UNION BANK

UNION BANK OF NIGERIA PLC

Union Bank of Nigeria Plc

IFRS Consolidated Financial Statements
For the 1st Quarter ended 31 March 2012

UNION BANK OF NIGERIA PLC

Consolidated and Separate Statements of Financial Position

		Restated Group		Restated Bank	
In millions of Naira	***Notes***	March 2012	December 2011	March 2012	December 2011
ASSETS					
Cash and cash equivalents	1	199,557	239,013	90,130	84,658
Non-pledged trading assets	2	2,312	5,863	718	2,851
Pledged assets	3	60,416	69,694	60,416	69,694
Loans and advances to customers	4	172,620	162,327	136,848	144,692
Investments in equity-accounted investee	5	7,540	7,540	75	75
Investment securities	6	326,705	269,581	282,354	246,640
Investment properties		29,875	29,940	807	807
Investment in subsidiaries	7	-	-	19,279	19,279
Property and equipment	8	49,341	50,533	45,476	46,567
Intangible assets	9	467	600	109	109
Deferred tax assets		96,034	91,563	95,021	93,506
Other assets	10	129,061	120,467	121,818	116,154
TOTAL ASSETS		1,073,928	1,047,120	853,051	825,032
LIABILITIES					
Deposits from banks	11	3,500	62,214	3,500	1,580
Deposits from customers	12	565,336	500,740	432,222	399,775
Liability on investment contract	13	578	569	-	-
Liability on insurance contract	14	2,456	2,644	-	-
Current tax liabilities		4,032	2,668	2,434	1,358
Other liabilities	15	204,209	199,982	140,556	159,651
Dividend payable		308	308	308	308
Retirement benefit obligations		58,425	58,707	58,410	58,628
Other borrowed funds	16	34,127	26,950	34,127	26,950
TOTAL LIABILITIES		872,971	854,782	671,557	648,250
EQUITY					
Share capital and share premium		8,468	8,468	8,468	8,468
Share Premium		391,641	391,641	391,641	391,641
Treasury shares		(82)	(206)	-	-
Capital reconstruction reserve		5,489	5,489	5,489	5,489
Retained earnings		(266,375)	(273,711)	(271,145)	(277,869)
Other reserves	17	54,694	55,312	47,041	49,053
EQUITY ATTRIBUTABLE TO EQUITY - HOLDERS OF THE BANK		193,835	186,993	181,494	176,782
Non-controlling interest		7,122	5,346	-	-
TOTAL EQUITY		200,957	192,338	181,494	176,782
TOTAL LIABILITIES AND EQUITY		1,073,928	1,047,120	853,051	825,032

UNION BANK OF NIGERIA PLC

Separate and Consolidated Statements of Comprehensive Income

For the period ended 31 March 2012

			Restated Group			Restated Bank	
In millions of Naira	*Notes*	March 2012	March 2011	December 2011	March 2012	March 2011	December 2011
Interest income	18	20,797	27,816	82,729	18,341	25,389	72,550
Interest expense	19	(5,468)	(7,539)	(34,312)	(4,598)	(6,986)	(31,264)
Net interest income		15,329	20,277	48,417	13,743	18,403	41,286
Net fee and commission income		6,627	3,329	11,258	5,527	3,077	9,748
Net trading income		1,529	4,585	180	840	4,420	24
Other operating income		888	(1,451)	10,543	803	(1,138)	7,047
		9,044	6,462	21,981	7,170	6,359	16,819
Underwriting Profit		-	464	760	-	-	-
Net Premiums from insurance contracts		-	464	760	-	-	-
Operating income		24,373	27,204	71,158	20,913	24,762	58,105
Net impairment gain on financial assets		(465)	(1,503)	(94,059)	(1,298)	(3,882)	(89,447)
Personnel expenses		(9,857)	(8,601)	(40,512)	(8,551)	(7,536)	(35,334)
Depreciation and amortisation		(1,290)	(1,385)	(5,609)	(1,087)	(1,219)	(4,699)
Other operating expenses	20	(6,383)	(9,056)	(43,801)	(5,104)	(8,204)	(32,907)
		6,378	6,659	(112,824)	4,873	3,921	(104,282)
Share of profit of equity accounted investee		-	-	952	-	-	-
Profit before income tax		6,378	6,659	(111,872)	4,872	3,921	(104,282)
Income tax		1,240	(2,146)	20,733	1,449	(1,138)	25,504
Profit for the period		7,618	4,513	(91,138)	6,321	2,783	(78,778)
Other comprehensive income, net of income tax							
Regulatory risk reserve		(1,439)	-	-	(403)	-	
Foreign currency translation differences for foreign operations				(588)			
Fair value (losses)/gains on available-for-sale investments		491	(932)	(1,371)	(1,608)	1,409	1,602
Fair value gains on property and equipment		-		1,557	-		
Other comprehensive income for the year		(948)	(932)	(401)	(2,011)	1,409	1,602
Total comprehensive income for the year		6,670	3,581	(91,540)	4,310	4,192	(77,176)
Profit attributable to:							
Equity holders of the Bank		6,860	2,331	(86,287)	6,321	2,783	(78,778)
Non-controlling interest		427	2,139	(4,883)	-	-	-
Transfer to contingency reserve		331	43	32	-	-	-
Profit for the period		7,618	4,513	(91,138)	6,321	2,783	(78,778)
Total comprehensive income attributable to:							
Equity holders of the Bank		5,912	1,399	(86,689)	4,310	4,192	(77,176)
Non-controlling interest		427	2,139	(4,883)	-	-	-
Transfer to contingency reserve		331	43	32	-	-	-
Total comprehensive income for the period		6,670	3,581	(91,540)	4,310	4,192	(77,176)
Earnings per share - Basic		117k	18k	-1406k	103k	31k	(1,258) k

1

2

(a)

(b)

(c)

(d)

3

(a)

(b)

(c)

(d)

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(aa)

(ab)

Reporting entity

Union Bank of Nigeria Plc ("the Bank" or ''the Company") is a company domiciled in Nigeria. The address of the Bank's registered office is 40 Marina, Lagos. The consolidated financial statements of the Bank for the year ended 31 December 2011 comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in investment, corporate, commercial and retail banking, as well as the provision of insurance, registrars, pension fund custodial, trusteeship and asset management services.

Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Group's first consolidated financial statements prepared in accordance with IFRS. IFRS 1 First-time adoption of International Financial Reporting Standards has been applied.

The financial statements were authorised for issue by the directors on 24 May 2012.

Functional and presentation currency

These consolidated financial statements are presented in Nigerian Naira, which is the Bank's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest million.

Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except for the following that are measured at fair value:

- financial instruments at fair value through profit or loss
- available-for-sale financial assets
- investment property

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income 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 judgements 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 ongoing 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.

Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements and in preparing an opening IFRSs balance sheet at 1 January 2011 for purposes of the transition to IFRSs.

The accounting policies have been applied consistently by Group entities.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total recognised gains and losses of associates on an equity-accounted basis from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Fund management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The financial statements of these entities are not included in these consolidated financial statements except when the Group controls the entity.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains or losses or income 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.

Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the balance sheet 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 (investments in equity instruments) 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 the income statement. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded directly in equity until the asset is sold or becomes impaired.

(ii) 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 income and expenses of foreign operations, are translated to Nigerian Naira at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity. Such differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

Interest

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 income statement 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 effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

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

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group’s trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in net income on other financial instruments carried at fair value in the income statement.

Fees and commission

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.

Commissions on insurance contracts are recognized on ceding business to the reassurer, and are credited to the income statement.
When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Net income from other financial instruments at fair value

Net income from other financial instruments at fair value relates to financial assets and liabilities designated as at fair value through profit or loss and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income and are recognised net of WHT.

Lease payments made

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Income tax

Income tax comprises current and deferred taxes. Income tax 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 is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for 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.

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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Financial instruments

(i) Recognition

The Group initially measures all financial instruments at fair value. Loans and advances, deposits and subordinated liabilities are recognised on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Subsequent measurement

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

(i) *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 at fair value through profit or loss or as available for sale. If 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 equity.

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

(ii) Financial assets held 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 at inception. A financial asset is classified as trading if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as trading unless they are designated as hedges.

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; or

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

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 income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

(iii) 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 strategic capital 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 equity until the financial asset is derecognised or impaired. When available-for-sale financial assets are disposed of, the fair value adjustments accumulated in equity are recognised in the income statement.

Interest income, calculated using the effective interest method, is recognised in the income statement. Dividends received on available-for-sale instruments are recognised in income statement when the Group's right to receive payment has been established.

(iv) 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 that those classified by the Group as at fair value through profit or loss, or available-for-sale.

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 as part of the effective interest rate. All of the Group's loans and advances are included in the loans and receivable category.

Fair value measurement

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

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 used is the market-related rate at the balance sheet date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the balance sheet 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

(i) Assets carried at amortised cost

The Group assesses at each balance sheet 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 if, and only if, 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 the customer's 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 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.

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 profit or loss.

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. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process which considers asset type, industry, geographic location, collateral type, past-due status and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of such assets being indicative of the debtor's 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 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 exist currently.

To the extent a loan is irrecoverable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for loan impairment in profit or loss. 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 profit or loss.

(ii) 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 balance sheet 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 in the income statement, 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.

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.

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

Sale and repurchase agreements

Securities sold subject to linked repurchase agreements are reclassified in the consolidated 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 banks, or other deposits, as appropriate.

Derecognition 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 derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group enters into transactions whereby it transfers assets recognised on its balance sheet, 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 from the balance sheet. 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.

Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the balance sheet.

Property and equipment

(i) Recognition and measurement

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 or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property or 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.

(iii) 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. 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:

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	50 years
Computer hardware	4 years
Furniture and office equipment	5 years
Motor vehicles	4 years
Capital work in progress	Not depreciated

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) 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.

Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss in other income.

Intangible assets

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 of the software, from the date that it is available for use. The estimated useful life of software is five years. This is reassessed annually.

Leased assets – lessee

Leases in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised on the Group's balance sheet.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of goodwill is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

Classification of insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk, transferred from the holder of the contract to the issuer.

Contracts that transfer financial risks but not significant insurance risk are classified as investment contracts. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

The Group classifies financial guarantee contracts and account for these in accordance with IFRS 4.

Recognition and measurement of insurance contracts

Premiums

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs. Specifically, provision for unexpired risk for marine business, is based on 50% of the gross premium.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represent the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made, and disclosed separately if material.

Reinsurance recoverables are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

Deferred acquisition costs

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

Contingency reserve

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act of 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation.

Liabilities and related assets under liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs.
In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off deferred acquisition costs and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

As set out in (a) above, long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Recognition and measurement of investment contracts

The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a
shorter period if the holder has the option to redeem the instrument earlier than maturity.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognised as income or expense in the income statement.

Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.

Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

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.

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.

Employee benefits

(i) Post-employment benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due.

Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted.

The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group’s obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reduction in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

In respect of actuarial gains and losses that arise in calculating the Group’s obligations in respect of a plan, to the extent that cumulative unrecognised actuarial gain or loss exceeds 10 percent of the greater of the present value of the defined benefits obligation and the fair value of plan assets, that portion is recognised in profit or loss over the expected average remaining work life of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

When the calculation above results in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefit available in the form of any refunds from the plan or reductions in future contribution to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

(ii) Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Share capital and reserves

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

(ii) Dividend on ordinary shares
Dividends on the Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders.

(iii) Treasury shares
Where the Bank or any member of the Group purchases the Bank's share capital, 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.

Earnings per share
The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank 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.

Fiduciary activities
The Group commonly acts as trustees and 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 income arising thereon are excluded from these financial statements, as they are not assets of the Group.

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 Board of Directors (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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

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1 Cash and cash equivalents

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Cash in hand	22,296	5,762	23,311	5,591
Cash and balances with banks	178,988	50,893	71,755	59,886
Unrestricted balances with central bank	11,399	10,966	8,190	10,966
Money market placements	-	171,392	-	8,215
Provisions	(13,126)	-	(13,126)	-
	199,557	**239,013**	**90,130**	**84,658**

2 Non-pledged Assets (Held for Trading)

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Government bonds	718	812	718	812
Treasury bills	-	3,389		2,039
Equities	1,594	1,662		-
	2,312	5,863	718	2,851

3 Pledged assets - Held to Maturity

Financial assets that may be repledged or resold by counterparties

	Group		Bank	
In millions of Naira	March 2012	December 2011	March 2012	December 2011
Treasury bills	15,970	28,067	15,970	28,067
Bonds (Held to maturity)	44,361	41,627	44,361	41,627
Bonds (available for sale)	85	-	85	-
	60,416	69,694	60,416	69,694

Included in pledged assets are treasury bills of N23.6 billion on repurchase agreements to secure inter-bank takings from other banks which have been included in other liabilities in Note 15.

4 Loans and advances to customers at amortised cost

	Group		Bank	
	March 2012	December 2011	March 2012	December 2011
In millions of Naira	*Loans*		*Loans*	
Gross amount	205,149	194,176	151,658	158,559
Specific impairment	(32,258)	(23,427)	(14,540)	(6,048)
Portfolio impairment	(271)	(8,422)	(270)	(7,819)
Total impairment	(32,529)	(31,849)	(14,810)	(13,867)
Carrying amount	172,620	162,327	136,848	144,692

5 Investment in equity-accounted investee

Associates	Group		Bank	
In millions of Naira	March 2012	December 2011	March 2012	December 2011
Cost				
Balance, beginning of the year	7,540	75	75	75
Share of current year result	-	952	-	-
Prior year profit brought forward		6,513		-
Balance, end of the year	**7,540**	**7,540**	**75**	**75**

This represents the Group's equity investment in Consolidated Discount House Limited (37.5%).

6 Investment securities

	Group		Bank	
	March 2012	December 2011	March 2012	December 2011
Available-for-sale investment securities comprise:				
In millions of Naira				
Treasury bills	177,935	13,925	171,895	13,925
Equity	9,473	25,300	-	13,594
Other investments	15,042	0	12,728	
Managed funds	12,862	829	829	-
Bonds	125,813	8,409	107,494	8,409
Less: specific allowance impairment	(14,421)	(8,516)	(10,592)	(5,952)
	326,705	**39,947**	**282,354**	**29,976**
Held to maturity investment securities comprise:				
Treasury Bills	-	119,391	-	117,420
Bonds	-	110,243	-	99,244
	-	**229,634**	-	216,664
	326,705	**269,581**	**282,354**	**246,640**

7 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Group		Bank	
	March 2012	December 2011	March 2012	December 2011
In millions of Naira				
Union Homes Savings and Loans Plc	-	-	1,834	1,834
Union Trustees Limited	-	-	5	5
Union Assurance Company Limited	-	-	1,449	1,449
UBN Property Company Limited	-	-	2,195	2,195
Union Bank UK Plc	-	-	8,372	8,372
Union Registrars	-	-	480	480
Union Capital Markets Limited	-	-	2,620	2,620
Union Pension Fund Custodian	-	-	2,000	2,000
Atlantic Nominees Limited	-	-	325	325
	-	**-**	**19,279**	**19,279**

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

			Direct Ownership Inter
Company Name	**Country of incorporation**	**Nature of business**	**December 2011**
Union Homes Savings and Loans Plc	Nigeria	Property Development and Mortgage Finance	30.60%
Union Trustees Limited	Nigeria	Trusteeship	90%

Union Assurance Company	Nigeria	Insurance	30%
UBN Property Company Limited	Nigeria	Property Development	39.01%
Union Bank UK Plc	United Kingdom	Licensed UK Bank	100%
Union Registrars Limited	Nigeria	Registrar	80%
Union Capital Markets Limited	Nigeria	Investment Banking and Stock	100%
Union Pension Custodian Limited	Nigeria	Pension Custodial	100%
Atlantic Nominees Limited	Nigeria	Real Estate	99.98%

8 Property and equipment

	Group		Bank	
	March 2012	December 2011	March 2012	December 2011
In millions of Naira				
Land & Building (Net of Depreciation)	45,019	42,921	42,191	42847
Plant, Machinery, Computer & Equipment	1,918	2,621	1,832	2009
Motor Vehicles	946	1,597	675	801
Furniture & Fittings	1,180	1,238	509	606
W.I.P	279	2,156	270	304
	49,341	50533	**45,476**	**46,567**

9 Intangible assets

	Group		Bank	
	March 2012	December 2011	March 2012	December 2011
In millions of Naira				
Computer software (Net of accumulated amortisation)	467	600	109	109
	467	**600**	**109**	**109**

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10 Other assets

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Accounts receivable and prepayments	18,384	133,178	16,363	130,795
Restricted deposits with central bank (see (i) below)	36,846	34,593	36,846	34,577
Insurance receivables	1,519	1,558	-	-
Receivable from AMCON (see note (ii) below)	-	42,209	-	42,209
Others	163,420	977	159,811	989
Statutory deposit	500	500	-	-
Clearing	51,686	75,916	51,686	75,916
	272,355	288,931	264,706	284,486
Provision for Impairment on other assets	(143,294)	(168,464)	(142,888)	(168,332)
	129,061	120,467	121,817	116,154

The Bank had restricted balances of N36,846,000,000 with the Central Bank of Nigeria (CBN) as at 31 March 2012. This balance is made up of CBN cash reserve requirement. The cash reserve ratio represents a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with central banks are not available for use in the Group's day-to-day operations

11 Deposits from banks

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Money market deposits	-	-		
Deposits from banks	3,500	62,214	3,500	1,580
	3,500	62,214	3,500	1,580

12 Deposits from customers

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Retail customers:				
Term deposits	154,215	180,772	95,099	88,269
Current deposits	281,841	198,387	216,001	193,104
Savings	129,281	121,581	121,122	118,402
	565,336	500,740	432,222	399,775

13 Liability on investment contracts

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Deposit administered funds (secured funds)	578	569	-	-
	-		-	
	578	569	-	-

14 Liability on insurance contracts

	Group		Bank	
In millions of Naira	**March 2012**	**December 2011**	**March 2012**	**December 2011**
Life assurance contracts	1,455	1,434	-	-
Non-life insurance contracts	1,001	1,210	-	-
	2,456	2,644	-	-

15 Other liabilities

In millions of Naira	Group March 2012	Group December 2011	Bank March 2012	Bank December 2011
Deposit for foreign currency	29,288	41,837	29,288	41,837
Deposit for properties	-	2,484	-	-
Deposit for dividend	20,922	21,237		-
Open buy-back takings (see note 20)	-	23,600	-	23,600
PAYE and other statutory deductions	6,582	2,456	6,563	2,397
Draft and Bills payable	33,460	32,933	33,424	32,933
Creditors and accruals	3,582	9,338	18,109	4,432
National Housing Scheme	3	477	-	-
Due to AMCON	-	14,461	-	14,461
Provisions and accruals	22,859	23,357	21,027	22,711
Interest payable	724	344	680	-
Accounts payable	1,260	10,276	723	1,243
Other credit balances	85,529	17,182	30,741	16,037
	204,209	199,982	140,556	159,651

16 Other borrowed funds

In millions of Naira	Group March 2012	Group December 2011	Bank March 2012	Bank December 2011
Due to multilateral lending agencies (see note (a) below)	-	-	-	-
Due to CAC (see note (b) below)	18,543	14,859	18,543	14,859
Other borrowings	15,584	12,091	15,584	12,091
	34,127	26,950	34,127	26,950

17 Other reserves

In millions of Naira	Group March 2012	Group December 2011	Bank March 2012	Bank December 2011
Statutory reserve	16,282	16,282	14,385	14,385
Small scale industries reserve	6,774	6,774	6,774	6,774
Contingency Reserve	629	298	-	-
Exchange difference reserve	1,995	1,995	1,895	1,895
Fair value reserve	29,014	28,524	23,987	25,596
Regulatory risk reserve	-	1,439	-	403
	54,694	**55,312**	**47,041**	**49,053**

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Net interest income

	Group		Bank	
In millions of Nigerian Naira	**3 months to March 2012**	**3 months to March 2011**	**3 months to March 2012**	**3 months to March 2011**
18 Interest income				
Cash and cash equivalents	1,467	545	309	109
Loans and advances to banks and customers	8,943	15,999	7,645	14,147
Investments securities	10,387	11,272	10,387	11,133
Total interest income	20,797	27,816	18,341	25,389
19 Interest expense				
Deposits from banks	1,214	2,820	1,048	2,688
Deposits from customers	4,254	4,719	3,550	4,297
Long term borrowing	-	-	-	-
Total interest expense	5,468	7,539	4,598	6,986
Net interest income	15,329	20,277	13,743	18,403

20 Other operating expenses

	Group		Bank	
In millions of Nigerian Naira	**3 months to March 2012**	**3 months to March 2011**	**3 months to March 2012**	**3 months to March 2011**
Auditors remuneration	28	9	27	9
NDIC Premium	1,089	1,842	1,088	1,840
Directors' emoluments	28	59	14	-
Professional fees	239		214	
General administrative expenses	4,646	7,146	3,761	6,355
Insurance claims	353	-	-	-
	6,383	9,056	5,104	8,204