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Treasury Single Account (TSA) System, Financial System and Economic Growth in Nigeria

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Abstract
This study looked at the effect of the Treasury Single Account (TSA) system on the Nigerian financial system and economic growth. Since the inception of the Buhari's Administration, TSA has been a topic of widespread discussion from all over the media and the economy at large, due to the impact, some experts, especially, those in the financial sector believe it has on the financial institutions in particular and the economy at large.However, using the Statistical Package for Social Science (SPSS), a descriptive method was used to analyse secondary data gathered from the financial reports (balance sheet and profit and loss account reports) of five (5) major deposit money banks (DMBs) in Nigeria.This study concluded that, TSA does not have so much negative impact on the Nigerian financial institutions as most of the institutions are still very stable and buoyant financially. Moreover, the financial insolvency being experienced by some deposit money banks, are as a result of factors outside the purview of Treasury Single Account system.This study therefore recommended that government should re-invest the funds taken away from the financial institutions back into the economy in the form of capital expenditure in order to revamp the economy from its current state of recession.
Keywords: TSA, Economic growth, financial system, deposit money banks

1. INTRODUCTION

As the federal government of Nigeria through its monetary authority, introduces the TSA system, banks most especially, the commercial banks that are standing at the losing end will device several mechanisms within their disposals to mobilise funds from the private sector. The full implementation of the TSA system seems to re-introduce the era in which women are employed by banks specifically, for fund sourcing and tacitly, encouraged to use whatever means necessarily available to them. Also, at this period, banks tend to increase their deposit interest rates as a major way of inducing customers to deposit their money with them. More also, there will be a great drop in the borrowing ability of banks and as such, their profitability rate will drop as well; mostly, in the short and medium term and until, they fully come to term with the influence of this system policies and begin to effectively and efficiently adjust themselves for true banking business (Adeolu, 2015).

Apparently, we see a fall in the share price of these banks as investors attempt to price in the policy impact. However, the implementation of this program (TSA) system, is a critical step towards curbing corruption in public finance. This is a tool for militating against corrupt practices, do away with fiscal indiscipline in public finance and ensure adequate funds flow that will be channeled to the critical sectors of the economy in order to jump-start economic growth and development.

Prior to the success of the pilot scheme of TSA, the current administration of President Muhammadu Buhari was driven to fully implement the TSA system. So, a directive was given to all government parastatals and agencies to channel all their financial resources into the Consolidated Revenue Account with the CBN. Then the Deposit Money Banks (DMBs) will act as the collecting agents of government and whatever amount of money they collect on behalf of government MDAs will be remitted into the TSA within 24 hours. In other words, all the accounts of MDAs with Deposit Money Banks must be zeroed at the end of every banking day with their monies totally, remitted into the TSA. ''The recent directives by president Mohammed Buhari that all government revenues should be remitted to TSA account is in consonance with this programme and in compliance with the provisions of the 1999 constitution'' (CBN, 2015).

The problems associated with this action, are that, banks will lose access to the large chunk of money of MDAs at their disposals and this, can paralyse their activities since MDAs hold the largest chunk of banks deposits; just imagine a highly revenue generating parastatal like Nigerian National Petroleum Corporation (NNPC) taking its revenue off the commercial banks account; also, the commercial banks will reduce their lending; especially, to investors due to fall in their deposits and this can deter private investment. More also, due to the fall in the private investment, there may arise also, a fall in economic development; since the private investment however, contributes a great deal to economic growth of any given country.

2. REVIEW OF THE EMPIRICAL AND THEORITICAL FRAMEWORK

2.1 THEORITICAL FRAMEWORK

In public policy, incrementalism refers to the method of change by which many small policy changes are enacted over time in order to create a larger broad based policy change. This was the theoretical policy of rationality developed by Lindblom to be seen as a middle way between the rational actor model and bounded rationality, as both long term goal driven policy rationality and satisficing were not seen as adequate.

Put differently, incrementalism is a theory developed out of the realization that truly rational decision making is practically impossible given the complexity of the policy environment. That is not to say that policy actors do not have the intent to be rational: their decisions are goal orientated and there are processes followed to achieve those goals. But there are many factors that work against scientific rationalism (Heys,2009).

Herbet Simon, while discussing about rationality in administrative organizations, identified three reasons for departures from complete rationality in decision making. First, rationality requires that all alternatives are known beforehand; yet in reality, only a few alternatives can ever be specified. Second, rationality requires a complete knowledge of the consequences resulting from each alternative; yet the complexity of most policy problems make this impossibility. Third, imagining future consequences implies some level of value judgment in the decision; yet values can never be anticipated or completely defined (Simon, 1997:93).

Simon introduced the idea of “bounded rationality” in decision making: humans desire true rationality, but due to cognitive limitations and the incompleteness of knowledge our decision making behavior is “satisfying” rather than maximizing benefits over costs. Charles Lindblom adopted Simon’s ideas about decision making and applied them to the policy process. He claimed that policy makers “muddle through” by making incremental adjustments to policies rather than engaging in a comprehensive and rational process and articulating clearly defined policy goals. Instead, successive comparisons are made to already existing policies and policy makers seek agreement where they can or where they have specific knowledge. Political agreement is emphasized as a strategy, rather than clearly defining policy goals, policy instruments and criteria to measure success. Incrementalism is a result of several issues (Lindblom & Woodhouse, 1993). Incrementalism is commonly employed in politics, engineering, software design, planning and industry. Whereas it is often criticized as "fire-fighting", the progressive improvement of product designs characteristic, e.g., of Japanese engineering can create steady improving product performance, which in certain circumstances outperforms more orthodox planning systems(Wikipedia,2015). The advantages of incrementalism over other formal systems is that no time is wasted planning for outcomes which may not occur.

First, while democratic political systems provide much opportunity for political exchange, ensure significant liberty and wide participation in policy-making, they are cumbersome and troublesome in a number of respects: elections are inefficient and lack dynamic feedback for real-time public input; the public vote on superficial characteristics; political leaders have little accountability; partisan concerns result “safe” policy areas that maximize re-election possibilities; and the system allows more opportunity to delay policy rather than advance it. These issues reduce policy responsiveness, that is, the ability of a political system to translate citizen need into policy action.

Second, human cognitive ability cannot fathom the very large number of variables and interrelationships that constitute policy decisions: Cause and effect relationships are not apparent; consequences of actions are not predictable; irrational preferences, selfishness, desires and values are not apt to ‘modelling’ or analysis; regardless of analytical power, conflicting beliefs negate the possibility of a single solution (one person’s problem is another person’s solution); expertise and absolute truth are subjective and value orientated; and while analytical methods are possible (supercomputer social simulations) they lack responsiveness and require high level agreement in problem definition.

Third, many policy tasks are essentially delegated to administrative agencies, interest groups, and businesses, especially in technically complex policy areas. Certain interest groups and businesses bring significant organizing ability, financial resources and technical expertise, thus exerting significant influence over policy making; as decision makers in the executive and legislative branches rely heavily upon the advice of these experts. On the other hand, bureaucrats may bring technical expertise, but tend to favor continuation of existing practice, stability and policies that favor the organization. From a theoretical perspective, there are several issues with incrementalism as a policy theory. Disadvantages are that time may be wasted dealing with the immediate problems and no overall strategy is developed.

Heys(2009) identified them as follows: First, while it predicts the type of policy change based on certain assumptions about the system and the individual, it falls short of the policy theory criteria specified by Blomquist (2007): incrementalism lacks a detailed description of collective action, institutions, and the boundaries and scope of the theory. In fact, there is justification for labeling incrementalism as more descriptive metaphor rather than scientific theory. The idea seems conceptually intuitive, yet it cannot predict the degree of incrementalism in any policy area (Smith & Larimer, 2009), and there is little agreement over how to operationalize the "increment" other than by examining budget change.

Assuming that an increment can be operationalized, there is no objective standard to determine a value for what counts as an increment and what does not. (See Howlett and Ramesh page 147 on policy change types).

Second, incrementalism relies upon a relatively stable policy landscape, rather than situations where significant new information, problem redefinition or crisis is introduced (Howlett & Ramesh, 2003). Therefore, it cannot account for agenda change as agendas exhibit sharp discontinuous changes in crises, elections, and when new technologies emerge (Kingdom, 1995). In the same sense, incrementalism cannot predict the end of policies.

Third, empirical evidence suggests that policies are subject to relatively frequent punctuations, as expressed in the punctuated equilibrium model developed by Baumgartner and Jones (1993). Finally, as Lindblom advanced the idea of incrementalism as a normative solution, there are several normative critiques identified. Incrementalism does not incorporate ambitious policy goals, but instead encourages "aiming low." It promotes short-sighted decision making that may have adverse long term consequences (Howlett & Ramesh, 2003), for example, Scott (2010) uses incremental policy making to explain the unfortunate decisions made in Vietnam, Afghanistan and Iraq, which prolonged both exit and victory.

A good example would be in small changes that make way for a bigger overall change to get past unnoticed. A series of small steps toward an agenda would be less likely to be questioned than a large and swift change. An example could be the new TSA policy. Sanusi Lamido Sanusi Emir of Kano and other accounting experts have called on President Muhammadu Buhari to, as a matter of urgency, review the entire budget process and deploy strategic approach to block revenue leakages in the country if he hopes to deliver on his election promises within the given period.

In line with his determination to ensure discipline and greater transparency in the management of the nation's finances, President Muhammadu Buhari has directed all Ministries, Departments and Agencies (MDAs) of government to henceforth pay their earnings into a unified bank account known as Treasury Single Account (TSA). The directive applies to the MDAs that are funded from the Federation Account such as Nigerian National Petroleum Corporation (NNPC), the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the Nigerian Ports Authority (NPA), The Customs Service (NCS), Nigeria Immigration Service (NIS), Federal Inland Revenue Service s(FIRS) and a host of others. The MDAs are to pay all their revenues to a sub-account linked to the TSA at CBN. To promote quick compliance with this directive, the Head of Service of the Federation, Danladi Kifasi, has given the name and number of the TSA as Accountant General (Federal sub-Treasury) Account No. 3000002095. The order on TSA, which came into effect on August 11, marks the beginning of MDAs' retirement of revenues due to the Federal Government into a unified account maintained by the Central Bank of Nigeria (CBN).

The payment of government revenue into multiple bank accounts operated by MDAs in commercial banks, as obtained under the old order, was clearly against the Nigerian Constitution which, in Sections 80 and 162, directed that all federally-collected revenues should be paid into the Federation Account. It was a flagrant breach of the constitution that underscores the rot in the management of the country's finances. It is heartening that this will now be history, going by the efforts of the new administration to implement the TSA policy that was reportedly first recommended by the Federal Government's Economic Reform and Governance Programme in 2004, but dumped in 2005, following intense pressure from the banking industry. The former President Goodluck Jonathan administration had also set a February 2015 deadline for the implementation of the initiative, but did not go ahead with it.

Sanusi observed that the issue of review of budgetary process was something that had been talked about in the last five years without any feasible approach to tackle it. The Emir of Kano, in his remark as special guest of honour at the post budget symposium organised by the governing council of Institute of Chartered Accountants of Nigeria (ICAN), said the Federal Government needed to work on its revenue generation process. According to him, "*No matter how good your budget is, if you cannot do simple things like track your oil revenue, you can't meet the basic government obligation to the citizens. Before the government goes borrowing, they need to find out why revenue is so low given that our GDP is supposed to be so high. On his part, Samuel Olufemi Deru, president, ICAN, said the nation's economy need surgical and drastic reforms beyond cosmetic privatization of government companies, urging the government to plug all revenue leakages, revisit and redefine her priorities as a nation (Sun Editorial, 2015:17).*"

2.2. EMPIRICAL FRAMEWORK

This aspect of this chapter just as already highlighted above will be considering the real findings of other past authors as regards Treasury Single Account (TSA) system. So, at this point, I will be sharing the knowledge and experience of other authors as regards this field of accounting. However, some of the works of the past authors are:

The TSA, which shall be maintained at the Central Bank of Nigeria (CBN), will align the government policy of greater financial management and control of its cash resources and allow the unification of the structure of government bank accounts to enable consolidation and optimum utilization of government cash resources (Boulder, CO: West view. Sun Editorial (2015).

It is an opportunity for banks to refocus on the original purposes for which they were set up to collect depositors' funds, keep them safe; engage in intermediation to create wealth and jobs for the economy and in the process earn profit for themselves (Garbade, et.al,2004).

Larson (2007) explains that TSA is bound to improve transparency and accountability in Public Financial Management. First, it will remove organisational/MDA secrecy around the management of public finances. The second is that revenue generating agencies that have been depriving the Treasury of due revenue through a plethora of bank accounts under their purview unknown to the authorities will no longer be able to defraud government since all funds will be swept into the TSA.

Thus, beyond transparency and accountability, the TSA will introduce economy and efficiency into overall management of public finances and this will in the long run lead to effectiveness of government spending since it places the government in a better position to realise overall policy goals (White, 2006).

Schmitz et.al (2006) stressed that for TSA policy to be maximised in Nigeria, it needs to be accompanied with the Fiscal Sunshine Bill, which if enacted will open up the financial activities of government in a way that there will be no more hiding place for those who divert or loot government money. For instance, with Fiscal Sunshine Act in place, budgeting process and implementation, including contract awards, should be in the open for Nigerians to see both how revenues are generated and how public money is being spent by those in the government and why.

The CBN Governor- Godwin Emefiele said this on Monday, during an advocacy workshop on the economic implications of recent CBN policies, with the theme: "Understanding Economic Implications of the new CBN Monetary Policies and the Role of Civil Society in Policy Advocacy and Economic Development," organised by the Coalition of Civil Society Groups (COSG), at Chelsea Hotel, Abuja, said "there are times that government have money in various banks, and yet go borrowing, because they don't have visibility over their resources, so the TSA make cash management very easy for government so that at any point in time, they can take a decision on disbursement.

International Monetary Fund (IMF) in a 2010 paper titled, ''Treasury Single Account Concept, Design and Implementation Issues'' as prepared by (Sailendra Pattanayak and Israel Fainboim) described the Treasury Single Account system as, "a unified structure of government bank accounts that gives a consolidated view of government cash resources."

Taiwo Oyedele in a paper titled, "What does the New Treasury Single Account (TSA) Hold for Tax?" has this to say, "TSA should provide some transparency around unspent budgetary allocations which should be carried forward automatically to another, I have always wondered why we have low budget executions (sometimes 60% or less) and yet we begin every budget year on the basis of zero revenue."

Anonymous in an article titled "The Pains and Gains of Treasury Single Account" discovered that the primary purpose of TSA is to ensure accountability of government revenues, enhance transparency and avoid mis-application of public funds.

According to (Yusuf and Chiejina,2015) a Treasury Single Account is a unified structure of government bank account enabling consolidation and optimal utilisation of government cash resources. It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time.

For Chukwu (2015), A Treasury Single Account (TSA) is a network of subsidiary accounts all linked to a main account such that, transactions are effected in the subsidiary accounts but closing balances on these subsidiary accounts are transferred to the main account, at the end of each business day. With the implementation of the Treasury Single Account, Ministries, Agencies and Departments (MDAs) will maintain their individual accounts with the commercial banks, but daily funding of their disbursements are made from the central or main account, which is resident with the Central Bank, just as their closing balances at the end of day are transferred to the main account.

According to Onyekpere (2015) a TSA is a unified structure of government bank accounts enabling consolidation and optimal utilization of government cash resources. It is a bank account or a set of linked bank accounts through which the government transacts all its receipts and payments and gets a consolidated view of its cash position at any given time. This presidential directive would end the previous public accounting situation of several fragmented accounts for government revenues, incomes and receipts, which in the recent past has meant the loss or leakages of legitimate income meant for the federation account. The TSA is a process and tool for effective management of government's finances, banking and cash position. In accordance with the name, it pools and unifies all government accounts through a single treasury account.

In a statement by Laolu Akande (2015), the Senior Special Assistant to the Vice President on Media and Publicity, all receipts due to the Federal Government or any of its agencies must be paid into TSA or designated accounts maintained and operated in the Central Bank of Nigeria (CBN), except otherwise expressly approved. The presidential directive, in the view of analysts, would end the previous public accounting situation of several fragmented accounts for government revenues, incomes and receipts, which in the recent past has meant the loss or leakages of legitimate income meant for the federation account.

In October 2013, former minister of finance Ngozi Okonjo-Iweala explained that the introduction of TSA had helped to reduce how government account was being overdrawn. She said, "93 MDAs had hooked on to the TSA platform while government's overdrawn position has dropped from N102 billion in 2011 to N19 billion in 2012" (Vanguard Editorial,2015:18).

The then Accountant General of the Federation, Mr. Jonah Otunla while addressing journalists in company of the then Director General, Budget Office of the Federation, Dr. Bright Okogu, however, noted that The policy on TSA he explained was intended to curb the financial excesses of some MDAs that have been refusing to remit their earnings deposited in commercial banks to the federal government which is constrained to go borrowing from banks at very high interest rates.

3. METHODOLOGY

3.1 Data

Primary data were used in this study. The population of this study is the Nigerian Financial Institution while the five (5) commercial banks constituted the sampling frame. Data have been drawn from five (5) commercial banks namely; First Bank, Zenith Bank, Union Bank, First City Monument Bank and ECO Bank, out of twenty-one (21) commercial banks in Nigeria using non-probability sampling technique. The justification for choosing the above named banks was not only based on the fact that the data were accessible but the selected banks are among the first generation banks and the same time reliable and financially buoyant.

3.2 Method of Data Analysis

A descriptive method was used to analyse data gathered from the financial reports (balance sheet and profit and loss account reports) of five (5) major Deposits Money Banks (DMBs) in Nigeria.

The main technique for analysis used in this research work is simple statistics with the use of frequency and percentage with the help of Statistical Package for Social Science (SPSS)

4. DATA ANALYSIS AND DISCUSSION OF THE RESULTS

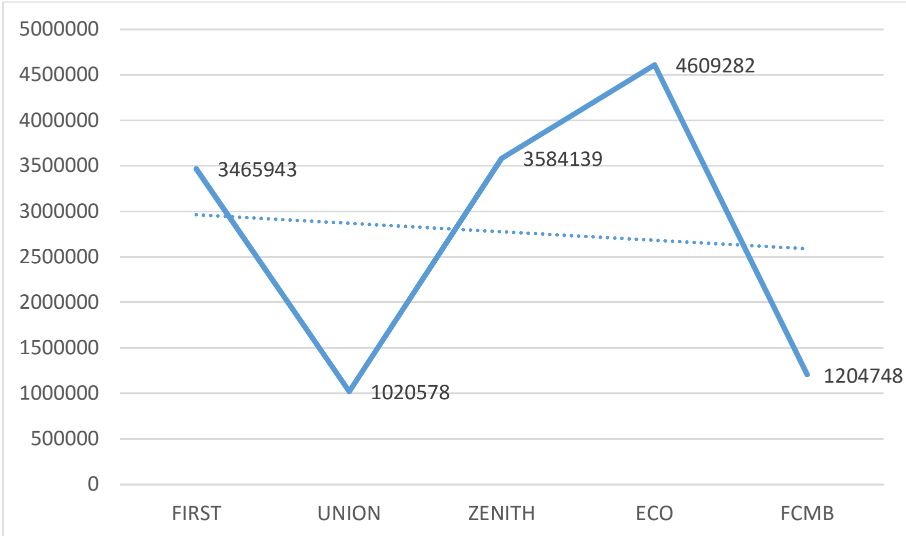
This section presents the analysis and presentation of the data.

TABLE 1: TREND COMPARISM OF FINANCIAL INSTITUTIONS BEFORE TSA

FINANCIAL INSTITUTIONS	ASSETS (# MILLION)	LOANS (# MILLION)	INCOME (# MILLION)	DEPOSITS (# MILLION)	TOTAL (# MILLION)
FIRST BANK	3,465,943	1,894,099	31,681	2,596,310	7,988,033
UNION BANK	1,020,578	354,502	9,853	627,945	2,012,878
ZENITH BANK	3,584,139	1,764,788	48,384	2,340,266	7,737,577
ECO BANK	4,609,282	2,321,097	79,207	3,187,260	10,196,846
FCMB	1,204,748	578,154	43,849	806,478	2,633,229
TOTAL	13,884,690	6,912,640	212,974	9,558,259	30,568,563

Source: Field Source 2016.

GRAPHICAL REPRESENTATION OF THE TRENDS



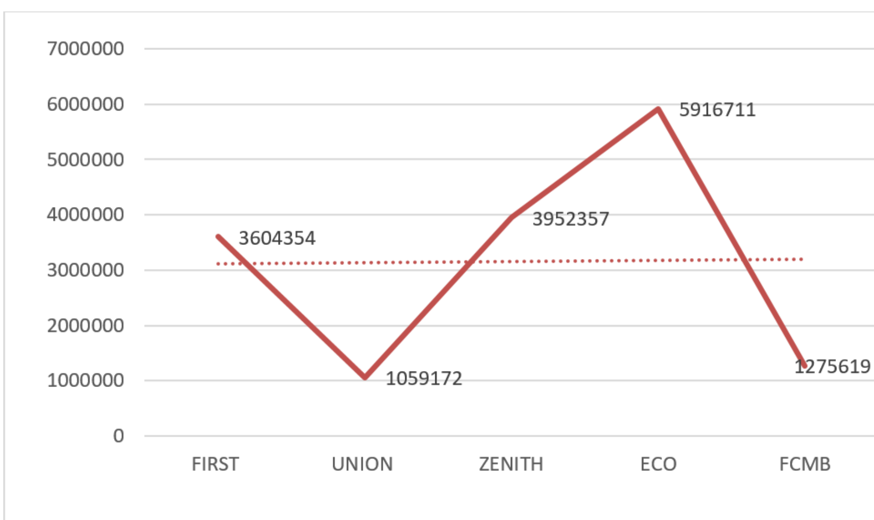
ANALYSIS: From the table above, the gross total assets of the five financial institutions before the introduction of TSA in 2015 stood at (#13,884,690) while, the gross total loans given out by these financial institutions stood at (#6,912,640). Also, the banks' total income stood at (#212,974) before the introduction of TSA while, the total deposits from customers stood at (#9,558,259) in the same period. The biggest bank as of this period (before TSA) was ECO Bank whose total assets stood at (#4,609,282), followed by Zenith Bank (#3,584,139); then First Bank (#3,465,943); while, Union Bank and First City Monument Bank were the smallest banks as their assets stood at (#1,020,578) and (#1,204,748) respectively.

TABLE 2: TREND COMPARISM OF FINANCIAL INSTITUTIONS AFTER TSA

FINANCIAL INSTITUTIONS	ASSETS	LOANS	INCOME	DEPOSITS	TOTAL
FIRST BANK	3,604,354	1,968,913	27,261	2,527,790	8,128,318
UNION BANK	1,059,172	453,442	2,834	608,249	2,123,697
ZENITH BANK	3,952,357	2,114,808	44,183	2,354,921	8,466,269
ECO BANK	5,916,711	2,856,739	74,474	4,010,674	12,858,598
FCMB	1,275,619	666,075	59,204	740,924	2,741,822
TOTAL	15,808,213	8,059,977	207,956	10,242,558	34,318,704

Source: Field Source 2016

GRAPHICAL REPRESENTATION OF THE TRENDS



ANALYSIS: From the table above, the gross total of the five financial institutions after the introduction of TSA system stood at (#15,808,213) while the gross total of loans given out by these financial institutions at this same period stood at (#8,059,977). The gross total income of the five financial institutions after the introduction of TSA system also, stood at (#207,956) while the gross total deposits stood at (#19,242,558) at this same period. More also, the biggest bank after the introduction of TSA system still remains ECO Bank with its total assets standing at (#5,916,711) followed by Zenith Bank with total assets standing at (#3,952,357) and then, First Bank with total assets worth (#3,604,354); while Union Bank and First City Monument Bank still remain the smallest financial institutions at this period with total assets standing at (#1,059,172) and (#1,275,619) respectively.

TABLE 3: GENERAL COMPARISM OF THE EFFECT OF TSA ON FINANCIAL INSTITUTIONS

GROSS	FINANCIAL INSTITUTIONS AFTER TSA #MILLION	FINANCIAL INSTITUTIONS BEFORE TSA #MILLION	PERCENTAGE CHANGE (%)
ASSETS	**15,808,213**	**13,884,690**	**+13.85%**
LOANS	**8,059,977**	**6,912,640**	**+16.60%**
INCOME	**207,956**	**212,974**	**−2.36%**
DEPOSITS	**10,242,558**	**9,558,259**	**+7.16%**

Source: Field Source 2016

ANALYSIS: From the table above, the gross total assets of the financial institutions grew by (+13.85%) from (#13,884,690) in 2015 before the introduction of TSA system to (#15,808,213) in 2016 after the introduction of TSA; while the gross total loans given out by the banks grew by (+16.60%) from (#6,912,640) before TSA to (#8,059,977) after TSA. Also, the gross total income of the five financial institutions declined by (−2.36%) from (#212,974) before TSA to (#207,956) after TSA; while the gross total deposits of the banks stood at (#9,558,259) before the introduction of TSA but, grew to (#10,242,558) after the introduction of TSA indicating an increase of (+7.16%) in the banks' total deposits in the period.

Over the period that, Treasury Single Account (TSA) system has been introduced, the financial assets of the Nigerian financial institutions have increased by (13.85%). This surprisingly, indicates that, the introduction of TSA system by the monetary authority of Nigeria (Central Bank of Nigeria) has no negative effect on the assets of the Nigerian financial institutions and also, that, the country still has a sound financial sector.

Also, it has been noticed that, Treasury Single Account system does not have any form of negative effects on the ability of Nigerian financial institutions to give out loans to their customers; instead, has boosted it positively by (16.60%). This nevertheless, indicates that, the introduction of Treasury Single Account system has increased the lending ability of Nigerian financial institutions.

More also, the total income of the financial institutions over the period has declined by (2.36%). This indicates that, the introduction of Treasury Single Account system, has negatively, affected the total income of the Nigerian financial institutions.

So also, the total deposits to the financial institutions over the period by their customers have as well, increased by (7.16%). Notwithstanding, this simply, illustrates that, the introduction of TSA system has no negative impact on the bank's deposits from their customers; instead, has increased it.

The controversial topic "TSA." is over blown by many Nigerians; as it does not have much negative effect on the financial system of Nigeria as being carried about by various stakeholders in the financial sector of the economy.

The financial insolvency being witnessed by many financial institutions in Nigeria today, has little or less to do with the introduction of TSA system; as most of them, still have strong financial assets higher than their liabilities.

Poor fiscal policy, unstable monetary policies, fall in oil price which has affected exchange rate, devaluation and constant depreciation of Naira among other factors, have dealt a big blow on the Nigerian financial system far more than the introduction of Treasury Single Account (TSA) system.

In examining the effect of Treasury Single Account (TSA) system on the Nigerian economic growth, we represent economic growth by gross domestic product (GDP).

Let GDP = f (At + Lt + Yt + Dt)

Where;

GDP represents economic growth,

At represents gross total assets of the financial institutions,

Lt represents the gross total loans given out by the Nigerian financial institutions,

Yt represents the gross total income of the institutions

Dt represents the gross total deposits made to the institutions by their customers.

GDP = f (Assets + Loans + Income + Deposits)

From table 8,

GDP before TSA = # (13,884,690 + 6,912,640 + 212,974 + 9,558,259)

GDP before TSA = #30,568,563

GDP after TSA = # (15,808,213 + 8,059,977 + 207,956 + 10,242,558)
GDP after TSA = #34,318,704
Percentage change in GDP or rate of economic growth (GDPr)

$$\text{GDPr} = \frac{\text{GDP after TSA minus GDP before TSA} \times 100}{\text{GDP before TSA}}$$

GDPr = # (34,318,704 – 30,568,563)

$$\text{GDPr} = \frac{\#3{,}750{,}141}{30{,}568{,}563} \times 10$$

Economic growth rate for the period = +12.27%

From the above calculations, it is observable that, the implementation of Treasury Single Account (TSA) system does not have any negative effect on the Nigerian economy; instead, it has contributed positively by (12.27%) to economic growth. This result also negates the economic outlook of Nigeria currently; as the economy is witnessing a negative economic growth (GDP) over the period which signifies recession. Put differently, this result can as well, mean that, even though, the Nigerian financial institutions have contributed positively to economic growth; since the introduction of TSA, there are several other factors militating against the manifestation of such growth; which may actually be beyond the control of the country's financial institutions.

TESTING THE HYPOTHESIS

- H_0: TSA does not have any significant effect on the performance Nigerian financial institutions.
- H_1: TSA has a significant effect on the performance of the Nigerian financial institutions.

Using Chi-square Table

Class	Observed Val. (0i)	Expected Val. (Ei)	(0i−Ei)	$(0i-Ei)^2$	$\frac{(0i-Ei)^2}{(Ei)}$
ASSETS	15,808,213	15,704,498	103,715	1.075680123×10^{10}	684.95
LOANS	8,059,977	7,918,978	140,999	1.9880718×10^{10}	2,510.52
INCOME	207,956	222,629	−14,673	215,296,929	967.07
DEPOSITS	10,242,558	10,472,600	−230,042	5.291932176×10^{10}	5,053.12
				X calculated	9,215.66

Degree of Freedom: (R−2) (C−4)
(2−1) (4−1) = 3
X tabulated = (0.05) (3) = 7.82
Decision Rule:

Since the X-calculated (9,215.66), is greater than or equal to X-tabulated (7.82), we reject H_1 and accept H_0. This simply, means that, TSA has no significant effect on the performance of Nigerian financial institutions.

5. Conclusion and Policy Recommendation

5.1 Conclusion

From the foregoing, it has been deduced that, the topic of Treasury Single Account (TSA), is being over-blown by many Nigerians; as it has little or no effect on the Nigerian economy according to the findings of this study.

Moreover, the financial insolvency being currently experienced by some Nigerian banks is a function of factors outside TSA policy. Many of the financial institutions in the country are still financially stable and buoyant; as they still have very strong financial assets.

Imbalance and inconsistency between fiscal and monetary policies of the country have contributed mostly, to the current mayhem in the financial sector of the economy.

Treasury Single Account (TSA) has done more good than harm to the Nigerian economy. Even the current Nigerian government testified to this fact as president Mohammadu Buhari had this to say:

"We are really in trouble. What we discovered was that we tried to enforce what we called treasury single account, TSA. And the reason was simple. This government did not initiate it. It was the previous government. But it was so unpopular to the bureaucracy and the previous government for its own reasons couldn't enforce it. But when we came and found that we were broke, we said this is the way to do it. And I will just tell you two examples to convince you. First, NNPC, the cow that was giving the milk had more than 45 accounts, ministry of defense, that is the military Army, Navy and air force had over 70 accounts. Tell me which account we can trace in these several accounts. So we enforce TSA. We said there must be TSA. By the end of December, coming to January this year, that is last month, we mopped up more than N2.2trn which we have used through the

bureaucracy system to raise vouchers and sign cheques so that they don't go into the next budget."

TSA has encouraged the various financial institutions in Nigeria to go back to the traditional banking system of collating funds from the savers (depositors) to borrowers (investors) and exposed themselves the more to a globally accepted standard by diversifying their sources of revenue; just as an increase has been witnessed in the customers' deposits to the various financial institutions. This therefore has led to an improvement in their performance even in the midst of economic recession

Finally, TSA has no negative effects on the level of investment and economic growth; contrary to the opinions of several experts and the current economic recession being witnessed in the country's economy.

5.2 Policy Recommendation

Financial institutions should open themselves up the more to a more globalised banking business that is, operating from a local environment and meeting up with the demand of both local and international customers.

Financial institutions should also, diversify their sources of income in order not to be distabilised financially by issues like the Treasury Single Account (TSA) and be more fit to withstand any form of government policies that may not favour their operations.

Government on the other, should re-invest the funds taken away from the financial institutions back into the economy in order to revamp the economy from its current state of recession.

Consistent and unbiased fiscal and monetary policies should be enacted by the government and the monetary authority in order, to stabilize the financial institutions of the country in particular and the economy at large.

The monetary authority (CBN) should relax some of its policies like high interest rate that discourages borrowing, reduce the cash reserve ratio (CRR) in order for the financial institutions to have more deposits to give out to borrowers; so as to save the troubling financial institutions and at the same time, save the economy.

More funds should be given out to customers that are into Agricultural, Mining, Commerce and Industry, Small and Medium Scale Enterprises businesses by the financial institutions; in order to boost non-oil revenue and be more stable financially.

More Nigerians should be enlightened about this TSA policy by the government in order to woo them to save more with the financial institutions and consume less.

Financial institutions should always be on their toes every time; because the Nigerian business environment is quite unstable and as such, any factors can arise against their operations any period of time.

Furthermore, more Nigerians should be encouraged to have account with the financial institutions in order to enhance the banks' customers' deposits; especially, by the employers of labour; as a lot of people roam the street with huge sums of money in their pockets.

So also, cash-less economy should be encouraged so as to, enlarge bank deposits more, curb the menace of inflation and as well, boost investment and economic growth the more and by so doing, we can reflate the economy to recovery and then, boom.

Finally, more government bonds, stocks and treasury bills should be bought from the public in order to release more funds into the financial institutions and create more wealth in the economy.

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APPENDIXES

BALANCE SHEET AND PROFIT AND LOSS OF FIRST BANK FOR 1ST HALF 2015

Non-controlling interests		155	107	-	-
		39,901	36,375	33,188	29,822
UNAUDITED IFRS STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income:					
Exchange difference on translation of foreign operations		3,485	(2,084)	-	
Net gains on available-for-sale financial assets:					
- Unrealised net gains/(losses) arising during the period, before tax		(1,666)	4,049	(1,507)	4,921
- Net reclassification adjustment for realised net gains or losses, before tax		-	-	-	
Share of other comprehensive income of associates		-		-	
Actuarial gains/(losses) on defined benefit pension scheme		-		-	
Expected return on Plan assets		-	(804)	-	(804)
Income tax relating to components of other comprehensive income		-		-	
Other comprehensive income for the quarter, net of tax		**1,819**	**1,161**	**(1,507)**	**4,117**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**41,720**	**37,536**	**31,681**	**33,940**
Earnings per share for profit attributable to owners of the parent					
Basic (k)					
Diluted (k)					

First Bank of Nigeria Limited					
AUDITED IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION		GROUP		BANK	
AS AT 30 June 2015		30 June 2015	31 December 2014	30 June 2015	31 December 2014
	Notes	N' million	N' million	N' million	N' million
ASSETS					
Cash and balances with central banks	1	727,487	697,601	703,244	670,045
Loans and advances to banks	2	406,802	430,053	175,777	242,843
Loans and advances to customers	3	2,093,533	2,193,563	1,718,322	1,794,037
Financial assests held for trading	4	19,755	10,708	11,833	9,258
Investment securities					
- Available for sale	5a	513,937	442,550	476,962	404,507
-Held to maturity	5b	119,306	156,354	92,584	140,468
Assets pledged as collateral	6	102,812	64,527	101,968	63,158
Investments in Subsidiaries	7	-	-	60,119	58,985
Investments in associates accounted for using the equity method	8	-	-	-	-
Property, plant and equipment	9	82,760	83,404	73,673	74,782
Intangible assets	10	9,496	8,104	3,501	2,272
Deferred tax asset	11	2,268	2,384	1,343	1,343
Other assets	12	52,259	39,457	46,617	29,174
Assets classified as held for sale	13	8,197	2,931	-	-
Total assets		**4,138,612**	**4,131,635**	**3,465,943**	**3,490,872**
LIABILITIES					
Deposits from banks	14	150,656	163,710	14,107	19,246
Deposits from customers	15	3,054,546	2,989,735	2,582,203	2,551,022
Financial liabilities held for trading	16	1,848	9,915	1,848	7,948
Borrowings	17	281,099	362,976	297,248	377,950
Retirement benefit obligations	18	1,952	2,012	1,546	1,546
Current income tax liability	19	5,350	8,529	3,229	6,558
Deferred income tax liability	20	4,253	38	4,186	-
Other liabilities	21	134,170	131,702	106,847	103,556
Liabilities included in assets classified as held for sale	22	-	-	-	-
Total liabilities		**3,633,875**	**3,668,618**	**3,011,215**	**3,067,824**
EQUITY					

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BALANCE SHEET AND PROFIT AND LOSS OF FIRST BANK FOR 1ST HALF 2016

First Bank of Nigeria Limited		GROUP		BANK	
UNAUDITED IFRS INCOME STATEMENT FOR THE PERIOD ENDED: June 2016		30 June 2016	30 June 2015	30 June 2016	30 June 2015
	Notes	N' million	N' million	N' million	N' million
Gross Earnings		244,153	255,458	219,127	227,105
Interest income	23	161,711	194,311	141,876	174,580
Interest expense	24	(38,994)	(64,534)	(34,798)	(59,261)
Net interest income		122,717	129,777	107,078	115,319
Impairment charge for credit losses	25	(69,941)	(22,568)	(62,327)	(20,377)
Net interest income after impairment charge for credit losses		52,776	107,209	44,750	94,942
Net Fee and commission income	26	25,293	25,266	19,651	19,204
Net gains / (losses) on investment securities	27	4,577	5,087	4,577	5,106
Net gains / (losses) from financial assets classified as held for trading	29	(213)	3,734	(213)	3,734
Other operating income	30	48,132	19,486	48,103	16,888
Other Operating Expenses	31	(93,920)	(110,454)	(83,623)	(99,388)
Operating Profit		36,645	50,328	33,245	40,486
Share of profit / (loss) of associates	32	-	-	-	-
Profit before tax		36,645	50,328	33,245	40,486
Income tax expense		(7,287)	(10,426)	(5,984)	(7,298)
Profit after tax		29,359	39,901	27,261	33,188
Profit for the period from continued operations		29,359	39,901	27,261	33,188
Profit for the period from assets held for sale		-	-	-	-
PROFIT FOR THE PERIOD		29,359	39,901	27,261	33,188
Profit attributable to:					
Owners of the parent		29,277	39,886	27,261	33,188
Non-controlling interests		81	15	-	-
		29,359	39,901	27,261	33,188
UNAUDITED IFRS STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income:					
Exchange difference on translation of foreign operations		32,055	3,485		
Net gains on available-for-sale financial assets:					
- Unrealised net gains/(losses) arising during the period, before tax		(25,256)	(1,666)		(1,507)
- Net reclassification adjustment for realised net gains or losses, before tax					
Share of other comprehensive income of associates					
Actuarial gains/(losses) on defined benefit pension scheme					
Expected return on Plan assets					
Income tax relating to components of other comprehensive income					
Other comprehensive income for the quarter, net of tax		6,799	1,819	-	(1,507)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		36,157	41,720	27,261	31,681

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First Bank of Nigeria Limited					
UNAUDITED IFRS CONSOLIDATED STATEMENT OF FINANCIAL POSITION		GROUP		BANK	
AS AT 30 June 2016	Notes	30 June 2016 N' million	31 December 2015 N' million	30 June 2016 N' million	31 December 2015 N' million
ASSETS					
Cash and balances with central banks	1	699,138	715,092	655,271	679,054
Loans and advances to banks	2	713,296	374,510	327,173	137,548
Loans and advances to customers	3	2,132,676	1,816,045	1,641,740	1,457,286
Financial assests held for trading	4	13,497	5,050	10,263	5,050
Investment securities					
- Available for sale	5a	656,164	724,550	594,178	689,577
-Held to maturity	5b	132,178	106,036	106,643	92,326
Assets pledged as collateral	6	84,509	102,218	79,478	100,086
Investments in Subsidiaries	7	-	-	74,415	74,415
Investments in associates accounted for using the equity method	8	-	-	-	-
Property, plant and equipment	9	83,675	82,353	71,841	72,810
Intangible assets	10	12,388	9,274	4,968	4,042
Deferred tax asset	11	3,270	2,924	1,343	1,343
Other assets	12	54,800	34,478	37,042	18,840
Assets classified as held for sale	13	570	570	-	-
Total assets		4,586,161	3,973,100	3,604,354	3,332,376
LIABILITIES					
Deposits from banks	14	379,155	139,052	183,771	50,566
Deposits from customers	15	3,017,380	2,905,070	2,344,019	2,399,823
Financial liabilities held for trading	16	36,262	12,122	4,975	2,658
Borrowings	17	334,259	249,891	383,043	290,620
Retirement benefit obligations	18	3,838	3,709	3,139	3,046
Current income tax liability	19	8,185	5,789	6,075	2,897
Deferred income tax liability	20	93	64	-	-
Other liabilities	21	266,275	152,877	218,116	123,019
Liabilities included in assets classified as held for sale	22	-	-	-	-
Total liabilities		4,045,447	3,468,575	3,143,138	2,872,628
EQUITY					
Share capital		16,316	16,316	16,316	16,316
Share premium		189,241	189,241	189,241	189,241
Retained earnings		192,914	163,652	158,049	130,788
Other reserves			-		-
-Statutory reserve		65,269	65,254	63,236	63,236
-SSI Reserve		6,076	6,076	6,076	6,076
-AFS Fair Value Reserve		28,164	53,420	28,298	54,091
-Statutory credit reserve		640	611	-	-
-Foreign currency translation reserve		40,083	8,028	-	-
-Revaluation reserve		-	-	-	-
		538,704	502,597	461,216	459,747
Non-controlling interest (NCI)		2,010	1,929	-	-
Total equity		540,714	504,526	461,216	459,747
Total equity and liabilities		4,586,161	3,973,100	3,604,354	3,332,375

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BALANCE SHEET AND PROFIT AND LOSS OF UNION BANK FOR 1ST HALF 2015

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

For the period ended 30 June 2015

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

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

Separate and Consolidated Statements of Financial Position

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

By order of the Board:

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

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

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BALANCE SHEET AND PROFIT AND LOSS OF UNION BANK FOR 1ST HALF 2016

Union Bank of Nigeria Plc and Subsidiary Companies
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Separate and Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the period ended 30 June 2016

		Group		Bank	
	Notes	June 2016	June 2015	June 2016	June 2015
		₦ million	₦ million	₦ million	₦ million
Gross earnings		60,869	55,389	58,996	57,871
Continuing Operations:					
Interest income	9	44,344	42,690	43,339	41,908
Interest expense	9	(13,397)	(16,421)	(13,370)	(16,635)
Net interest income		30,947	26,269	29,969	25,273
Net impairment charge for credit losses	13(a)	(8,780)	(2,973)	(8,733)	(2,971)
Net interest income after impairment charge for credit losses		22,167	23,296	21,236	22,302
Net fee and commission income	10	6,262	3,767	5,959	3,517
Net trading income	11	3,289	2,886	3,191	2,824
Cash recoveries		724	787	724	787
Gain on sale of subsidiaries		318	(511)	752	3,412
Other operating income	12	5,132	5,628	5,031	4,623
Non interest income		15,725	12,556	15,657	15,163
Operating income		37,892	35,853	36,893	37,465
Net impairment write-back/(loss) on other financial assets	13(b)	165	-	165	-
Net operating income after net impairment write-back/(loss) on other financial assets		38,057	35,853	37,058	37,465
Personnel expenses	14	(14,920)	(14,705)	(14,197)	(14,040)
Depreciation and amortisation		(2,494)	(2,020)	(2,412)	(1,941)
Other operating expenses	15	(11,718)	(12,620)	(11,397)	(11,331)
Total expenses		(29,132)	(29,345)	(28,006)	(27,312)
Profit before income tax from continuing operations		8,925	6,507	9,052	10,153
Income tax expense from continuing operations	16	(164)	(147)	(90)	(74)
Profit for the period from continuing operations		8,761	6,361	8,962	10,079
Discontinued operations					
Gross income from discontinued operations	38	-	142	-	-
Gross expense from discontinued operations	38	-	(36)	-	-
Profit/Loss before tax from discontinued operations	38	-	106	-	-
Income tax expense from discontinued operations	38	-	(9)	-	-
Profit/Loss for the period from discontinued operations	38	-	97	-	-
Continuing and discontinued operations:					
Profit before tax		8,925	6,613	9,052	10,153
Income tax		(164)	(156)	(90)	(74)
Profit after tax		8,761	6,458	8,962	10,079
Other comprehensive income, net of income tax					
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences for foreign operations		6,241	845	-	-
Fair value gains/(losses) on available-for-sale investments		(6,025)	(294)	(6,128)	(226)
Other comprehensive income for the period		216	551	(6,128)	(226)
Total comprehensive income for the period		8,977	7,089	2,834	9,853

Union Bank of Nigeria Plc and Subsidiary Companies
Consolidated financial statements for the year ended 30 June 2016

Separate and Consolidated Statements of Financial Position

	Notes	Group Jun.2016 ₦ million	Group Dec.2015 ₦ million	Bank Jun.2016 ₦ million	Bank Dec.2015 ₦ million
ASSETS					
Cash and cash equivalents	18	**107,868**	82,252	**42,852**	54,451
Non-pledged trading assets	19	**13,256**	-	**13,256**	-
Pledged assets	20	**61,452**	84,728	**61,452**	84,728
Derivative assets held for risk management	21	-	1,820	-	1,820
Loans and advances to customers	22	**475,942**	366,721	**453,442**	348,984
Investments in equity accounted investee	23	**24**	24	-	-
Investment securities	24	**169,206**	215,137	**160,305**	209,223
Trading properties	25	**2,462**	3,177	**1,124**	1,124
Investment properties	26	**4,557**	4,546	-	-
Investment in subsidiaries	27	-	-	**10,567**	10,567
Property and equipment	28	**49,745**	49,772	**49,657**	49,692
Intangible assets	29	**3,673**	3,749	**3,132**	3,318
Deferred tax assets	30	**95,883**	95,883	**95,875**	95,875
Other assets	31	**167,710**	138,686	**167,185**	138,030
		1,151,778	1,046,495	**1,058,847**	997,812
Assets classified as held for sale	38(b)	**397**	397	**325**	325
TOTAL ASSETS		**1,152,175**	1,046,892	**1,059,172**	998,137
LIABILITIES					
Derivative liabilities held for risk management	21	**697**	-	**697**	-
Deposits from banks	32	**67,753**	44,091	**3,702**	11,800
Deposits from customers	33	**611,914**	570,639	**604,547**	569,116
Current tax liabilities	34	**333**	382	**99**	229
Other liabilities	35	**123,332**	107,533	**121,407**	106,035
Retirement benefit obligations	36	**3,662**	4,267	**3,633**	4,230
Other borrowed funds	37	**91,586**	76,059	**91,586**	76,059
TOTAL LIABILITIES		**899,277**	802,971	**825,671**	767,469
EQUITY					
Share capital and share premium	39	**400,109**	400,109	**400,109**	400,109
Retained deficit		**(241,727)**	(244,902)	**(246,059)**	(249,372)
Other reserves		**89,141**	83,377	**79,451**	79,931
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		**247,523**	238,584	**233,501**	230,668
Non-controlling interest	40	**5,375**	5,337	-	-
TOTAL EQUITY		**252,898**	243,921	**233,501**	230,668
TOTAL LIABILITIES AND EQUITY		**1,152,175**	1,046,892	**1,059,172**	998,137

Signed on behalf of the Board of Directors on 19 July, 2016 by:

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

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

BALANCE SHEET AND PROFIT AND LOSS OF ECO BANK FOR 1ST HALF 2015/2016

Performance Summary in Naira, Cedi & CFA franc – 1H 2016

As reported to the NSE, GSE, and BRVM

In millions of	Naira			Cedi			CFA franc		
	Jun 2016	Jun 2015	% YoY	**Jun 2016**	Jun 2015	% YoY	**Jun 2016**	Jun 2015	% YoY
Net revenue	**208,488**	211,326	(1)	**3,932**	4,047	(3)	**601,726**	633,334	(5)
Pre-impairment income	**74,474**	79,207	(6)	**1,405**	1,517	(7)	**214,943**	237,382	(9)
Profit before tax	**41,569**	61,414	(32)	**784**	1,176	(33)	**119,976**	184,058	(35)
Profit for the period	**31,082**	48,119	(35)	**586**	921	(36)	**89,708**	144,210	(38)

In millions of	**Jun 2016**	Jun 2015	% YoY	**Jun 2016**	Jun 2015	% YoY	**Jun 2016**	Jun 2015	% YoY
Loans	**2,856,739**	2,321,097	23	**39,850**	50,878	(22)	**6,001,821**	6,892,649	(13)
Deposits	**4,010,674**	3,187,260	26	**55,947**	69,864	(20)	**8,426,162**	9,464,779	(11)
Total assets	**5,916,711**	4,609,282	28	**82,535**	101,034	(18)	**12,430,622**	13,687,568	(9)

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BALANCE AND PROFIT AND LOSS OF ZENITH FOR 1ST HALF 2015

ZENITH BANK PLC

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income for the Period Ended 30 June 2015

		Group		Bank	
In millions of Naira			**Unaudited**		**Unaudited**
For the six months ended 30 June	**Note(s)**	**2015**	**2014**	**2015**	**2014**
Gross earnings		**229,082**	**184,435**	**213,571**	**174,569**
Interest and similar income	6	176,223	147,387	160,081	135,061
Interest and similar expense	7	(63,585)	(48,781)	(59,199)	(46,255)
Net interest income		112,638	98,606	100,882	88,806
Impairment charge for credit losses	8	(7,201)	(2,948)	(6,392)	(2,800)
Net interest income after impairment charge for credit losses		105,437	95,658	94,490	86,006
Fee and commission income	9	36,641	28,899	31,476	25,132
Trading income	10	11,987	6,597	11,987	6,305
Other income	11	4,231	1,552	10,027	8,071
Share of profit of associates	23	206	324	-	-
Depreciation of property and equipment	26	(5,067)	(4,369)	(4,690)	(4,050)
Amortisation of intangible assets	27	(602)	(388)	(587)	(330)
Personnel expenses	37	(34,378)	(33,246)	(31,679)	(31,216)
Operating expenses	12	(46,254)	(37,168)	(43,240)	(34,343)
Profit before income tax		72,201	57,859	67,784	55,575
Income tax expense	13	(19,021)	(10,414)	(17,010)	(8,906)
Profit after tax		53,180	47,445	50,774	46,669
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Fair value movements on equity instruments		(2,390)	-	(2,390)	-
Related tax credit / (expense)		-	-	-	-
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		(2,058)	(4,452)	-	-
Other comprehensive income for the period, net of tax		(4,448)	(4,452)	(2,390)	-
Total comprehensive income for the period		48,732	42,993	48,384	46,669
Profit attributable to:					
Equity holders of the parent		53,100	47,346	50,774	46,669
Non controlling interest		80	99	-	-
Total comprehensive income attributable to:					
Equity holders of the parent		48,754	42,988	48,384	46,669
Non-controlling interest		(22)	5	-	-
Earnings per share:					
Basic and diluted	14	169 k	151 k	162 k	149 k

22 Consolidated and Separate Interim Financial Statements -30 June 2015

ZENITH BANK PLC

Consolidated and Separate Statements of Financial Position as at 30 June 2015

		Group		Bank	
In millions of Naira	**Note(s)**	**30 June 2015**	**31 Dec 2014**	**30 June 2015**	**31 Dec 2014**
Assets					
Cash and balances with central banks	15	634,972	752,580	614,340	728,291
Treasury bills	16	287,989	295,397	252,824	253,414
Assets pledged as collateral	17	239,078	151,746	237,427	151,746
Due from other banks	18	499,093	506,568	481,760	470,139
Derivative assets	19	27,492	17,408	19,329	16,896
Loans and advances	20	1,905,894	1,729,507	1,764,788	1,580,250
Investment securities	21	166,923	200,079	66,937	92,832
Investments in subsidiaries	22	-	-	33,003	33,003
Investments in associates	23	508	302	90	90
Deferred tax assets	24	4,394	6,449	3,458	6,333
Other assets	25	40,545	21,455	38,501	19,393
Property and equipment	26	73,565	71,571	69,703	68,531
Intangible assets	27	2,284	2,202	1,979	1,901
Total assets		**3,882,727**	**3,765,264**	**3,584,139**	**3,423,819**
Liabilities					
Customers' deposits	28	2,604,804	2,537,311	2,340,266	2,265,262
Derivative liabilites	33	697	6,073	697	6,073
Current income tax payable	13	5,958	10,042	4,323	7,709
Deferred income tax liabilities	24	23	-	-	-
Other liabilities	29	256,782	289,858	264,629	272,726
On-lending facilities	30	102,253	68,344	102,253	68,344
Borrowings	31	266,185	198,066	266,185	198,066
Debt securities issued	32	99,639	92,932	99,639	92,932
Total liabilities		**3,336,341**	**3,202,626**	**3,077,992**	**2,911,112**
Capital and reserves					
Share capital	34	15,698	15,698	15,698	15,698
Share premium	35	255,047	255,047	255,047	255,047
Retained earnings	35	180,582	183,396	146,437	150,342
Other reserves	35	94,569	97,945	88,965	91,620
Attributable to equity holders of the parent		545,896	562,086	506,147	512,707
Non-controlling interest	35	490	552	-	-
Total shareholders' equity		**546,386**	**562,638**	**506,147**	**512,707**
Total liabilities and equity		**3,882,727**	**3,765,264**	**3,584,139**	**3,423,819**

The accompanying notes are an integral part of these consolidated and separate interim financial statements.

The interim financial statements were approved by the Board of Directors for issue on 30 July, 2015 and signed on its behalf by:

Jim Ovia (Chairman)
FRC/2013/CIBN/00000002406

Peter Amangbo (Group Managing Director and Chief Executive)
FRC/2013/ICAN/00000001310

Ebenezer Onyeagwu (Executive Director)
FRC/2013/ICAN/00000003788

Stanley Amuchie (Chief Financial Officer)
FRC/2013/MULTI/00000001063

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BALANCE SHEET AND PROFIT AND LOSS OF ZENITH BANK FOR 1ST HALF 2016

ZENITH BANK PLC

Consolidated and Separate Statement of Profit or Loss and other Comprehensive Income for the Period Ended 30 June 2016

		Group		Bank	
For the six month ended 30 June	**Note(s)**	**2016**	**2015**	**2016**	**2015**
In millions of Naira					
Gross earnings		**214,812**	**229,082**	**192,163**	**213,571**
Interest and similar income	6	181,408	176,223	165,629	160,081
Interest and similar expense	7	(54,385)	(63,585)	(49,612)	(59,199)
Net interest income		127,023	112,638	116,017	100,882
Impairment loss on financial assets	8	(14,232)	(7,201)	(11,144)	(6,392)
Net interest income after impairment loss on financial assets		112,791	105,437	104,873	94,490
Fee and commission income	9	30,701	36,641	25,230	31,476
Trading income	10	(864)	11,987	(977)	11,987
Other income	11	3,567	4,231	2,281	10,027
Share of profit of associates	23	-	206	-	-
Depreciation of property and equipment	26	(4,524)	(5,067)	(4,082)	(4,690)
Amortisation of intangible assets	27	(696)	(602)	(670)	(587)
Personnel expenses	37	(34,593)	(34,378)	(31,745)	(31,679)
Operating expenses	12	(43,101)	(46,254)	(38,694)	(43,240)
Profit before income tax		63,281	72,281	56,016	67,784
Income tax expense	13(a)	(18,438)	(19,021)	(15,986)	(17,010)
Profit after tax		44,843	53,180	40,030	50,774
Other comprehensive income:					
Items that will never be reclassified to profit or loss:					
Fair value movements on equity instruments	21(b)	4,153	(2,390)	4,153	(2,390)
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences for foreign operations		26,053	(2,058)	-	-
Other comprehensive income for the period, net of tax		30,206	(4,448)	4,153	(2,390)
Total comprehensive income for the period		75,049	48,732	44,183	48,384
Profit attributable to:					
Equity holders of the parent		44,748	53,100	40,030	50,774
Non controlling interest		95	80	-	-
Total comprehensive income attributable to:					
Equity holders of the parent		74,770	48,754	44,183	48,384
Non-controlling interest		279	(22)	-	-
Earnings per share:					
Basic and diluted	14	143 k	169 k	128 k	162 k

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ZENITH BANK PLC

Consolidated and Separate Statement of Financial Position as at 30 June 2016

		Group		Bank	
In millions of Naira	**Note(s)**	**30 June 2016**	**31 Dec 2015**	**30 June 2016**	**31 Dec 2015**
Assets					
Cash and balances with central banks	15	627,156	761,561	596,723	735,946
Treasury bills	16	379,990	377,928	311,196	330,900
Assets pledged as collateral	17	277,862	265,051	277,862	264,320
Due from other banks	18	343,389	272,194	257,888	266,894
Derivative assets	19	34,943	8,481	34,943	8,481
Loans and advances	20	2,279,655	1,989,313	2,114,808	1,849,225
Investment securities	21	258,497	213,141	179,726	150,724
Investment in subsidiaries	22	-	-	33,003	33,003
Investment in associates	23	530	530	90	90
Deferred tax assets	24	7,028	5,607	6,354	5,131
Other assets	25	60,107	22,774	48,758	21,673
Property and equipment	26	94,090	87,022	85,812	81,187
Intangible assets	27	4,051	3,240	3,194	2,753
Total assets		**4,357,296**	**4,006,842**	**3,952,357**	**3,750,327**
Liabilities					
Customers' deposits	28	2,686,477	2,567,884	2,354,921	2,333,017
Derivative liabilities	33	3,562	384	3,562	384
Current income tax payable	13(a)	4,824	3,579	4,489	2,534
Deferred income tax liabilities	24	60	19	-	-
Other liabilities	29	196,881	205,062	193,311	212,636
On-lending facilities	30	344,883	288,881	344,883	288,881
Borrowings	31	358,789	258,862	366,634	268,111
Debt securities issued	32	142,091	99,818	142,091	99,818
Total liabilities		**3,736,557**	**3,412,489**	**3,409,891**	**3,203,381**
Capital and reserves					
Share capital	34	15,698	15,698	15,698	15,698
Share premium	35	255,047	255,047	255,047	255,047
Retained earnings	35	188,042	200,115	147,136	160,408
Other reserves	35	163,080	122,900	124,585	115,793
Attributable to equity holders of the parent		619,867	593,760	542,466	546,946
Non-controlling interest	35	872	593	-	-
Total shareholders' equity		**620,739**	**594,353**	**542,466**	**546,946**
Total liabilities and equity		**4,357,296**	**4,006,842**	**3,952,357**	**3,750,327**

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

The financial statements were approved by the Board of Directors for issue on 27 July, 2016 and signed on its behalf by:

Jim Ovia (Chairman)
FRC/2013/CIBN/00000002406

Peter Amangbo (Group Managing Director and Chief Executive)
FRC/2013/ICAN/00000001310

Ebenezer Onyeagwu (Executive Director)
FRC/2013/ICAN/00000003788

Stanley Amuchie (Chief Financial Officer)
FRC/2013/MULTI/00000001063

BALANCE SHEET AND PROFIT AND LOSS OF FCMB FOR 1ST HALF 2015/2016

CRBG: Income Analysis

FCMB

Earnings improved due to FCY revaluation gains, retail momentum and effective cost control. Dampened by increased impairment on loans and other losses (N9.4bn in Q2)

CRBG: Statements of Comprehensive Income (Extracts): (1Q16 vs. 2Q16 & HY15 vs. HY16)

N'm	1Q16	2Q16	%Δ QoQ	HY15	HY16	%Δ YoY
Revenue	**33,044**	**51,099**	**54.6%**	**73,458**	**84,897**	**15.6%**
Interest Income	28,318	31,758	12.1%	63,198	60,076	-4.9%
Interest Expense	(11,335)	(12,619)	11.3%	(29,455)	(23,953)	-18.7%
Net Interest Income	**16,983**	**19,139**	**12.7%**	**33,743**	**36,122**	**7.1%**
Non Interest Income	**4,726**	**18,355**	**288.4%**	**10,106**	**23,081**	**128.4%**
- Net Fees & Commissions	3,025	3,386	11.9%	5,094	6,410	25.8%
- Securities Trading Income	56	278	396.1%	356	334	-6.3%
- FX Income[1]	1,587	14,480	812.4%	3,713	16,067	332.8%
- Others	58	212	265.0%	942	270	-71.4%
Operating Income	**21,709**	**37,494**	**72.7%**	**43,849**	**59,204**	**35.0%**
Operating Expenses	(15,952)	(15,598)	-2.2%	(32,259)	(31,550)	-2.2%
Net impairment loss on loans	(3,304)	(5,616)	70.0%	(4,474)	(8,919)	99.4%
Other impairment loss	(228)	(3,812)	1571.9%	733	(4,040)	-651.3%
Net gains/(losses) from fin. instruments at fair value	-	-	0.0%	154	-	-100.0%
PBT	**2,226**	**12,469**	**460.3%**	**8,003**	**14,695**	**83.6%**
PAT	**1,699**	**12,481**	**634.6%**	**6,875**	**14,180**	**106.3%**

Note:

1. *This is inclusive of revaluation gain of N9.1bn,*

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FCMB

CRBG: Statements of Financial Position Analysis

Deposits and loans grew QoQ, aided by appreciation in the value of the FCY components of these monetary items, following the recent devaluation of the naira. While the YoY decline in deposits was due to TSA.

N'm	2Q15	1Q16	2Q16	%Δ QoQ	%Δ YoY
Cash and cash equivalents	141,276	143,069	150,655	5.3%	6.6%
Restricted reserve deposits	195,824	145,810	151,761	4.1%	-22.5%
Loans and advances	578,154	561,310	666,075	18.7%	15.2%
Derivative assets held	3,387	1,377	1,982	44.0%	-41.5%
Non Pledged trading assets	2,661	5,640	11,125	97.2%	318.1%
Investments	146,401	139,110	155,756	12.0%	6.4%
Assets pledged as collateral	51,159	51,778	55,778	7.7%	9.0%
Intangible assets	7,507	8,508	8,538	0.4%	13.7%
Deferred tax assets	8,166	8,166	8,166	0.0%	0.0%
Other assets	40,866	34,831	35,868	3.0%	-12.2%
Fixed assets	29,347	29,818	29,916	0.3%	1.9%
Total Assets	**1,204,748**	**1,129,415**	**1,275,619**	**12.9%**	**5.9%**
LIABILITIES:					
Trading liabilities	463				-100.0%
Derivative liabilities held	3,165	1,228	1,773	44.4%	-44.0%
Customer deposits	794,478	668,133	699,026	4.6%	-12.0%
Deposits from banks	12,000	34,522	41,898	21.4%	249.1%
Other liabilities	93,620	79,321	143,984	81.5%	53.8%
Borrowings	106,421	112,833	142,428	26.2%	33.8%
On-lending facilities	16,970	33,336	33,391	0.2%	96.8%
Debt securities issued	26,030	51,085	49,210	-3.7%	89.1%
Shareholders' funds	151,602	148,957	163,911	10.0%	8.1%
Liabilities and Shareholder Equity	**1,204,748**	**1,129,415**	**1,275,619**	**12.9%**	**5.9%**
Acceptances & Guarantees	**197,563**	**138,892**	**174,847**	**25.9%**	**-11.5%**