UNITED BANK FOR AFRICA PLC

Condensed Consolidated Financial Statements for the three months ended 31 March 2017

United Bank for Africa Plc

Condensed Consolidated and Separate Statements of Comprehensive Income
For the three months ended 31 March

In millions of Nigerian Naira	*Notes*	Group 2017	Group 2016
Gross earnings		**101,249**	**73,658**
Interest income	5	76,764	53,816
Interest expense	6	(25,175)	(20,520)
Net interest income		**51,589**	**33,296**
Fees and commission income	7	16,502	15,299
Fees and commission expense	8	(3,507)	(2,376)
Net fee and commission income		**12,995**	**12,923**
Net trading and foreign exchange income	9	7,746	3,489
Other operating income	10	237	1,054
Total non-interest income		**20,978**	**17,466**
Operating income		**72,567**	**50,762**
Net impairment loss on loans and receivables	11	(3,103)	(527)
Net operating income after impairment loss on loans and receivables		**69,464**	**50,235**
Employee benefit expenses	12	(16,667)	(13,803)
Depreciation and amortisation	13	(2,345)	(2,006)
Other operating expenses	14	(25,011)	(16,334)
Total operating expenses		**(44,023)**	**(32,143)**
Share of profit/(loss) of equity-accounted investee	23(b)	29	(9)
Profit before income tax		**25,470**	**18,083**
Taxation charge	15	(3,120)	(1,097)
Profit for the period		**22,350**	**16,986**
Other comprehensive income			
Items that will be reclassified to income statement:			
Exchange differences on translation of foreign operations		400	923
Fair value (losses)/gains on available-for-sale investments:			
Net fair value gains/(losses) during the period		1,132	(3,196)
Other comprehensive income, net of tax		**1,532**	**(2,273)**
Total comprehensive income for the period		**23,882**	**14,713**
Profit attributable to:			
Owners of Parent		21,483	16,683
Non-controlling interest		867	303
Profit for the period		**22,350**	**16,986**
Total comprehensive income attributable to:			
Owners of Parent		22,787	14,086
Non-controlling interest		1,095	627
Total comprehensive income for the period		**23,882**	**14,713**
Basic and diluted earnings per share expressed in Naira	16	0.63	0.49

The accompanying notes are an integral part of these condensed consolidated financial statements.

United Bank for Africa Plc

Condensed Consolidated and Separate Statements of Financial Position

As at	Notes	Group	
In millions of Nigerian Naira		Mar. 2017	Dec. 2016
ASSETS			
Cash and bank balances	17	789,944	760,930
Financial assets held for trading	18	73,095	52,295
Derivative assets	24	8,874	10,642
Loans and advances to banks	19	21,228	22,765
Loans and advances to customers	20	1,538,992	1,505,319
Investment securities	21	1,019,375	970,392
Other assets	22	55,573	37,849
Investment in equity-accounted investee	23	2,954	2,925
Property and equipment		97,789	93,932
Intangible assets		14,409	14,361
Deferred tax assets		33,060	33,060
TOTAL ASSETS		**3,655,293**	**3,504,470**
LIABILITIES			
Derivative liabilities	24	260	14
Deposits from banks	25	103,736	109,080
Deposits from customers	26	2,598,460	2,485,610
Other liabilities	27	116,769	110,596
Current tax liabilities	15	4,713	5,134
Borrowings	28	273,841	259,927
Subordinated liabilities	29	85,501	85,978
Deferred tax liabilities		62	62
TOTAL LIABILITIES		**3,183,342**	**3,056,401**
EQUITY			
Share capital		18,140	18,140
Share premium		117,374	117,374
Retained earnings		160,106	138,623
Other reserves		162,018	160,714
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		457,638	434,851
Non-controlling interests		14,313	13,218
TOTAL EQUITY		471,951	448,069
TOTAL LIABILITIES AND EQUITY		**3,655,293**	**3,504,470**

The accompanying notes are an integral part of these condensed consolidated financial statements.

Approved by the board of directors on April 25, 2017.

Ugo A. Nwaghodoh
Group Chief Finance Officer
FRC/2012/ICAN/00000000272

Kennedy Uzoka
Group Managing Director/CEO
FRC/2013/IODN/00000015087

Tony O. Elumelu , CON
Chairman, Board of Directors
FRC/2013/CIBN/00000002590

United Bank for Africa Plc

Condensed Consolidated and Separate Statements of Changes in Equity

Group

In millions of Nigerian Naira	Attributable to equity holders of the parent										
	Share Capital	Share premium	Translation reserve	Regulatory credit risk reserve	Fair value reserve	Treasury shares	Statutory reserve	Retained earnings	Total	Non-Controlling interest	Total equity
For the three months ended 31 March 2017											
At 1 January 2017	**18,140**	**117,374**	**28,799**	**31,375**	**58,274**	**(31,600)**	**73,866**	**138,623**	**434,851**	**13,218**	**448,069**
Profit for the period	-	-	-	-	-	-	-	21,483	**21,483**	867	**22,350**
Exchange differences on translation of foreign operations	-	-	172	-	-	-	-	-	**172**	228	**400**
Fair value change in (available-for-sale) financial assets	-	-	-	-	1,132	-	-	-	**1,132**	-	**1,132**
Total comprehensive income for the period	**-**	**-**	**172**	**-**	**1,132**	**-**	**-**	**21,483**	**22,787**	**1,095**	**23,882**
At 31 March 2017	**18,140**	**117,374**	**28,971**	**31,375**	**59,406**	**(31,600)**	**73,866**	**160,106**	**457,638**	**14,313**	**471,951**
For the three months ended 31 March 2016											
At 1 January 2016	**18,140**	**117,374**	**(5,654)**	**18,167**	**31,348**	**(32,061)**	**65,450**	**113,063**	**325,827**	**6,794**	**332,621**
Profit for the period	-	-	-	-	-	-	-	16,683	**16,683**	303	**16,986**
Exchange differences on translation of foreign operations	-	-	599	-	-	-	-	-	**599**	324	**923**
Fair value change in (available-for-sale) financial assets	-	-	-	-	(3,196)	-	-	-	**(3,196)**	-	**(3,196)**
Total comprehensive income for the period	-	-	599	-	(3,196)	-	-	16,683	**14,086**	627	**14,713**
At 31 March 2016	**18,140**	**117,374**	**(5,055)**	**18,167**	**28,152**	**(32,061)**	**65,450**	**129,746**	**339,913**	**7,421**	**347,334**

United Bank for Africa Plc
Condensed Consolidated and Separate Statements of Cash Flows

For the three months ended 31 March	*Notes*	Group 2017	Group 2016
In millions of Nigerian Naira			
Cash flows from operating activities			
Profit before income tax		**25,470**	**18,083**
Adjustments for:			
Depreciation of property and equipment	13	1,990	1,727
Amortisation of intangible assets	13	355	279
Specific impairment charge on loans to customers	11	3,298	878
Portfolio impairment charge on loans to customers	11	551	(216)
Portfolio impairment charge/(reversal) on loans to banks	11	(235)	(17)
Write-off of loans and advances	11	232	338
Impairment (reversal)/charge on other assets	11	(282)	20
Net fair value loss on derivatives	9	2,014	302
Dividend income	10	-	(832)
Gain on disposal of property and equipment		(11)	-
Foreign currency revaluation (gain)/loss	9	(833)	(320)
Net interest income		(51,589)	(33,296)
Share of (profit)/loss of equity-accounted investee		(29)	9
		(19,069)	**(13,045)**
Change in financial assets held for trading		(17,044)	(17,850)
Change in cash reserve balance		(10,373)	(24,690)
Change in loans and advances to banks		1,772	8,479
Change in loans and advances to customers		(37,754)	(13,787)
Change in money market placements		(24,247)	(17,608)
Change in other assets		(17,220)	(7,980)
Change in deposits from banks		(5,344)	30,018
Change in deposits from customers		112,850	(75,508)
Change in other liabilities and provisions		6,173	5,653
Interest received		77,112	53,996
Interest paid		(17,949)	(21,035)
Income tax paid		(3,541)	(3,475)
Net cash from operating activities		**45,366**	**(96,832)**
Cash flows from investing activities			
(Purchase)/Proceeds of investment securities		(48,199)	60,722
Purchase of property and equipment		(5,847)	(1,182)
Proceeds from disposal of property and equipment		11	-
Dividend received		-	832
Purchase of intangible assets		(403)	(129)
Net cash used in investing activities		**(54,438)**	**60,243**
Cash flows from financing activities			
Proceeds from borrowings		20,803	9,346
Repayment of borrowings		(14,592)	-
Net cash from financing activities		**6,211**	**9,346**
Net (decrease)/increase in cash and cash equivalents		(2,861)	(27,243)
Effects of exchange rate changes on cash and cash equivalents		1,011	25
Cash and cash equivalents at beginning of period	17	381,043	347,856
Cash and cash equivalents at end of period	17	379,193	320,638

The accompanying notes are an integral part of these condensed consolidated financial statements.

1 General Information

United Bank for Africa Plc (the "Group") is a Nigerian registered company with address at 57 Marina, Lagos, Nigeria. The condensed consolidated financial statements of the Group for the three months ended 31 March 2017 comprise the Bank (Parent) and its subsidiaries (together referred to as the "Group" and individually referred to as Group entities"). The Bank and its subsidiaries are primarily involved in corporate, commercial and retail banking, trade services, cash management, treasury and custodial services.

2 Basis of preparation

These condensed financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB).
The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.
The same accounting policies and methods of computation were followed in preparation of these condensed financial statements as compared with the most recent annual financial statements. There was no change in accounting policy in the period.

3 Significant accounting policies

3.1 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following:
- Derivative financial instruments which are measured at fair value.
- Financial assets held for trading which are measured at fair value.
- Available-for-sale financial instruments which are measured at fair value.

3.2 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Nigerian Naira (N) which is the Bank's functional currency and the Group's presentation currency.

3.3 Use of estimates and judgements

The preparation of financial statements requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. There were no material changes in management's estimates during the period.

3.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries (including structured entities) are entities controlled by the Group. Control exists when the Group has rights to variable returns from its involvement in an entity and has the ability to affect those returns through its power over the entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date control ceases.

The accounting policies of subsidiaries have been changed, where necessary, to align with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests.

In the separate financial statements, investments in subsidiaries are carried at cost less impairment.

3.4 Basis of consolidation - continued

(b) Business combinations

Business combinations are accounted for using the acquisition method.

The Group measures goodwill at the acquisition date as the total of:

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

When this total is negative, a bargain purchase gain is recognised in the income statement.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of any previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in profit or loss.

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

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Transactions eliminated on consolidation

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

(e) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

(f) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates includes goodwill identified on acquisition. In the separate financial statements, investments in associates are carried at cost less impairment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the income statement where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss)' of associates in the income statement.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising on investments in associates are recognised in the income statement.

3.5 Foreign currency

(a) Foreign currency transactions

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

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

(b) Foreign operations

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

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

3.6 Interest income and interest expense

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

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

3.7 Fees and commissions income and expenses

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

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

3.8 Net trading and foreign exchange income

Net trading income and foreign exchange income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net gains or losses on derivative financial instruments measured at fair value through profit or loss are also included in net trading income.

3.9 Dividend income

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of other operating income and recognised gross of the associated withholding tax. The withholding tax expense is included as a component of taxation charge for the relevant period.

3.10 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the forseeable future.
Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.11 Financial instruments

Initial recognition and measurement

Regular purchases and sales of financial assets and liabilities are recognised on the settlement date. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(a) *Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity, and which are not designated as fair value through profit or loss or as available for sale or as loans and receivables. Where the Group sells more than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale assets and the difference between amortised cost and fair value will be accounted for in other comprehensive income.

Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

Interest on held-to-maturity investments is included in the consolidated income statement and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'Net impairment loss on loans and receivables'.

(b) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss upon initial recognition. A financial asset is classified as held-for-trading if acquired or incurred principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short term profit making. Financial assets held for trading are initially recognised at fair value with transaction costs recognised in profit or loss.

Financial assets may be designated at fair value through profit or loss when:

· The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis;

· A group of financial assets is managed and its performance evaluated on a fair value basis;

· The financial assets consist of debt host and an embedded derivatives that must be separated.

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in the income statement in 'net trading and foreign exchange income'.

(c) Available-for-sale

Financial assets classified by the Group as available-for-sale financial assets are generally those that are not designated as another category of financial assets, or investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in fair value reserve in other comprehensive income until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in other comprehensive income are recognised in the income statement.

Interest income, calculated using the effective interest method, foreign currency gains and losses on monetary assets classified as available-for-sale is recognised in the income statement. Dividends received on available-for-sale instruments are recognised in the income statement when the Group's right to receive payment has been established.

(d) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or available-for-sale or those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income using the effective interest rate method. All of the Group's advances are included in the loans and receivables category. The Group's loans and receivables include loans and advances to Groups and customers, trade receivables and cash and Group balances.

(e) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost or fair value through profit or loss. The financial liabilities at fair value through profit or loss are in two sub categories: financial liabilities classified as held for trading and financial liabilities designated at fair value through profit or loss.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller. Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Borrowings and surbodinated liabilities are included as part of financial liabilities measured at amortized cost.

Fair value measurement

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

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

Impairment of financial assets

(a) Assets carried at amortised cost

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

The following factors are considered in assessing objective evidence of impairment:

- whether a loan or other financial assets or any obligation is more than 90 days past due;
- the Group consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments; or
- there is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

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

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

Estimates of changes in future cash flows for groups of assets reflect changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the relevant procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Groups and customers are classified in impairment loss on loans and receivables whilst impairment charges relating to investment securities (held-to-maturity and loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

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

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure, less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

(b) Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.

Write-off policy

The Group writes off a financial asset (and any related allowances for impairment losses) when it is determined that the assets are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions are generally based on a product specific past due status.

Assets pledged as collateral

Financial assets transferred to external parties that do not qualify for de-recognition are included as part of available-for-sale and held to maturity investment securities. They are not reclassified to "assets pledged as collateral" in the statement of financial position because they cannot be re-pledged or resold by counterparties. Initial recognition is at fair value while subsequent measurement is at amortised cost for held to maturity investment securities and fair value for available-for-sale investment securities.

Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Incomes and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

Sale and repurchase agreements and lending of securities

Securities sold subject to linked repurchase agreements are disclosed in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The liability to the counterparty is included in deposit from Groups, or other deposits, as appropriate.

Securities purchased under agreements to resell are recorded as loans granted under resale agreements and included under loans and advances to other Groups or customers as appropriate. The difference between the sale and repurchase price is treated as interest and amortised over the life of the repurchase agreement using the effective interest method.

De-recognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group may enter into transactions whereby it transfers assets , but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Reclassification of financial assets

The Group may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

The Group makes transfers between levels of fair value hierarchy when reliable market information becomes available (such as an active market or observable market input) to the Group.

3.12 Cash and bank balances

Cash and bank balances include notes and coins on hand, current balances with other banks, balances held with central banks and placements with banks which are used by the Group in the management of its short-term commitments.

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

Cash and bank balances are carried at amortised cost in the statement of financial position.

3.13 Trading assets

Trading assets are those assets that the Group acquires principally for the purpose of selling in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are measured at fair value with changes in fair value recognised as part of net trading and foreign exchange income in profit or loss.

3.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value with changes in fair value recognised in the income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

3.15 Property and equipment

(a) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(b) Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* .

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

Land	Not depreciated
Buildings	50 years
Leasehold improvements	Over the shorter of the useful life of item or the lease period
Aircraft	Between 16 and 20 years
Motor vehicles	5 years
Furniture and Fittings	5 years
Computer hardware	5 years
Equipment	5 years
Work in progress	Not depreciated
Lifts*	10 years

*In the financial statements, lifts are not treated as a separate class of property and equipment. They are included as part of Buildings.

Work in progress represents costs incurred on assets that are not available for use. On becoming available for use, the related amounts are transferred to the appropriate category of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

(d) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

3.16 Intangible assets

(a) Goodwill

Goodwill represents the excess of consideration over the Group's interest in net fair value of net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses.

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cashflows from a cash generating unit with the carrying value of its net assets, including attributable goodwill. Impairment losses on goodwill are not reversed.

(b) Software

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

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life not exceeding five years, from the date that it is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

3.17 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses relating to goodwill are not reversed in future periods.

3.18 Repossessed collateral

Repossessed collateral represents financial and non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and included in the relevant assets depending on the nature and the Group's intention in respect of recovery of these assets; and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Where repossessed collateral results in acquiring control over a business, the business combination is accounted for using the acquisition method of accounting with fair value of the settled loan representing the cost of acquisition (refer to the accounting policy for consolidation). Accounting policy for associates is applied to repossessed shares where the Group obtains significant influence, but not control. The cost of the associate is the fair value of the loan settled by repossessing the pledged shares.

3.19 Deposits and debt securities issued

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

Debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

3.20 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.21 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium. Financial guarantees are included within other liabilities.

3.22 Employee benefits

Post-employment benefits

Defined contribution plans

The Group operates defined contribution pension scheme. A defined contribution plan is a pension plan under which the Group makes fixed contributions on contractual basis. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Termination benefits

The Group recognises termination benefits as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group settles termination benefits within twelve months and are accounted for as short-term benefits.

Short term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term employee benefits if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.23 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on ordinary shares

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

(c) Treasury shares

Where the Group or any member of the Group purchases the Group's shares, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

3.24 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Fiduciary activities

The Group commonly acts as trustees in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and incomes arising thereon are excluded from these financial statements, as they are not assets of the Group.

3.26 Stock of consumables

Stock of consumables comprise materials to be consumed in the process of rendering of services as well as banking accessories held for subsequent issuance to customers. They are measured at the lower of cost and net realisable value. Cost comprises costs of purchase and other costs incurred in bringing the items of stock to their present location and condition. Net realisable value is the estimated issuance price. When items of stock are issued to customers, their carrying amount is recognised as an expense in the period in which the related revenue is recognised.

3.27 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Chief Executive Officer of the Group, being the chief operating decision maker, to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect costs are allocated based on the benefits derived from such cost.

3.28 New standards and interpretations not yet adopted

The standards and interpretations that are issued, but not yet effective as at 31 March 2017 are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

a) IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

In 2016, the Group set up a multidisciplinary implementation team with members from its Risk Management, Finance and Operations teams to prepare for IFRS 9 implementation. The Project is sponsored by the Chief Risk and Financial officers, who report to the Board's Finance and General Purpose Committee. The initial assessment and gap analysis phase of the project was completed at the end of 2016.

Based on the initial assessment carried out by the Group, the impact of application of the new standard is as follows:

Classification and Measurement

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Having completed its initial assessment, the Group has concluded that:

• the majority of loans and advances to banks, loans and advances to customers and other financial assets that are classified as loans and receivables under IAS 39 are expected to be measured at amortised cost under IFRS 9.

• Financial assets held for trading are expected to continue to be measured at FVPL.

• The majority of the debt securities classified as available for sale under IAS 39 are expected to be measured at amortised cost or FVOCI.

• Debt securities classified as held to maturity are expected to continue to be measured at amortised cost.

Impairment of financial assets

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The Group will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case,the allowance is based on the probability of default over the life of the asset.

The Group will establish a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

To calculate ECL, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Bank under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate of the loan.

In comparison to IAS 39, the Group expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances.

The Group will categorize its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

Stage 1 – Performing loans

When loans are first recognised, the Group will recognise an allowance based on 12-month expected credit losses. This will also be applicable to financial assets that are not considered to have suffered a significant increase in their credit risk since the end of the previous reporting period.

Stage 2 – Underperforming loans:

When a loan shows a significant increase in credit risk, the Group will record an allowance for the lifetime expected credit loss. The Group will consider whether there has been a significant increase in credit risk of an asset by comparing the lifetime probability of default upon initial recognition of the asset against the risk of a default occurring on the asset as at the end of each reporting period. In each case, this assessment will be based on forward-looking assessment that takes into account a number of economic scenarios, in order to recognise the probability of higher losses associated with more negative economic outlooks. In addition, a significant increase in credit risk will be assumed if the borrower falls more than 30 days past due in making its contractual payments.

When estimating lifetime ECLs for undrawn loan commitments, the Group will estimate the expected portion of the loan commitment that will be drawn down over the expected life of the loan commitment and calculate the present value of cash shortfalls between the contractual cash flows that are due to the entity if the holder of the loan commitment draws down that expected portion of the loan and the cash flows that the entity expects to receive if that expected portion of the loan is drawn down. For financial guarantee contracts, the Group will estimate the lifetime ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the guarantor expects to receive from the holder, the debtor or any other party. If a loan is fully guaranteed, the ECL estimate for the financial guarantee contract would be the same as the estimated cash shortfall estimate for the loan subject to the guarantee.

Stage 3 – Impaired loans:

The Group will recognise the lifetime expected credit losses for these loans. In addition, in Stage 3 the Group will accrue interest income on the amortised cost of the loan net of impairment allowances. Financial assets will be included in Stage 3 when there is objective evidence that the loan is credit impaired. The criteria of such objective evidence are the same as under the current IAS 39 methodology. Accordingly, the Group expects the population to be generally the same under both standards. The impairment calculation will be the same as for Stage 2 loans with the probability of default set to 100%. When forbearance results in the derecognition of the original loan, the new loan will be classified as originated credit-impaired. Other than originated credit-impaired loans, loans will be transferred from out of Stage 3 if they no longer meet the criteria of credit-impaired after a probation period of not more than two years.

Other financial assets

The Group will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost will be recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

For 'low risk' FVOCI debt securities, the Group intends to apply a policy which assumes that the credit risk on the instrument has not increased significantly since initial recognition and will calculate ECL as explained in Stage 1 below. Such instruments will generally include traded, investment grade securities where the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group will not consider instruments to have low credit risk simply because of the value of collateral. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the Group's other financial instruments.

Forward-looking information

The Group will incorporate forward-looking information in both the assessment of significant increase in credit risk and the measurement of ECLs. Forward-looking information such as macroeconomic factors (e.g., unemployment, GDP growth and interest rates) and economic forecasts will be considered. To evaluate a range of possible outcomes, the Group intends to formulate three scenarios: a base case, a worse case and a better case. The base case scenario represents the more likely outcome resulting from the Group's normal financial planning and budgeting process, while the better and worse case scenarios represent more optimistic or pessimistic outcomes. For each scenario, the Group will derive an ECL and apply a probability weighted approach to determine the impairment allowance.

Hedge accounting

IFRS 9 allows entities to continue with the hedge accounting under IAS 39 even when other elements of IFRS become mandatory on 1 January 2018. The new hedging rules are however not expected to impact the Group.

b) IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* , effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferror anticipates entitlement to goods and services. The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers.

The Group does not anticipate early adopting IFRS 15 and is currently evaluating its impact.

c) IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 *Leases* in January 2016. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Group does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

d) Amendments to IAS 12 Income Taxes

In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Group is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

e) Amendments to IAS 7 Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g.,gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017. The Group is currently evaluating the impact.

4 Seasonality of operations

The impact of seasonality or cyclicality on operations is not regarded as significant to the condensed consolidated financial statements. The operations of the bank and its subsidiaries are expected to be even within the financial year. However, future macro-economic developments may affect the group's operations depending on the extent of relationship these developments have with the operations.

For the three months ended 31 March	**Group 2017**	**Group 2016**
5 Interest income		
In millions of Nigerian Naira		
Cash and bank balances	1,534	1,831
Loans and advances to banks	192	345
Loans and advances to customers:		
- To individuals		
Term loans	1,766	1,497
Overdrafts	443	693
- To corporates		
Term loans	38,755	22,796
Overdrafts	7,634	7,268
Others	18	261
Investment securities		
- Treasury bills	14,717	9,119
- Bonds	11,698	10,000
- Promissory notes	7	6
	76,764	**53,816**

6 Interest expense

In millions of Nigerian Naira		
Deposits from banks	2,404	2,201
Deposits from customers	15,545	13,841
Borrowings	4,091	1,366
Subordinated liabilities	3,135	3,112
	25,175	**20,520**

7 Fees and commission income

In millions of Nigerian Naira		
Credit-related fees and commissions	1,578	1,276
Account maintenance fees	1,551	1,151
Electronic banking income	4,785	7,242
Funds transfer fee	1,394	1,111
Trade transactions income	2,182	1,154
Remittance fee income	1,080	540
Commissions on transactional services	2,790	1,837
Pension custody fees	1,142	988
	16,502	**15,299**

8 Fees and commission expense

In millions of Nigerian Naira		
E-Banking related expenses	3,452	1,885
Funds transfer expenses	55	491
	3,507	**2,376**

For the three months ended 31 March	Group 2017	Group 2016
9 Net trading and foreign exchange income		
In millions of Nigerian Naira		
Fixed income trading securities	3,083	1,117
Foreign exchange trading income	5,844	2,354
Foreign currency revaluation gain/(loss)	833	320
Fair value loss on derivatives	(2,014)	(302)
	7,746	**3,489**
10 Other operating income		
In millions of Nigerian Naira		
Dividend income	-	832
Rental income	92	94
Gain on disposal of property and equipment	11	-
Income on cash handling	134	128
	237	**1,054**
11 Net Impairment loss on loans and receivables		
In millions of Nigerian Naira		
Impairment charge on loans and advances to customers:		
- specific impairment charge	3,298	878
- portfolio impairment charge/(reversal)	551	(216)
Impairment charge on loans and advances to banks:		
- portfolio impairment reversal	(235)	(17)
Write-off on loans and advances	232	338
Recoveries on loans written-off	(461)	(476)
Impairment (reversal)/charge on other assets	(282)	20
	3,103	**527**
12 Employee benefit expenses		
In millions of Nigerian Naira		
Wages and salaries	16,092	13,296
Contribution to defined benefit plans	575	507
	16,667	**13,803**
13 Depreciation and amortisation		
In millions of Nigerian Naira		
Depreciation of property and equipment	1,990	1,727
Amortisation of intangible assets	355	279
	2,345	**2,006**

For the three months ended 31 March

14 Other operating expenses

In millions of Nigerian Naira	Group 2017	Group 2016
Auditors remuneration	60	37
Banking sector resolution cost	3,573	2,798
Deposit insurance premium	1,656	1,831
Non-deposit insurance costs	510	399
Occupancy and premises maintenance cost	2,398	1,752
Business travels	1,934	1,012
Advertising,promotion and branding	1,279	753
Contract services	2,769	1,840
Communication and IT related expenses	1,949	1,581
Printing, stationery and subscriptions	1,222	667
Security and cash handling expenses	980	732
Fuel, repairs and maintenance	6,332	2,581
Training and human capital development	317	297
Loan recovery expenses	32	54
	25,011	**16,334**

15 Taxation

In millions of Nigerian Naira

(a) **Current tax expense**

	Group 2017	Group 2016
Current period	3,120	1,097

Income tax expense is recognised based on management's best estimate of the expected tax for the full year.

(b) **Current tax liabilities**

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Balance, beginning of period	5,134	6,488
Tax paid	(3,541)	(19,577)
Income tax charge	3,120	18,223
Balance, end of period	**4,713**	**5,134**

16 Earnings per share

For the three months ended 31 March	Group 2017	Group 2016
Profit attributable to owners of the parent	21,483	16,683
Weighted average number of ordinary shares outstanding	34,054	33,980
Basic and diluted earnings per share expressed in Naira	0.63	0.49

17 Cash and bank balances

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Cash	60,300	71,522
Current balances with banks	166,449	180,071
Unrestricted balances with central banks	110,608	89,721
Money market placements	65,525	42,927
Restricted balances with central banks (note (i) below)	387,062	376,689
	789,944	**760,930**

(i) Restricted balances with central banks comprise:

In millions of Nigerian Naira		
Mandatory reserve deposits with central banks (note (a) below)	332,344	321,971
Special Intervention Reserve (note (b) below)	54,718	54,718
	387,062	**376,689**

(a) This represents amounts held as cash reserve requirement with central banks of the countries in which the Bank and its subsidiaries operate, and is not available for use in the Group's day-to-day operations.

(b) This represents the Bank's contribution to the Central Bank of Nigeria's (CBN) Real Sector Support Facility (RSSF), warehoused in the Special Intervention Reserve held with the CBN. The Real Sector Support Facility is to be channeled towards increasing credit to priority sectors of the Nigerian economy. As stipulated by the CBN, the Bank's contribution is 5% of its total naira deposits.

(ii) Cash and cash equivalents for the purposes of the statements of cash flows include the following :

	Group Mar. 2017	Group Mar. 2016
Cash and current balances with banks	226,749	162,491
Unrestricted balances with central bank	110,608	90,141
Money market placements (less than 90 days)	30,007	58,529
Financial assets held for trading (less than 90 days)	11,829	9,477
	379,193	**320,638**

18 Financial assets held for trading

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Government bonds	6,790	4,657
Treasury bills (less than 90 days maturity) (note (i) below)	11,829	8,073
Treasury bills (above 90 days maturity)	54,476	39,565
	73,095	**52,295**
Current	73,095	52,295

(i) This represents treasury bills held for trading, with maturity within three months from the date of purchase. They are highly liquid, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. They are included as cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Fixed income trading activities are restricted to the parent alone.

19 Loans and advances to banks

In millions of Nigerian Naira	**Group Mar. 2017**	**Group Dec. 2016**
Term loans:		
Gross amount	21,280	23,047
Portfolio impairment	(52)	(282)
	21,228	**22,765**

Impairment allowance on loans and advances to banks

In millions of Nigerian Naira	**Group Mar. 2017**	**Group Dec. 2016**
Portfolio impairment		
Balance, beginning of period	282	32
Net impairment charge/(reversal) in the period	(235)	167
Exchange difference	5	83
Balance, end of period	**52**	**282**
Current	2,723	4,378
Non-current	18,505	18,387
	21,228	**22,765**

20 Loans and advances to customers

In millions of Nigerian Naira		
Loans to individuals, corporate entities and other organisations	1,593,400	1,555,729
Specific impairment	(25,049)	(21,821)
Portfolio impairment	(29,359)	(28,589)
	1,538,992	1,505,319

Impairment allowance on loans and advances to customers

	Group Mar. 2017	Group Dec. 2016
Specific impairment		
In millions of Nigerian Naira		
Balance, beginning of period	21,821	6,781
Impairment charge for the period	3,298	20,896
Loans written off	(294)	(7,504)
Exchange difference	224	1,648
Balance, end of period	**25,049**	**21,821**
Portfolio impairment		
In millions of Nigerian Naira		
Balance, beginning of period	28,589	19,001
Impairment charge for the period	551	4,471
Exchange difference	219	5,117
Balance, end of period	**29,359**	**28,589**
Current	615,597	597,591
Non-current	923,395	907,728
	1,538,992	**1,505,319**

21 Investment securities

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Available-for-sale investment securities comprise:		
Treasury bills	196,374	155,315
Bonds	36,446	40,790
Equity investments	80,886	80,653
	313,706	276,758
Held to maturity investment securities comprise:		
Treasury bills	226,605	240,559
Promissory notes	288	281
Bonds	478,776	452,794
	705,669	693,634
Carrying amount	**1,019,375**	**970,392**
Current	356,781	339,612
Non-current	662,594	630,780
	1,019,375	**970,392**

22 Other assets

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Electronic payments receivables	7,197	8,311
Accounts receivable	17,346	12,891
Pension custody fees receivable	520	448
Prepayments	28,736	15,097
Recoverable taxes	1,142	587
Stock of consumables	3,847	4,070
Gross amount	**58,788**	**41,404**
Impairment loss on other assets	(3,215)	(3,555)
Carrying amount	**55,573**	**37,849**

(a) Movement in impairment loss for other assets

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
At start of period	3,555	1,267
(Reversal)/charge for the period	(282)	2,024
Balances written off	(101)	(41)
Exchange difference	43	305
Balance, end of period	**3,215**	**3,555**

23 Investment in equity-accounted investee

Set out below, is information on the Group's investment in equity accounted investee as at 31 March 2017. The Associate Company (UBA Zambia Limited) has share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of the Group's ownership interest is the same as the proportion of voting rights held.

There are no published price quotations for the Group's investment in the Associate Company. There are no restrictions on the ability of the Associate Company to transfer funds to the Group in the form of cash dividends or repayment of loans and advances neither are there any contingent liabilities relating to the Group's interest in the Associate Company.

(a) Nature of investment in associates

Name of entity	Place of business/ Country of incorporation	% of ownership interest	Nature of the relationship
UBA Zambia Bank Limited	Zambia	49	Associate

(b) Movement in investment in equity-accounted investee

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Balance, beginning of period	2,925	2,236
Share of current period result	29	(63)
Share of foreign currency translation differences	-	752
Balance, end of period	2,954	2,925

24 Derivative financial instruments

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount which is recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are indicative of neither the market risk nor the credit risk.

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Derivative assets		
Carrying value	8,874	10,642
Notional amount	65,763	62,725
Derivative liabilities		
Carrying value	260	14
Notional amount	16,117	1,413

(a) Derivative assets

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Instrument type:		
Cross-currency swaps	2,524	1,134
Foreign exchange forward contracts	6,350	9,508
	8,874	**10,642**
The movement in derivative assets is as follows:		
Balance, beginning of period	10,642	1,809
Fair value of derivatives derecognised in the period	(3,231)	(18,765)
Fair value of derivatives acquired and remeasured in the period	1,463	27,598
Balance, end of period	**8,874**	**10,642**

(b) Derivative liabilities

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Instrument type:		
Cross-currency swap	260	14
The movement in derivative liability is as follows:		
Balance, beginning of period	14	327
Fair value of derivatives derecognised in the period	(14)	(505)
Fair value of derivatives acquired and remeasured in the period	260	192
Balance, end of period	**260**	**14**

Derivative assets and liabilities are current.

(c) Fair value gain on derivatives

	Group Mar. 2017	Group Dec. 2016
Derivative assets :		
Fair value gain on additions in the period	1,463	27,598
Fair value loss on maturities in the period	(3,231)	(18,765)
Net fair value loss on derivative assets	**(1,768)**	**8,833**
Derivative liabilities:		
Fair value loss on additions in the period	(260)	(192)
Fair value gain on maturities in the period	14	505
Net fair value gain on derivative liabilities	**(246)**	**313**
Net fair value loss on derivative assets and liabilities	**(2,014)**	**9,146**

25 Deposits from banks

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Money market deposits	102,509	108,217
Due to other banks	1,227	863
	103,736	**109,080**
Current	103,736	109,080

26 Deposits from customers

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Retail customers:		
Term deposits	180,625	209,673
Current deposits	205,862	151,407
Savings deposits	550,335	524,751
Domiciliary deposits	63,783	73,384
	1,000,605	**959,215**
Corporate customers:		
Term deposits	336,606	317,468
Current deposits	952,926	957,628
Domiciliary deposits	308,323	251,299
	1,597,855	**1,526,395**
Total	**2,598,460**	**2,485,610**
Current	2,598,444	2,485,273
Non-current	16	337
	2,598,460	**2,485,610**

27 Other liabilities

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Creditors and payables	44,721	48,631
Managers cheques	6,245	6,722
Unclaimed dividends	4,278	4,222
Accrued expenses	19,501	12,483
Customers' deposit for foreign trade	41,680	38,089
Provisions	198	198
Deferred income	146	251
	116,769	**110,596**
Current	116,769	110,596

28 Borrowings

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
- Central Bank of Nigeria	43,946	43,174
- Bank of Industry (BoI)	10,571	11,029
- European Investment Bank (EIB)	21,291	1,951
- Syndicated facility	18,476	27,542
- Africa Trade Finance Limited	15,286	15,145
- Afrexim	30,584	30,399
- African Development Bank	36,858	36,204
- Credit Suisse	96,829	94,483
	273,841	**259,927**

	Group Mar. 2017	Group Dec. 2016
Current	161,175	167,569
Non-current	112,666	92,358
	273,841	**259,927**

Movement in borrowings during the year:

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Opening balance	259,927	129,896
Additions	20,803	243,029
Interest expense	4,091	8,999
Repayments	(10,980)	(121,997)
	273,841	**259,927**

29 Subordinated liabilities

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Medium term notes maturing 2017	19,969	20,575
Medium term notes maturing 2018	34,677	35,805
Medium term notes maturing 2021	30,855	29,598
	85,501	**85,978**

There was no redemption or issue of subordinated debt during the period.

	Group Mar. 2017	Group Dec. 2016
Current	19,969	20,575
Non-current	65,532	65,403
	85,501	**85,978**

Movement in subordinated liabilities:

	Group Mar. 2017	Group Dec. 2016
Opening balance	85,978	85,620
Interest expense	3,135	12,880
Coupon payments	(3,612)	(12,522)
	85,501	**85,978**

30 Capital and reserves

(a) Share capital

Share capital comprises:

	Group Mar. 2017	Group Dec. 2016
(i) Authorised - 45,000,000,000 Ordinary shares of 50k each	22,500	22,500
(ii) Issued and fully paid - 36,279,526,321 Ordinary shares of 50k each	18,140	18,140

There was no repurchase of shares during the period, and the Bank did not issue any equity instrument during the period.

(b) Share premium

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

(c) Retained earnings

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

(d) Other Reserves

Other reserves include the following:

In millions of Nigerian Naira	Group Mar. 2017	Group Dec. 2016
Translation reserve	28,971	28,799
Statutory reserve	73,866	73,866
Fair value reserve	59,406	58,274
Regulatory (Credit) risk reserve	31,375	31,375
Treasury shares	(31,600)	(31,600)
	162,018	160,714

31 Dividends

No dividend is declared in respect of the three month period ended 31 March 2017 (31 March 2016: Nil).

32 Contingencies

(i) Litigation and claims

The Bank, in the ordinary course of business is currently involved in 620 legal cases (2016: 650). The total amount claimed in the cases against the Bank is estimated at N511.48 billion (2016: N486.92 billion). The directors having sought the advice of professional legal counsel, are of the opinion that no significant liability will crystalise from these cases beyond the provision made in the financial statements. There were no material litigation settlements during the period.

(ii) Contingent liabilities

In the normal course of business, the Group conducts business involving acceptances, performance bonds and indemnities. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-balance sheet risk. There are no guarantees, commitments or other contingent liabilities arising from related party transactions.

In millions of Nigerian naira	Group Mar. 2017	Group Dec. 2016
Performance bonds and guarantees	349,517	388,884
Letters of credits	192,614	202,122
	542,131	591,006

The possibility of outflows in settlement of the contingent liabilities is considered remote.

(iii) Loan commitments

Loan commitments are irrevocable commitments to provide credits under pre-specified terms and conditions. The Group's loan commitments are usually conditioned on the maintenance of a satisfactory financial standing by the customer and absence of defaults on other covenants. At the balance sheet date, the Group had loan commitments amounting to N106 billion (2016: N108 billion) in respect of various loan contracts.

(iv) Capital commitments

Capital commitments are irrevocable contractual commitments for the acquisition of items of property and equipment or intangible assets. At the balance sheet date, the Group had capital commitments amounting to N1.186 billion (2016: N3.166 billion) in respect of authorised and contracted capital projects.

	Group	Group
	Mar. 2017	Dec. 2016
In millions of Nigerian naira		
Property and equipment	559	1,867
Intangible assets	627	1,299
	1,186	3,166

33 Significant event after the end of the interim period

There were no significant events that have post-balance sheet adjustment effect, after the period ended 31 March 2017.

34 Related party transactions

Some of the Bank's Directors are also directors of other companies with whom the Bank does business. All such transactions are in normal course of business, and agreed terms which are comparable to other customers of the Bank.

35 Compliance with banking regulations

The Bank did not contravene any regulation of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 or relevant circulars issued by the Central Bank of Nigeria.

36 Comparatives

The Bank applied the provisions of International Financial Reporting Standards (IFRS) in preparing the comparative information included in these un-audited interim results. Also, there were no prior period errors identified during the period.