings per share for profit from total operations attributable to equity holders of Bank									
Basic and diluted (Kobo)	10	51	49	11	11	53	52	14	11

Consolidated and Separate Statements of Financial Position

As at 30 September 2019

		Group	Group	Bank	Bank
	Notes	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		N million	N million	N million	N million
ASSETS					
Cash and cash equivalents	11	361,109	233,566	272,006	159,028
Financial assets at fair value through profit or loss	12	53,725	14,271	53,725	14,271
Pledged assets	13	68,702	48,839	68,702	48,839
Derivative assets held for risk management	14	-	1,029	-	1,029
Loans and advances to customers at amortised cost	15	528,870	473,462	485,098	428,037
Investment securities	17	250,529	199,317	223,673	175,068
Trading properties	18	186	186	187	187
Investment properties	19	5,273	5,030	-	-
Investment in subsidiaries	20	-	-	10,567	10,567
Property and equipment	21	59,344	59,954	59,243	59,830
Intangible assets	22	5,757	6,045	5,495	5,628
Right of Use Assets	23	3,081	-	3,081	-
Deferred tax assets	24	95,875	95,875	95,875	95,875
Cash reserve requirement	25	300,589	281,868	300,589	281,868
Other assets	25	65,511	42,409	65,535	42,135
Defined benefit assets	30	1,671	1,610	1,671	1,610
		1,800,222	1,463,461	1,645,447	1,323,972
Assets classified as held for sale	34	397	397	325	325
TOTAL ASSETS		1,800,619	1,463,858	1,645,772	1,324,297
LIABILITIES					
Derivative liabilities held for risk management	14	291	1,120	291	1,117
Deposits from banks	26	116,934	99,477	3,626	-
Deposits from customers	27	892,908	857,593	877,386	844,413
Current tax liabilities	28	332	581	204	232
Deferred tax liabilities	24	240	263	-	-
Lease Liabilities		1,722	-	1,722	-
Other liabilities	29	388,468	169,653	387,484	168,827
Retirement benefit obligations	30	821	788	819	786
Debt securities issued	31	13,402	13,860	13,402	13,860
Long term subordinated bond	32	30,667	-	30,667	-
Other borrowed funds	33	112,841	94,891	112,929	94,975
		1,558,626	1,238,226	1,428,530	1,124,210
EQUITY					
Share capital and share premium	35	201,652	201,652	201,652	201,652
Accumulated losses		(33,995)	(44,380)	(36,278)	(47,736)
Other reserves		67,828	62,084	51,869	46,171
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		235,485	219,356	217,243	200,087
Non-controlling interest	36	6,508	6,276	-	-
TOTAL EQUITY		241,993	225,632	217,243	200,087
TOTAL LIABILITIES AND EQUITY		1,800,619	1,463,858	1,645,772	1,324,297

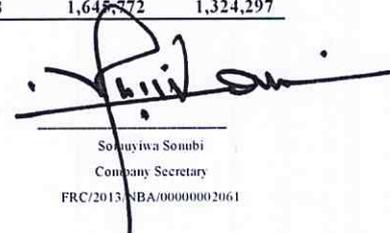
Signed on behalf of the Board of Directors on 21 October 2019 by:



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



Joe Mbulu
Chief Financial Officer
FRC/2014/ICAN/00000006110



Sokuyiwa Soumbi
Company Secretary
FRC/2013/NBA/00000002061

Consolidated and Separate Statements of Cash Flows

For the period ended 30 September 2019

	Group September 2019 N million	Group September 2018 N million	Bank September 2019 N million	Bank September 2018 N million
Cash flows from operating activities				
Profit for the year	15,192	14,273	15,302	15,236
Income tax expense	451	193	195	164
Profit before tax	15,643	14,466	15,497	15,400
<i>Adjustments for:</i>				
Impairment losses/(write-back) on loans and advances	(3,790)	7,434	(4,752)	7,019
Recoveries on loans and advances	(8,390)	-	(8,390)	-
Fair value gains/(loss) on investment at fair value through profit or loss		(5,082)		(4,868)
Reversal of impairment on other assets	(462)	(137)	(462)	(137)
Write-off of property and equipment	(8)	-	-	-
Gain on sale of property and equipment	(293)	(374)	(293)	(133)
Gain on disposal of unquoted equity at FVTOCI	-	(1,254)	-	(1,254)
Depreciation of property and equipment	4,057	3,860	4,036	3,807
Amortisation of intangible assets	1,509	1,325	1,437	1,094
Dividend income from equity investment	(1,172)	(920)	(1,790)	(2,257)
Interest paid on borrowings	15,390	6,846	15,390	(6,846)
Contributions to defined contribution plans	477	457	477	457
Increase in liability for defined benefit plans	10	252	10	252
	22,972	26,873	21,160	12,534
Change in financial assets at fair value through profit or loss	(39,454)	15,486	(39,454)	15,486
Change in pledged assets	(19,863)	(9,112)	(19,863)	(9,112)
Change in loans and advances to customers	(43,228)	(104,369)	(43,919)	(95,809)
Change in loans and advances to banks	-	(35,086)	-	(36,124)
Change in right of use asset	(3,081)	-	(3,081)	-
Change in other assets	(41,366)	(51,640)	(41,648)	(51,537)
Change in defined benefit assets	(61)	9	(61)	9
Change in derivative financial instruments-assets	1,029	1,126	1,029	1,126
Change in derivative financial instruments-liabilities	(829)	(972)	(826)	(972)
Change in deposits from banks	17,457	188	3,626	(10,686)
Change in deposits from customers	35,315	79,775	32,973	55,093
Change in lease liability	1,565	-	1,565	
Change in other liabilities	218,815	94,114	218,656	95,128
	149,271	16,392	130,157	(24,864)
Income tax paid	(701)	(256)	(223)	(261)
Payment from defined contribution plan	(486)	(485)	(486)	(485)
Payment from defined benefit plan	31	(79)	32	(79)
Net cash provided by/(used in) operating activities	148,115	15,572	129,480	(25,689)

Cash flows from investing activities

Additions to investment properties	(243)	-	-	-
Disposal/(acquisition) of investment properties	-	(70)	-	-
Proceeds from sale of trading properties	-	641	-	-
Proceeds from sale of property and equipment	317	480	318	240
Acquisition of investment securities	(49,233)	(40,675)	(46,594)	(22,676)
Acquisition of property and equipment	(3,487)	(7,001)	(3,485)	(6,999)
Acquisition of intangible assets	(1,221)	(2,006)	(1,304)	(1,560)
Dividend income received	1,172	920	1,790	2,257
				-
Net cash generated from/(used in) investing activities	(52,695)	(47,711)	(49,274)	(28,739)

Cash flows from financing activities

Inflow from other borrowings	30,356	12,954	30,356	12,954
Repayment of borrowings	(12,864)	(7,778)	(12,860)	(10,303)
Interest paid on borrowings	(14,143)	(6,846)	(14,143)	6,846
Inflow from bond issued	29,420	-	29,420	-
Dividend paid to non-controlling interest	(731)	-	-	-
Net cash generated from/(used in) financing activities	32,038	(1,670)	32,773	9,497

Net increase/(decrease) in cash and cash equivalents	127,457	(33,809)	112,978	(44,930)
Cash and cash equivalents at beginning of year	233,566	222,577	159,028	137,497
Effect of exchange rate fluctuations on cash held	86	2,654	-	-
Cash and cash equivalents at end of period	361,109	191,421	272,006	92,567

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 September 2019

Group

	Share capital	Share premium	Statutory reserve	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2019	14,561	187,091	28,797	14,482	-	282	1,436	17,087	(44,380)	219,356	6,276	225,632
Adjustment on initial application of IFRS 16, net of tax	-	-	-	-	-	-	-	-	(157)	(157)	-	(157)
Restated balance at 1 January 2019	14,561	187,091	28,797	14,482	-	282	1,436	17,087	(44,537)	219,199	6,276	225,475
Total comprehensive income for the year												
Profit for the year	-	-	2,295	-	-	-	-	-	12,665	14,960	232	15,192
Other comprehensive income, net of tax												
Foreign currency translation difference	-	-	-	-	-	-	-	78	-	78	-	78
Fair value gains/(loss) on investment at FVTOCI	-	-	-	1,979	-	-	-	-	-	1,979	-	1,979
Transfer from regulatory reserves	-	-	-	-	1,392	-	-	-	(1,392)	-	-	-
Total comprehensive income for the year	-	-	2,295	1,979	1,392	-	-	78	11,273	17,017	232	17,249
Dividend paid	-	-	-	-	-	-	-	-	(731)	(731)	-	(731)
Total contribution and (distributions) to owners	-	-	-	-	-	-	-	-	(731)	(731)	-	(731)
Balance at 30 September 2019	14,561	187,091	31,092	16,461	1,392	282	1,436	17,165	(33,995)	235,485	6,508	241,993

For the month ended 30 September 2018

Group

	Share capital	Share premium	Statutory reserve	Fair value reserve	Regulatory risk reserve	Share based payment reserve	AGSMEIS Reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2018	14,561	187,091	26,371	40,567	71,027	193	-	14,484	(14,384)	339,910	5,831	345,741
IFRS 9 Transition adjustment	-	-	-	(20,399)	(59,691)	-	-	-	15,857	(64,233)	-	(64,233)
Other prior period restatements	-	-	-	-	-	-	1,436	-	(1,436)	-	-	-
Restated balance at 1 January 2018	14,561	187,091	26,371	20,168	11,336	193	1,436	14,484	37	275,677	5,831	281,508
Total comprehensive income for the period												
Profit for the period	-	-	2,285	-	-	-	-	-	11,988	14,273	391	14,664
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	204	-	204	-	204
Foreign currency translation difference	-	-	-	-	-	-	-	2,502	-	2,502	-	2,502
Appropriation:												
Transfer from regulatory reserves	-	-	-	-	3,918	-	-	-	(3,918)	-	-	-
Total comprehensive income for the period	-	-	2,285	(5,082)	3,918	195	-	2,706	8,070	12,092	391	12,483
Total contribution and (distributions) to owners	-	-	-	-	-	-	-	-	(540)	(540)	-	(540)
Balance at 30 September 2018	14,561	187,091	28,656	15,086	15,254	388	1,436	17,190	7,567	287,229	6,222	293,451

Consolidated and Separate Statements of Changes in Equity
For the period ended 30 September 2019

Bank

	Share capital	Share premium	Statutory reserve	Fair value reserves	Regulatory risk reserves	Share based payment reserve	AGSMEI S Reserve	Other reserves	Retained earnings	Total
	N million	N million	N million	N million	N million	N million	N million	N million	N million	N million
Balance at 1 January 2019	14,561	187,091	28,797	13,335	-	282	1,436	2,322	(47,736)	200,087
Adjustment on initial application of IFRS 16, net of tax	-	-	-	-	-	-	-	-	(157)	(157)
Restated balance at 1 January 2019	14,561	187,091	28,797	13,335	-	282	1,436	2,322	(47,893)	199,930
Profit or loss	-	-	2,295	-	-	-	-	-	13,007	15,302
Other comprehensive income										
Foreign currency translation difference	-	-	-	2,011	-	-	-	-	-	2,011
Fair value gains/(loss) on investment at FVTOCI	-	-	-	-	1,392	-	-	-	(1,392)	-
Transfer between reserves	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	2,295	2,011	1,392	-	-	-	11,615	17,313
Balance at 30 September 2019	14,561	187,091	31,092	15,346	1,392	282	1,436	2,322	(36,278)	217,243

For the month ended 30 September 2018

Bank

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

1 Net interest income

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Interest income								
Cash and cash equivalents	13,791	3,159	6,243	1,827	13,394	2,760	6,119	1,643
Loans and advances to customers	60,004	67,640	20,702	20,976	57,211	65,782	19,817	20,384
Investment securities	16,231	20,680	5,732	6,474	14,245	18,696	5,119	5,842
Total interest income	90,026	91,479	32,677	29,277	84,850	87,238	31,055	27,869
Interest expense								
Deposits from customers	33,965	35,228	11,197	11,780	32,847	34,198	10,834	11,364
Lease liability	175	-	59		175	-	59	
Other borrowed funds	15,390	6,846	6,918	2,438	15,390	6,846	6,918	2,438
Total interest expense	49,530	42,074	18,174	14,218	48,412	41,044	17,811	13,802
Net interest income	40,496	49,405	14,503	15,059	36,438	46,194	13,244	14,067

2 Net fees and commission income

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
Credit Related fees and commissions	3,593	3,320	572	999	3,593	3,320	572	999
Account Maintenance Fee	1,434	1,201	475	392	1,434	1,201	475	392
E-business fee income	5,601	4,381	2,145	1,455	5,601	4,381	2,145	1,455
Commission on LCs, Invisible Trades and Guarantees	968	989	315	251	968	989	315	251
Other fees and commission	547	510	191	226	43	39	10	17
	12,143	10,401	3,697	3,324	11,639	9,930	3,517	3,114
Fees and commission expenses	(2,601)	(1,708)	(918)	(638)	(2,601)	(1,708)	(918)	(638)
	9,542	8,693	2,779	2,686	9,038	8,222	2,599	2,476

3 Net trading income/(loss)

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	N million	N million	N million	N million	N million	N million	N million	N million
Gain on disposal of fixed income securities	3,794	6,939	685	556	3,794	6,939	685	518
Mark to market gains/losses on fixed income securities	(85)	(109)	(94)	(91)	(85)	(109)	(94)	(92)
Foreign exchange gain on trading	1,014	829	410	205	889	723	372	214
	4,723	7,659	1,001	670	4,598	7,553	963	640

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

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	N million	N million	N million	N million	N million	N million	N million	N million
<i>Equity instruments at FVTPL:</i>								
Equity	523	5,718	340	3,046	523	5,718	340	3,046
<i>Derivatives held for risk management purposes:</i>								
Foreign exchange swap contracts	1,702	30	570	(36)	1,702	30	570	(36)
	2,225	5,748	910	3,010	2,225	5,748	910	3,010

5 Other operating income

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	N million	N million	N million	N million	N million	N million	N million	N million
Dividends	1,172	920	149	33	1,790	2,257	406	335
Gains on disposal of property and equipment	293	374	211	76	293	133	211	4
Gains on disposal of trading properties	-	-	-	(169)	-	-	-	-
Gain on disposal of unquoted equity at FVTOCI	-	1,254	-	49	-	1,254	-	49
Foreign exchange revaluation gain	363	1,671	175	995	363	1,670	175	1,012
Rental income	110	90	45	47	110	90	45	47
Sundry income	308	390	79	234	252	332	80	27
	2,246	4,699	659	1,265	2,808	5,736	917	1,474

6 Net Impairment charge on financial assets

	Group September 2019	Group September 2018	Group 3 Months Q3 2019	Group 3 Months Q3 2018	Bank September 2019	Bank September 2018	Bank 3 Months Q3 2019	Bank 3 Months Q3 2018
	N million	N million	N million	N million	N million	N million	N million	N million
Net impairment charge/(write-back) for credit losses	(3,790)	7,434	695	2,809	(4,752)	7,019	(243)	2,674
Net impairment write-back on other financial assets	(462)	(137)	-	(117)	(462)	(137)	-	(117)
Total net impairment loss on financial assets	(4,252)	7,297	695	2,692	(5,214)	6,882	(243)	2,557

7 Personnel expenses

	Group September 2019 N million	Group September 2018 N million	Group 3 Months Q3 2019 N million	Group 3 Months Q3 2018 N million	Bank September 2019 N million	Bank September 2018 N million	Bank 3 Months Q3 2019 N million	Bank 3 Months Q3 2018 N million
Wages and salaries	25,736	25,924	8,767	8,066	23,936	24,336	8,178	7,491
Contributions to defined contribution plans	477	457	150	168	477	457	150	168
plans	10	252	-	150	10	252	-	150
	26,223	26,633	8,917	8,384	24,423	25,045	8,328	7,809

8 Other operating expenses

	Group September 2019 N million	Group September 2018 N million	Group 3 Months Q3 2019 N million	Group 3 Months Q3 2018 N million	Bank September 2019 N million	Bank September 2018 N million	Bank 3 Months Q3 2019 N million	Bank 3 Months Q3 2018 N million
NDIC Premium	3,291	2,972	1,117	1,033	3,291	2,972	1,117	1,033
AMCON surcharge	5,577	5,381	1,854	1,895	5,577	5,381	1,854	1,895
Non-discretionary regulatory costs	8,868	8,353	2,971	2,928	8,868	8,353	2,971	2,928
Auditors' remuneration	140	126	47	44	135	122	45	43
Rents and Rates	732	777	240	279	727	772	238	277
Accommodation and travels	389	794	80	260	307	687	48	228
Fleet management and vehicle related expenses	397	449	146	147	397	449	146	147
Repair and Maintenance	1,359	1,634	428	481	1,090	1,386	330	396
Professional fees	1,089	1,872	489	964	881	1,593	413	875
Advertising and Promotion expenses	1,018	1,416	146	572	1,018	1,416	146	572
Security expense	891	883	291	297	891	883	291	297
Expenses on software	4,103	3,490	1,513	1,196	4,103	3,490	1,513	1,196
Donations and Subscriptions	141	205	107	148	141	205	107	148
Cash movement expense	1,043	981	316	319	1,043	981	316	319
Diesel and power	1,789	1,733	531	600	1,789	1,733	531	600
General administrative expenses	2,267	3,275	635	277	1,815	2,841	478	164
Insurance	269	235	86	80	266	233	85	80
	24,495	26,223	8,026	8,592	23,471	25,144	7,658	8,270

9 Income tax expense

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

	Group September 2019 N million	Group September 2018 N million	Bank September 2019 N million	Bank September 2018 N million
Current tax expense				
Company Income Tax	256	29	-	-
Capital Gains tax	42	12	42	12
NITDA Levy	153	152	153	152
Total tax expense	451	193	195	164

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 year.

10 Earnings per share

(a) **Basic earnings per share**

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

Weighted average number of ordinary shares

	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Issued ordinary shares at beginning of the year	29,121	29,121	29,121	29,121
Weighted effect of shares issued during the year	29,121	29,121	29,121	29,121

(b) *Profit attributable to ordinary shareholders*

	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
<i>In millions of Nigerian Naira</i>				
Profit for the year attributable to equity holders	14,960	14,273	15,302	15,236
Basic earnings per share (in kobo)	51	49	53	52

(c) **Diluted earnings per share**

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

11 Cash and cash equivalents	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Cash and balances with banks	62,382	97,741	59,901	88,321
Unrestricted balances with central bank	26,892	20,662	26,892	20,662
Money market placements	271,905	115,233	185,283	50,115
	361,179	233,636	272,076	159,098
ECL Impairment on cash and cash equivalents	(70)	(70)	(70)	(70)
	361,109	233,566	272,006	159,028

12 Financial assets at fair value through profit or loss	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Government bonds	6,323	-	6,323	-
Treasury bills	47,402	14,271	47,402	14,271
	53,725	14,271	53,725	14,271

13 Pledged assets Financial assets that may be repledged or resold by counterparties	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Treasury bills	39,297	4,060	39,297	4,060
Bonds	29,130	44,685	29,130	44,685
Placement	275	94	275	94
	68,702	48,839	68,702	48,839

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

14 Derivative financial instruments	Group		30 September 2019		31 December 2018	
			Assets	Liabilities	Assets	Liabilities
			N million	N million	N million	N million
Instrument Type:						
FX swaps			-	291	1,029	-
Non-deliverable futures			-	-	-	1,120
			-	291	1,029	1,120
Instrument Type:						
FX swaps			-	291	1,029	-
Non-deliverable futures			-	-	-	1,117
			-	291	1,029	1,117

The Group uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risks. The instruments used include forward contracts and cross currency linked forward contracts.

15 Loans and advances to customers at amortised cost

(a)	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	N million	N million	N million	N million
FCY Loans	270,359	261,229	225,001	214,957
LCY Loans	296,124	258,439	296,124	258,439
Gross amount	566,483	519,668	521,125	473,396
IFRS 9				
Stage 1 impairment	(7,477)	(8,994)	(7,288)	(8,822)
Stage 2 impairment	(8,298)	(6,402)	(8,294)	(6,388)
Stage 3 impairment	(21,838)	(30,810)	(20,445)	(30,149)
Total impairment	(37,613)	(46,206)	(36,027)	(45,359)
Carrying amount	528,870	473,462	485,098	428,037

16 Investment in equity accounted investee

	Group September 2019	Group 31 December 2018	Bank September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Cost				
Balance, beginning of the year	115	115	91	91
(Impairments) /increase in value	(115)	(115)	(91)	(91)
Balance, end of the year	-	-	-	-

17 Investment securities

	Group September 2019	Group 31 December 2018	Bank September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Investment securities at fair value through other comprehensive income (FVOCI) (see note (a) below)	167,825	144,199	144,718	124,417
Investment at fair value through profit or loss (FVTPL) (see note (b) below)	37,572	37,048	37,572	37,048
Investment securities at amortised cost (see note (c) below)	45,195	18,133	41,446	13,666
Impairment on securities (see note (c) below)	(63)	(63)	(63)	(63)
	250,529	199,317	223,673	175,068

	Group September 2019	Group 31 December 2018	Bank September 2019	Bank 31 December 2018
	N million	N million	N million	N million
(a) <i>Investment securities at fair value through other comprehensive income comprise:</i>				
- <i>Investments in debt securities:</i>				
Treasury bills	129,476	111,096	106,369	91,315
FGN Bonds	19,654	25,116	19,654	25,116
State Bonds	3,150	3,146	3,150	3,146
Corporate Bonds	1,440	1,445	1,440	1,445
FGN Promissory note	10,397	-	10,397	-
Total investment in debt securities	164,117	140,803	141,010	121,022
- <i>Equity instruments at fair value through other comprehensive income comprise:</i>				
Equity: Quoted see (i) below	2,195	2,195	2,195	2,195
Unquoted see (ii) below	1,513	1,200	1,513	1,200
Net Total -Equity instruments	3,708	3,395	3,708	3,395
Total investment securities at FVTOCI	167,825	144,198	144,718	124,417
	Group September 2019	Group 31 December 2018	Bank September 2019	Bank 31 December 2018
	N million	N million	N million	N million
(i) Investment in REIT	2,195	2,195	2,195	2,195
(ii) Investment in unquoted equities				
Nigeria Auto Clearing System	356	356	356	356
Credit Reference Company	59	59	59	59
Central Securities Clearing System	100	100	100	100
Sanef Ltd	50	-	50	-
Unique Venture Funds Ltd	948	685	948	685
	1,512	1,200	1,512	1,200
Total	3,707	3,395	3,707	3,395

(b) *Investment at fair value through profit or loss comprise:*

Investment in equity				
Afrexim Bank	3,506	3,292	3,506	3,292
Africa Finance Corporation (AFC)	34,066	33,756	34,066	33,756
	37,572	37,048	37,572	37,048

(c) *Fixed income securities at amortised cost comprise:*

Treasury bills	3,749	4,467	-	-
Federal Government of Nigeria -Bonds	33,669	3,151	33,669	3,151
State Government of Nigeria -Bonds	7,777	10,515	7,777	10,515
Total - Fixed income	45,195	18,133	41,446	13,666

Stage 1 impairment	(63)	(63)	(63)	(63)
Total impairment	(63)	(63)	(63)	(63)
Net Total -Fixed income securities	209,249	158,873	182,393	134,625

Total investment securities	250,529	199,316	223,673	175,068
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18 Trading properties

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

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Balance, beginning of year	186	1,153	187	187
Disposal	-	(967)	-	-
Balance, end of year	186	186	187	187

19 Investment Properties

These investment properties were last revalued during the year ended 31 December 2017 by Messrs. Bode Adediji Partnership, a firm of estate surveyors and valuers, using the open market basis of valuation, and their reports were dated 31 December 2017 for UBN Property Company Limited respectively. As at 30 September 2019, the Directors are of the opinion that there were no material fluctuations in the value of the Bank's investment properties since the last valuation.

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Balance, beginning of the year	5,030	4,951	-	-
Additions to investment property	243	79	-	-
Balance, end of the year	5,273	5,030	-	-

20 Investment in subsidiaries

Cost

	Bank 30 September 2019	Bank 31 December 2018
	N million	N million
UBN Property Company Plc	2,195	2,195
Union Bank UK Plc	8,372	8,372
	10,567	10,567

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

Company Name	Country Incorporation	Nature of business	Direct ownership interest	
			30 September 2019	31 December 2018
			Status/%	Status/%
UBN Property Company Plc (i)	Nigeria	Property Development	39	39
Union Bank UK Plc (ii)	United Kingdom	Licensed UK Bank	100	100

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

The Company has 5,626,416,051 ordinary shares of N1.00 each of which 39.01% (December 2018 - 39.01%) is held by the Bank. In line with IFRS 10- Consolidated Financial Statement, Union Bank of Nigeria Plc has control over this entity as it has the power, exposure to variability of returns and a strong link between power and variability of returns. The Bank also governs the financial and operating policies of UBN Property Company Limited.

(ii) **Union Bank UK Plc (Registered office at 1 King's Arms Yard, London, EC2R 7AF)**

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

21 **Property and equipment**

(a) **Group:**

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

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	N million	N million	N million	N million	N million	N million	N million	N million
Cost								
Balance at 1st January, 2019	13,275	21,865	17,473	4,549	26,693	2,096	2,716	88,668
Exchange difference	-	-	1	-	31	-	-	32
Additions	25	207	2,240	327	1,915	62	(1,289)	3,487
Disposals	-	(8)	-	(34)	(75)	(7)	-	(124)
Reclassification to other assets	-	1	(6)	-	(10)	-	-	(15)
Balance as at 30 September 2019	<u>13,300</u>	<u>22,065</u>	<u>19,708</u>	<u>4,842</u>	<u>28,554</u>	<u>2,151</u>	<u>1,427</u>	<u>92,048</u>
Balance at 1st January, 2018	13,092	22,087	15,643	3,862	22,155	3,226	1,502	81,568
Exchange difference	-	-	8	-	19	-	-	27
Additions	211	7	1,352	660	4,453	219	2,714	9,616
Disposals	(84)	(229)	(33)	(51)	(679)	(1,349)	-	(2,425)
Reclassification to other assets	56	-	503	79	745	-	(1,500)	(117)
Balance as at 31 December 2018	<u>13,275</u>	<u>21,865</u>	<u>17,473</u>	<u>4,549</u>	<u>26,693</u>	<u>2,096</u>	<u>2,716</u>	<u>88,668</u>
Depreciation and impairment losses								
Balance at 1st January 2019	-	6,412	2,215	1,913	16,754	1,420	-	28,714
Exchange difference	-	-	-	-	40	-	-	40
Charge for the period	-	305	285	317	2,946	204	-	4,057
Disposals	-	(1)	-	(23)	(68)	(7)	-	(99)
Write-off/Adj	-	-	-	-	(6)	(2)	-	(8)
Balance as at 30 September 2019	<u>-</u>	<u>6,717</u>	<u>2,500</u>	<u>2,207</u>	<u>19,666</u>	<u>1,614</u>	<u>-</u>	<u>32,704</u>
Balance at 1st January, 2018	-	6,043	1,899	1,563	13,539	2,537	-	25,582
Charge for the year	-	410	341	388	3,855	227	-	5,221
Disposals	-	(40)	(31)	(38)	(667)	(1,345)	-	(2,121)
Exchange difference	-	-	6	-	1	-	-	7
Reclassifications	-	-	-	-	26	-	-	26
Balance as at 31 December 2018	<u>-</u>	<u>6,412</u>	<u>2,215</u>	<u>1,913</u>	<u>16,754</u>	<u>1,420</u>	<u>-</u>	<u>28,714</u>
(iii) Net Book Value								
Balance as at 30 September 2019	<u>13,300</u>	<u>15,348</u>	<u>17,208</u>	<u>2,636</u>	<u>8,889</u>	<u>537</u>	<u>1,427</u>	<u>59,344</u>
Balance as at 31 December 2018	<u>13,275</u>	<u>15,453</u>	<u>15,258</u>	<u>2,637</u>	<u>9,939</u>	<u>677</u>	<u>2,716</u>	<u>59,954</u>

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

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

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

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2018: nil)

(b) **Bank:**

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

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
(i) Cost								
Balance at 1st January 2019	13,249	21,865	17,361	4,550	26,422	2,042	2,714	88,203
Additions	25	207	2,241	327	1,911	62	(1,289)	3,485
Disposals	-	(8)	-	(34)	(75)	(7)	-	(124)
Reclassifications	-	-	(6)	(0)	(10)	-	-	(16)
Balance as at 30 September 2019	13,274	22,064	19,596	4,842	28,248	2,097	1,425	91,547
Balance at 1st January 2018	13,066	22,087	15,539	3,862	21,912	3,172	1,500	81,139
Additions	211	7	1,352	660	4,448	219	2,714	9,610
Disposals	(84)	(229)	(33)	(51)	(682)	(1,349)	-	(2,428)
Reclassifications to other assets	56	-	503	79	745	-	(1,500)	(117)
Balance as at 31 December 2018	13,249	21,865	17,361	4,550	26,422	2,042	2,714	88,204

	Land	Buildings	Leasehold improvement	Fixtures and fittings	Furniture & equipment	Motor vehicles	Capital work in progress	Total
	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million	₦ million
(ii) Accumulated depreciation								
Balance at 1st January 2019	-	6,440	2,138	1,913	16,508	1,374	-	28,374
Charge for the period	-	305	274	317	2,939	201	-	4,036
Disposals	-	(1)	-	(23)	(68)	(7)	-	(99)
Reclassifications	-	-	-	-	(5)	-	-	(5)
Balance as at 30 September 2019	-	6,745	2,412	2,207	19,373	1,569	-	32,306
Restated balance at 1st January 2018	-	6,071	1,843	1,563	13,365	2,495	-	25,337
Charge for the year	-	410	326	388	3,809	224	-	5,156
Disposals	-	(40)	(31)	(38)	(666)	(1,345)	-	(2,119)
Balance as at 31 December 2018	-	6,440	2,138	1,913	16,508	1,374	-	28,374
(iii) Net Book Value								
Balance as at 30 September 2019	13,274	15,320	17,184	2,635	8,875	529	1,425	59,242
Balance as at 31 December 2018	13,249	15,425	15,223	2,636	9,915	668	2,714	59,830

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

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

(vi) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (December 2018: nil)

22 Intangible assets

	Group 30 September 2019 N million	Group 31 December 2018 N million	Bank 30 September 2019 N million	Bank 31 December 2018 N million
Cost				
Balance, beginning of the year	12,743	9,229	11,365	8,143
Additions	1,221	3,500	1,304	3,222
Exchange translation difference	-	14	-	-
Balance, end of period	13,964	12,743	12,669	11,365
Amortization and impairment losses				
Balance, beginning of the year	6,698	4,885	5,737	4,194
Amortisation for the year	1,509	1,762	1,437	1,543
Reclassification	-	(26)	-	-
Exchange translation difference	-	77	-	-
Balance, end of period	8,207	6,698	7,174	5,737
Carrying amounts as at period end	5,757	6,045	5,495	5,628
Balance as at 1 January	6,045	3,374	5,628	3,949

- (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 2018: nil)

23 Right of Use Assets

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
Gross Amount	3,183	-	3,183	-
Depreciation Expense	(102)	-	(102)	-
Carrying Amount as at period end	3,081	-	3,081	-

Following the adoption of IFRS 16, the Group as a lessee has recognised right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated.

24 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

30 September 2019

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

Deferred tax liabilities

	Liabilities N million	Net N million
Property, equipment, and software	240	240
Net tax assets (liabilities)	240	240
Net deferred tax		95,635

31 December 2018

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

Deferred tax liabilities

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

Bank

30 September 2019

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

31 December 2018

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

Deferred tax assets and liabilities

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

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	N million	N million	N million	N million
Balance, beginning of the year	95,720	95,809	95,875	95,875
Credit for the year	(85)	(132)	-	-
Net deferred tax assets/(liabilities)	95,635	95,720	95,875	95,875
<i>Made up of</i>				
Deferred tax assets	102,914	7,039	102,914	102,914
Deferred tax liabilities	(7,039)	(7,039)	(7,039)	(7,039)

Recognised and unrecognised deferred tax assets

Recognition of deferred tax assets of N95,875 (December 2018: N95,875) is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicate that it is probable that the Group's entities will have taxable profits against which these assets can be utilized.

25 Other assets

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Cash Reserve Requirement	275,066	256,345	275,066	256,345
Excess CRR balance to be refunded (see (i))	25,523	25,523	25,523	25,523
Total Cash Reserve Requirement (see (ii))	300,589	281,868	300,589	281,868
Other assets:				
Clearing	2,299	1,793	2,299	1,793
Accounts receivable	1,321	1,089	282	287
Prepayments	7,939	4,596	7,764	4,420
Receivable on FX forward (see (iii))	20,360	14,773	20,360	14,773
Sundry assets (see (iv))	41,204	28,007	41,248	27,520
	73,123	50,258	71,953	48,793
Impairment on other assets	(7,612)	(7,849)	(6,418)	(6,658)
Net other assets	65,511	42,409	65,535	42,135
	366,100	324,277	366,124	324,003

- (i) The MPC meeting held on Sept 19-20, 2019 maintained CRR at 22.5% . The excess CRR funds are only released to banks to fund approved eligible real sector projects. The amount refundable to the Bank is N25.523 billion (Dec. 2018: N25.523 billion).
- (ii) The Bank had restricted balances of N300.589 billion (December 2018: N281.868billion) with the Central Bank of Nigeria (CBN) as at 30 September 2019, representing the cash reserve requirement (CRR). The CRR is a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. The CRR is non interest bearing and is not available for use in the Group's day-to-day operations. As at 30 September 2019, the CRRs in force was 22.5% (Dec 2018: 22.5%).

(iii) **Receivable on FX forward**

The balance represents the value of foreign currency receivable on forward transactions with Central Bank of Nigeria.

(iv) **Other Sundry assets**

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Frauds and losses	1,544	1,501	1,544	1,501
Advance payments for PPE	771	1,665	771	1,665
Receivable from Union Homes	961	1,927	961	1,927
Property under dispute	1,352	1,352	1,352	1,352
Garnishee Order	1,301	1,306	1,301	1,306
Status Car loan	32	480	32	480
ATM receivable	2,781	3,187	2,781	3,187
Dividend Receivable	396	432	396	432
Receivable on electronic transfers and collections	13,062	2,941	13,062	2,941
Master/Visa card electronic settlement	324	1,501	324	1,501
Deposits for SMEE investments	2,358	1,436	2,358	1,436
Discounted Fx Forwards	3,964	1,163	3,964	1,163
Prepaid inventory items	333	279	333	279
Cash in Transit	5,087	1,005	5,087	1,005
Receivable for FX purchase	999	3,303	999	3,303
Other account balances	5,938	4,531	5,982	4,047
Balance, end of year	41,204	28,007	41,248	27,520

26 Deposits from banks

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Other deposits from banks	116,934	99,477	3,626	-
	116,934	99,477	3,626	-

27 Deposits from customers

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Term deposits	216,481	245,600	211,254	234,384
Current deposits	427,719	384,869	417,424	382,905
Savings	248,708	227,124	248,708	227,124
	892,908	857,593	877,386	844,413
Low-cost deposits	676,427	611,993	666,132	610,029
Low-cost deposits as % of total customer deposits	75.8%	71.4%	75.9%	72.2%
Deposits by currency				
Local currency deposits	646,020	658,523	646,020	658,523
Foreign currency deposits	246,888	199,070	231,366	185,890
	892,908	857,593	877,386	844,413

28 Current tax liabilities

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Balance, beginning of year	581	524	232	271
Foreign exchange translation difference	-	14	-	-
Charge for the year	452	361	195	222
Payments during the year	(701)	(318)	(223)	(261)
Balance, end of year	332	581	204	232

29 Other liabilities

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Deposits for foreign currency	94,974	63,974	94,974	63,974
Due to foreign correspondent banks	27,688	31,594	27,688	31,594
PAYE and other statutory deductions	1,097	932	1,097	873
Draft and Bills payable	4,535	5,325	4,535	5,325
AMCON contribution payable	2,270	2,270	2,270	2,270
Creditors and accruals (see (a) below)	5,325	5,454	4,921	5,431
Unearned income	485	486	485	486
Provision for claims and contingencies (see (b) below)	2,534	3,070	2,534	3,070
Accounts payable	6,147	5,981	6,147	5,744
OBB/REPO takings	11,302	-	11,302	-
Insurance premium payable	585	90	585	90
Electronic collections and other e-payment liabilities	23,814	45,747	23,814	45,747
Payable for unsettled financial assets	39,263	-	39,263	-
Liability for pledged assets	95,389	-	95,389	-
Liability for investment contract	53,797	-	53,797	-
Other credit balances	19,263	4,523	18,682	4,016
	388,468	169,653	387,484	168,827

(a) **Creditors and accruals**

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Accrued IT Consumables	692	393	692	393
Accruals for professional and consultancy fees	214	404	214	404
Accrued Training Expenses	196	281	196	281
Accrued Advert And Public Relations Fees	251	224	251	224
Accrual for staff related allowances	2,077	3,578	2,077	3,578
Accrued Rent	322	296	322	296
Accrued others	1,573	278	1,169	255
	5,325	5,454	4,921	5,431

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

	Group 30 September 2019	Group December 2018	Bank 30 September 2019	Bank December 2018
	N million	N million	N million	N million
Balance, beginning of year	3,070	2,978	3,070	2,978
Charge/reversal during the year	(536)	92	(536)	92
Balance, end of the year	2,534	3,070	2,534	3,070

30 Employee benefit obligations

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Post employment benefit obligation (see (a) below)	80	89	80	89
Other long-term employee benefits	741	699	739	697
	821	788	819	786

(a) Post employment benefit obligation

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Defined contribution scheme (see (i) below)	80	89	80	89
	80	89	80	89
Defined benefit asset	1,671	1,610	1,671	1,610
Net defined benefit obligation	1,671	1,610	1,671	1,610

(i) Defined Contribution Scheme

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Balance, beginning of year	89	124	89	124
Charge during the year	477	623	477	623
Contribution remitted during the year	(486)	(658)	(486)	(658)
Balance, end of year	80	89	80	89

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

(ii) Defined benefit obligation

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

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

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

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

Length of service	Transaction officer and below	Executive trainee-Manager	SM - GM
10 years	10% of Annual Basic Salary Cash Award of N75,000	10% of Annual Basic Salary Cash Award of N120,000	10% of Annual Basic Salary Cash Award of N150,000.00
15 years	15% of Annual Basic Salary Cash Award of N100,000	15% of Annual Basic Salary Cash Award of N175,000	15% of Annual Basic Salary Cash Award of N180,000.00
20 years	20% of Annual Basic Salary Cash Award of N125,000	20% of Annual Basic Salary Cash Award of N220,000	20% of Annual Basic Salary Cash Award of N250,000.00
25 years	25% of Annual Basic Salary Cash Award of N150,000	25% of Annual Basic Salary Cash Award of N250,000	25% of Annual Basic Salary Cash Award of N375,000.00
30 years	30% of Annual Basic Salary Cash Award of N175,000	30% of Annual Basic Salary Cash Award of N300,000	30% of Annual Basic Salary Cash Award of N625,000.00
35 years	35% of Annual Basic Salary Cash Award of N250,000	35% of Annual Basic Salary Cash Award of N375,000	35% of Annual Basic Salary Annual Basic Salary

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

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	₦ million	₦ million	₦ million	₦ million
Present value of unfunded obligation	741	699	739	697
Total present value of the obligation	741	699	739	697
Present value of net obligation	741	699	739	697
Recognized liability for defined benefit obligations	741	699	739	697

31 Debt securities issued

	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Short term bonds	7,152	7,369	7,152	7,369
Long term bonds	6,250	6,491	6,250	6,491
	13,402	13,860	13,402	13,860

Amount represents debt Issuance Program. The Short term bonds are senior unsecured fixed rate bonds with a maturity tenor of three (3) years. The Long term bonds are senior unsecured fixed rate bonds with a maturity tenor of seven (7) years.

32 Long Term Subordinated bond

	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Series 3 bonds	30,667	-	30,667	-
	30,667	-	30,667	-

Amount represents a N30 billion subordinated unsecured fixed rate bonds. It forms part of the N100 billion domestic bond programme of the bank.

33 Other borrowed funds

	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Due to CAC (see (a))	8,404	11,954	8,404	11,954
BOI on-lending facilities (see note (b))	3,251	3,923	3,251	3,923
CBN RSS-on lending (see (c))	20,001	20,069	20,001	20,069
Trade finance lending (see (d))	53,928	23,572	53,928	23,572
Other borrowings (see (e))	27,167	35,373	27,255	35,457
SME on-lending scheme	90	-	90	-
	112,841	94,891	112,929	94,975

(a) This represents the outstanding balance on an unsecured facility of N18,167,000,000 disbursed by the Central Bank of Nigeria (CBN), as part of its developmental role, in collaboration with the Federal Government of Nigeria represented by the Federal Ministry of Agriculture and Water Resources which established the Commercial Agriculture Credit Scheme for promoting agricultural enterprises in Nigeria. The funds are made available to participating banks at zero cost, for on lending to commercial agricultural enterprises at a maximum rate of 9.00% p.a.

(b) This represents the outstanding balance of an intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing / or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility is secured by Federal Government of Nigeria securities worth N6.0 billion (Dec. 2018: N6 billion) and has a 15-period tenor and repayable quarterly.

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

(c) The amount of N20.0bn (December 2018: N20.1bn) represents the outstanding balance on the Real Sector Support Facility (RSSF). The Facility is given by the Central Bank of Nigeria to support large enterprises for startups and expansion financing needs. The real sector activities targeted by the Facility are manufacturing, agricultural value chain and selected service sub-sectors. The Facility is administered at an all-in Interest rate/charge of 9% per annum payable on quarterly basis. The Central Bank of Nigeria is entitled to earn 3% as interest while the Bank makes a 6% Spread.

(d) Trade finance lending includes balances from the following financial institutions:

	Bank	Bank	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	\$ million	\$ million	N million	N million
Mashreq Bank	52	20	18,701	7,235
Union Bank, UK	-	0	-	84
Access Bank UK	62	40	22,519	14,437
Zenith Bank UK	10	-	3,642	-
UBA New York	25	5	9,067	1,816
	149	66	53,928	23,572

(e) Other borrowings consists of the balances of foreign currency denominated liabilities obtained from the financial institution below:

	Bank	Bank	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	\$ million	\$ million	N million	N million
Afreximbank	75	99	27,255	35,457
	75	99	27,255	35,457

34 Discontinued operations

Assets classified as held for sale

	Group	Group	Bank	Bank
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	N million	N million	N million	N million
Investments in subsidiaries	-	-	325	325
Investment properties	188	188	-	-
Other assets	209	209	-	-
	397	397	325	325

35 Capital and reserves

Share capital	Group 30 September 2019 N million	Group 31 December 2018 N million	Bank 30 September 2019 N million	Bank 31 December 2018 N million
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- (a) Authorised :
35,000,000,000 (Dec 2018: 35,000,000,000) Ordinary shares of 50 kobo each

	17,500	17,500	17,500	17,500
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- (b) Issued and fully paid -
29,120,752,788 (Dec. 2018: 29,120,752,788) Ordinary shares of 50kobo each

	14,561	14,561	14,561	14,561
	14,561	14,561	14,561	14,561
Balance, beginning of year	14,561	14,561	14,561	14,561
Balance, end of year	14,561	14,561	14,561	14,561

(c) **Share premium**

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

	Group 30 September 2019 N million	Group 31 December 2018 N million	Bank 30 September 2019 N million	Bank 31 December 2018 N million
Balance, beginning of year	187,091	187,091	187,091	187,091
Balance, end of year	187,091	187,091	187,091	187,091
Share capital and share premium	201,652	201,652	201,652	201,652

(d) **Other reserves**

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

	Group 30 September 2019 N million	Group 31 December 2018 N million	Bank 30 September 2019 N million	Bank 31 December 2018 N million
Statutory reserves	31,092	28,797	31,092	28,797
Fair value reserve	16,461	14,482	15,346	13,335
Regulatory risk reserve	1,392	-	1,392	-
Share based Payment reserve	282	282	282	282
Translation reserve	16,738	16,660	1,895	1,895
Excess clawback reserves	(14,918)	(14,918)	(14,918)	(14,918)
SMEEIES/AGSMEIS reserve	8,210	8,210	8,210	8,210
Capital reserve	5,489	5,489	5,489	5,489
Impairment on instruments at FVTOCI	38	38	38	38
Equity component of employee benefit remeasurement	3,044	3,044	3,044	3,044
	67,828	62,084	51,869	46,171

(i) Statutory reserves

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital. The Bank made a transfer of N2,295million to statutory reserves during the period ended 30 September 2019 (30 September 2018: N2,285million).

(ii) Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of financial instruments at fair value through other comprehensive income.

(iii) Regulatory risk reserve

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

(iv) Other reserves

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

(v) Agricultural/Small and Medium Enterprises Investment Scheme (AGSMEIS/SMEEIS):

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contribution was 10% of profit after tax for the first 5 periods, and thereafter reduced to 5% of profit after tax.

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

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

(vi) Translation reserve

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

(vii) Excess Capital Clawback

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

The Financial Accommodation provided by AMCON exceeded the Bank's Completion NAV of zero, calculated as at 31 December 2011, by N14.918 billion. This excess amount was refunded to AMCON during the year ended 31st December, 2012.

(viii) Share based payment reserve

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

The movement is shown below

	Group 30 September 2019	Group 31 December 2018	Bank 30 September 2019	Bank 31 December 2018
	N million	N million	N million	N million
Balance, beginning of year	282	193	282	193
Share transferred during the year	-	89	-	89
Balance, end of year	282	282	282	282

(e) **Retained earnings**

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

36 Non-controlling Interest

	Group	Group
	30 September	31 December
<i>Movement in the non controlling interest</i>	2019	2018
	N million	N million
Balance, beginning of year	6,276	5,831
Profit/(loss) for the year	232	445
Balance, end of year	6,508	6,276

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

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

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the Group was N235,096 million (December 2018: N161,936 million).

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

	Group	Group	Bank	Bank
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	N million	N million	N million	N million
Performance bonds and guarantees	105,843	89,515	105,843	89,515
Letters of credit	129,254	72,421	129,254	72,421
Gross total off-balance sheet assets	235,096	161,936	235,096	161,936
IFRS 9 impairment on off balance sheet exposures	(94)	(207)	(94)	(207)
Total off-balance sheet assets after impairment	235,002	161,729	235,002	161,729