Access Bank Plc

Unaudited Consolidated and separate financial statements for the period ended 30 September 2019

Access Bank PLC
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For the period ended 30 September 2019

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Corporate information

This is the list of Directors who served in the entity during the period and up to the date of this report

Directors

Mosun Belo-Olusoga	Chairman/Non-Executive Director
Herbert Onyewumbu Wigwe	Group Managing Director/Executive Director
Roosevelt Michael Ogbonna	Group Deputy Managing Director/Executive Director
Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
Paul Usoro, SAN	Non-Executive Director
Abba Mamman Tor Habib	Non-Executive Director
Ernest Chukwuka Ndukwe	Independent Non-Executive Director
Ajoritsedere Josephine Awosika	Independent Non-Executive Director
Mr. Adeniyi Adekoya	Independent Non-Executive Director
Iboroma Akpana	Independent Non-Executive Director
Victor Okenyenbunor Etuokwu	Executive Director
**Titi Osuntoki	Executive Director
Gregory Jobome	Executive Director
Hadiza Ambursa	Executive Director
Mr. Adeolu Bajomo	Executive Director
*Chizoma Okoli	Executive Director

** Resigned effective March 18, 2019
* Appointed effective March 22, 2019

Company Secretary
Mr Sunday Ekwochi

Corporate Head Office
Access Bank Plc
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Victoria Island, Lagos.
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Website: www.accessbankplc.com
Company Registration Number: RC125 384
FRC Number: FRC/2012/0000000000271

Independent Auditors
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Landmark Towers, 5b Water Corporation way, Oniru
Victoria Island, Lagos
Telephone: (01) 271 1700
Website: www.pwc.com/ng

Actuaries
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Rio Plaza, 2nd Floor , Plot 235, Muri Okunola Street
Victoria Island, Lagos
Telephone: (01) 271 1081
FRC Number: FRC/2012/0000000000504

Registrars
United Securities Limited
10 Amodu Ojikutu Street
Victoria Island, Lagos
Telephone: +234 01 730898
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Consolidated and separate statement of comprehensive income

In thousands of Naira	Notes	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Interest income on financial assets not at FVTPL	8	349,199,671	254,917,973	300,510,653	211,776,379
Interest income on financial assets at FVTPL	8	55,825,762	19,579,044	54,417,303	18,663,090
Interest expense	8	(194,807,420)	(151,547,195)	(179,072,242)	(138,815,616)
Net interest income		210,218,013	122,949,822	175,855,715	91,623,852
Net impairment charge	9	(10,610,692)	(8,353,312)	(9,505,859)	(7,875,385)
Net interest income after impairment charges		199,607,321	114,596,511	166,349,857	83,748,467
Fee and commission income	10 (a)	66,895,896	43,527,191	54,098,695	33,269,026
Fee and commission expense	10 (b)	(10,885,463)	(6,067,371)	(10,381,363)	(5,728,499)
Net fee and commission income		56,010,433	37,459,820	43,717,331	27,540,527
Net gains on investment securities	11a,b	3,326,374	75,102,421	2,178,114	74,378,942
Net foreign exchange loss	12	5,150,845	(29,579,815)	(2,019,002)	(35,057,855)
Other operating income	13	33,257,112	11,683,545	32,037,829	10,185,818
Profit on disposal of subsidiaries	48 (b)	-	-	4,287,666	-
Personnel expenses	14	(54,699,489)	(41,449,845)	(42,551,164)	(29,716,526)
Rent expenses		(1,366,945)	(3,262,758)	(88,682)	(1,487,719)
Depreciation	28	(14,210,518)	(10,380,513)	(12,352,652)	(8,801,914)
Amortization	29	(3,101,310)	(2,064,764)	(2,761,187)	(1,715,831)
Other operating expenses	15	(120,869,750)	(81,836,262)	(110,980,459)	(71,491,210)
Profit before tax		103,104,075	70,268,339	77,817,652	47,582,703
Income tax	16	(12,364,485)	(7,357,250)	(8,562,487)	(5,110,382)
Profit for the period		**90,739,590**	**62,911,088**	**69,255,166**	**42,472,320**
Other comprehensive income (OCI) net of income tax :					
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised losses during the period		(1,232,498)	352,034	-	-
Net changes in fair value of financial instruments:					
-Fair value changes of FVOCI instruments during the period		4,534,141	(8,315,216)	4,474,174	(8,992,601)
-Net changes in allowance on FVOCI financial instruments		10,043	-	10,043	-
Other comprehensive gain/(loss), net of related tax effects		3,311,685	(7,963,182)	4,484,216	(8,992,601)
Total comprehensive income for the period		**94,051,274**	**54,947,906**	**73,739,381**	**33,479,719**
Profit attributable to:					
Owners of the bank		89,749,761	61,964,269	69,255,166	42,472,320
Non-controlling interest	38	989,829	946,819	-	-
Profit for the period		**90,739,590**	**62,911,088**	**69,255,166**	**42,472,320**
Total comprehensive income attributable to:					
Owners of the bank		93,830,404	53,649,052	73,739,381	33,479,719
Non-controlling interest	38	220,870	1,298,853	-	-
Total comprehensive income for the period		**94,051,274**	**54,947,906**	**73,739,381**	**33,479,719**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	279	218	212	147
Diluted (kobo)	17	274	214	212	147

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

Consolidated and separate statement of comprehensive income

In thousands of Naira	*Notes*	Group 3 Months to September 2019	Group 3 Months to September 2018	Bank 3 Months to September 2019	Bank 3 Months to September 2018
Interest income on financial assets not at FVTPL	8	123,074,985	85,405,410	105,071,984	69,859,653
Interest income on financial assets at FVTPL	8	9,053,936	2,405,200	8,238,894	2,172,981
Interest expense	8	(77,056,946)	(50,157,233)	(68,819,485)	(45,273,180)
Net interest income		55,071,975	37,653,377	44,491,393	26,759,454
Net impairment charge	9	(5,731,021)	(1,013,105)	(6,340,660)	(1,037,022)
Net interest income after impairment charges		49,340,954	36,640,271	38,150,733	25,722,431
Fee and commission income	10 (a)	25,037,713	13,242,324	20,888,962	9,860,954
Fee and commission expense	10 (b)	(6,556,597)	(5,849,475)	(6,357,421)	(5,728,499)
Net fee and commission income		18,481,116	7,392,850	14,531,541	4,132,455
Net gains on investment securities	11a,b	(819,516)	15,537,645	(1,156,475)	15,361,454
Net foreign exchange loss	12	24,087,730	4,199,334	21,268,110	2,403,641
Other operating income	13	8,845,015	1,416,256	8,924,668	878,457
Profit on disposal of subsidiaries	48 (b)	-		-	-
Personnel expenses	14	(23,453,816)	(15,364,541)	(19,406,809)	(11,442,279)
Rent expenses		(544,800)	(1,037,637)	(20,890)	(470,582)
Depreciation	28	(4,898,732)	(3,691,274)	(4,398,190)	(3,131,086)
Amortization	29	(937,456)	(715,111)	(815,993)	(606,315)
Other operating expenses	15	(41,112,417)	(19,952,198)	(37,281,327)	(17,473,550)
Profit before tax		28,988,078	24,425,598	19,795,368	15,374,628
Income tax	16	(1,273,183)	(1,139,685)	(944,510)	(1,960,472)
Profit for the period		**27,714,895**	**23,285,913**	**18,850,858**	**13,414,156**
Other comprehensive income (OCI) net of income tax :					
Items that may be subsequently reclassified to the income statement:					
- Unrealised losses during the period		1,128,467	(3,773,901)	-	-
Net changes in fair value of financial instruments:					-
-Fair value changes of FVOCI instruments during the period		1,939,600	46,272	1,819,098	(921,143)
-Net changes in allowance on FVOCI financial instruments			(46,272)	-	(5,756)
Other comprehensive gain/(loss), net of related tax effects		3,068,067	(3,773,901)	1,819,098	(926,899)
			-		-
Total comprehensive income for the period		**30,782,962**	**19,512,012**	**20,669,956**	**12,487,257**
Profit attributable to:			-		
Owners of the bank		27,455,546	22,786,090	18,850,858	13,414,156
Non-controlling interest	38	259,350	499,823	-	-
Profit for the period		**27,714,895**	**23,285,913**	**18,850,858**	**13,414,156**
Total comprehensive income attributable to:					
Owners of the bank		30,454,922	14,470,873	23,335,074	4,421,555
Non-controlling interest	38	328,040	851,857	-	-
Total comprehensive income for the period		**30,782,962**	**19,512,012**	**20,669,956**	**12,487,257**
			-		-
Earnings per share attributable to ordinary shareholders			-		-
Basic (kobo)	17	85	80	58	46
Diluted (kobo)	17	84	79	58	46

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

Access Bank Plc

Unaudited Consolidated and separate financial statements
For the period ended 30 September 2019

Consolidated and separate statement of financial position
As at 30 September 2019

In thousands of Naira	*Notes*	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Assets					
Cash and balances with banks	18	625,541,625	740,926,362	467,375,922	338,289,912
Investment under management	19	25,993,987	23,839,394	25,993,987	23,839,394
Non pledged trading assets	20	71,456,045	38,817,147	51,279,556	36,581,058
Derivative financial assets	21	112,062,238	128,440,342	111,265,011	128,133,789
Loans and advances to banks	22	169,532,413	142,489,543	151,899,251	100,993,116
Loans and advances to customers	23	2,768,270,493	1,993,606,233	2,357,689,316	1,681,761,862
Pledged assets	24	900,975,525	554,052,956	900,975,528	554,052,956
Investment securities	25	760,590,001	501,072,480	552,154,201	258,580,286
Investment properties	31a	4,054,256	-	3,879,256	-
Other assets	26	884,681,562	704,326,780	845,242,942	625,813,176
Investment in subsidiaries	27b	-	-	125,461,802	111,203,496
Property and equipment	28	196,410,527	103,668,719	175,400,057	88,392,543
Intangible assets	29	62,700,578	9,752,498	67,657,813	8,231,197
Deferred tax assets		-	922,660	-	-
		6,582,269,250	4,941,915,114	5,836,274,643	3,955,872,786
Asset classified as held for sale	31b	24,001,824	12,241,824	24,001,823	12,241,824
Total assets		**6,606,271,074**	**4,954,156,938**	**5,860,276,466**	**3,968,114,610**
Liabilities					
Deposits from financial institutions	32	692,019,055	994,572,845	595,959,218	616,644,611
Deposits from customers	33	4,239,082,966	2,564,908,384	3,708,038,638	2,058,738,930
Derivative financial liabilities	21	7,901,360	5,206,001	7,841,382	5,185,870
Current tax liabilities	16	4,467,794	4,057,862	4,764,563	2,939,802
Other liabilities	34	266,902,483	246,438,951	248,712,592	222,046,143
Deferred tax liabilities	30	1,507,975	6,456,840	3,574,894	4,505,966
Debt securities issued	35	158,640,842	251,251,383	158,640,842	251,251,383
Interest-bearing borrowings	36	617,863,887	388,416,734	584,784,109	363,682,441
Retirement benefit obligation	37	3,044,086	2,336,183	3,026,347	2,319,707
Total liabilities		**5,991,430,448**	**4,463,645,183**	**5,315,342,585**	**3,527,314,853**
Equity					
Share capital and share premium	38	251,811,463	212,438,802	251,811,463	212,438,802
Retained earnings		228,826,243	155,592,892	198,219,158	148,238,575
Other components of equity	38	126,111,690	114,609,701	94,903,260	80,122,380
Total equity attributable to owners of the Bank		**606,749,396**	**482,641,395**	**544,933,881**	**440,799,757**
Non controlling interest	38	8,091,230	7,870,360	-	-
Total equity		**614,840,626**	**490,511,755**	**544,933,881**	**440,799,757**
Total liabilities and equity		**6,606,271,074**	**4,954,156,938**	**5,860,276,466**	**3,968,114,610**

Signed on behalf of the Board of Directors on 25 October, 2019 by:

GROUP MANAGING DIRECTOR
Herbert Wigwe
FRC/2013/ICAN/00000001998

GROUP DEPUTY MANAGING DIRECTOR
Roosevelt Ogbonna
FRC/2017/ICAN/00000016638

CHIEF FINANCIAL OFFICER
Oluseyi Kumapayi
FRC/2013/ICAN/00000000911

Consolidated and separate statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank												
	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
Balance at 1 January 2019	**14,463,986**	**197,974,816**	**19,942,296**	**82,889,946**	**1,725,386**	**(3,401,302)**	**3,489,080**	**(5,622,402)**	**15,586,697**	**155,592,892**	**482,641,395**	**7,870,360**	**490,511,755**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	89,749,761	89,749,761	989,829	90,739,590
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(463,539)	-	(463,539)	(768,959)	(1,232,498)
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	4,534,141	-	-	4,534,141	-	4,534,141
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	10,043	-	-	10,043	-	10,043
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**4,544,183**	**(463,539)**	**-**	**4,080,644**	(768,959)	**3,311,685**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,544,183**	**(463,539)**	**89,749,761**	**93,830,404**	**220,870**	**94,051,274**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	(2,697,410)	10,327,514	-	-	-		-	(7,630,104)	-	-	-
Shares issued under scheme of merger	3,308,627	36,064,034	-	-	-	-	-	-	-	-	39,372,661	-	39,372,661
Additional shares	-	-	-	-	91,848	(945,530)	-	-	-	-	(853,682)		(853,682)
Scheme shares	-	-		-	644,924	-	-	-		-	644,924	-	644,924
Vested shares	-	-	-	-	(828,385)	828,385	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(8,886,306)	(8,886,306)	-	(8,886,306)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**(2,697,410)**	**10,327,514**	**(91,614)**	**(117,145)**	**-**	**-**	**-**	**(16,516,409)**	**30,277,597**	**-**	**30,277,597**
Balance at 30 September 2019	**17,772,613**	**234,038,850**	**17,244,886**	**93,217,460**	**1,633,772**	**(3,518,447)**	**3,489,080**	**(1,078,219)**	**15,123,159**	**228,826,243**	**606,749,397**	**8,091,230**	**614,840,628**

Consolidated statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank												
	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
Balance at 1 January 2018	**14,463,986**	**197,974,816**	**43,420,287**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**36,111,322**	**26,813,500**	**117,701,679**	**508,539,894**	**6,907,515**	**515,447,409**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-		-	(78,606,471)	(78,606,471)	-	(78,606,471)
Transfers	-	-	(35,058,266)	-	-	-	-	(36,073,933)	-	71,132,199	-	-	-
Restated balance at 1 January 2018	**14,463,986**	**197,974,816**	**8,362,021**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**37,389**	**26,813,500**	**110,227,407**	**429,933,423**	**6,907,515**	**436,840,938**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	61,964,269	61,964,269	946,819	62,911,088
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-				-	352,034	352,034
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	(8,315,216)			(8,315,216)	-	(8,315,216)
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-				-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	(8,315,216)	-	-	(8,315,216)	352,034	(7,963,182)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,315,216)**	**-**	**61,964,269**	**53,649,053**	**1,298,853**	**54,947,906**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	3,519,586	6,514,756	-	-	-	-	-	(10,034,342)	-	-	-
Scheme shares	-	-	-	-	607,572	(857,845)	-	-	-	-	(250,273)	-	(250,273)
Vested shares	-	-	-	-	(891,720)	839,473	-	-	-	-	(52,246)	-	(52,246)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,182)	(18,803,182)	-	(18,803,182)
Total contributions by and distributions to equity holders	**-**	**-**	**3,519,586**	**6,514,756**	**(284,148)**	**(18,372)**	**-**	**-**	**-**	**(28,837,524)**	**(19,105,702)**	**-**	**(19,105,702)**
Balance at 30 September 2018	**14,463,986**	**197,974,816**	**11,881,607**	**77,076,912**	**1,747,829**	**(4,047,282)**	**3,489,080**	**(8,277,827)**	**26,813,500**	**143,354,152**	**464,476,774**	**8,206,368**	**472,683,142**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserve	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2019	**14,463,986**	**197,974,816**	**9,483,000**	**72,026,340**	**1,725,385**	**3,489,081**	**(6,601,426)**	**148,238,575**	**440,799,757**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	69,255,166	69,255,166
Other comprehensive income, net of tax									
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	4,474,174	-	4,474,174
Net changes in allowance on FVOCI financial instruments				-			10,043		10,043
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**4,484,216**	**-**	**4,484,217**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**4,484,216**	**69,255,166**	**73,739,382**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	10,388,276	-	-	-	(10,388,276)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(8,886,306)	(8,886,306)
Shares issued under scheme of merger	3,308,627	36,064,034	-	-	-	-	-	-	39,372,661
Additional shares	-	-	-	-	91,848	-	-	-	91,848
Scheme shares	-	-	-	-	644,924	-	-	-	644,924
Vested shares	-	-	-	-	(828,385)	-	-	-	(828,385)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**-**	**10,388,276**	**(91,614)**	**-**	**-**	**(19,274,581)**	**30,394,742**
Balance at 30 September 2019	**17,772,613**	**234,038,850**	**9,483,000**	**82,414,616**	**1,633,772**	**3,489,081**	**(2,117,210)**	**198,219,158**	**544,933,877**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2018	**14,463,986**	**197,974,816**	**35,058,266**	**60,986,896**	**2,031,978**	**3,489,081**	**35,267,471**	**120,218,603**	**469,491,097**
Changes on initial application of IFRS 9	-	-	-	-	-	-		(73,469,186)	(73,469,186)
Transfers	-	-	(35,058,266)	-	-	-	(36,073,933)	71,132,199	-
Restated balance at 1 January 2018	14,463,986	197,974,816	-	60,986,896	2,031,978	3,489,081	(806,462)	117,881,616	396,021,911
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	42,472,320	42,472,320
Other comprehensive income, net of tax									
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	(8,992,601)	-	(8,992,601)
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(8,992,601)**	**-**	**(8,992,601)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(8,992,601)**	**42,472,320**	**33,479,719**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	652,000	10,729,446	-	-	-	(11,381,446)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,182)	(18,803,182)
Scheme shares	-	-	-	-	555,325	-	-	-	555,325
Vested shares	-	-	-	-	(839,473)	-	-	-	(839,473)
Total contributions by and distributions to equity holders	**-**	**-**	**652,000**	**10,729,446**	**(284,147)**	**-**	**-**	**(30,184,628)**	**(19,087,330)**
Balance at 30 September 2018	**14,463,986**	**197,974,816**	**652,000**	**71,716,342**	**1,747,830**	**3,489,081**	**(9,799,063)**	**130,169,308**	**410,414,301**

Consolidated statement of cash flows

In thousands of Naira	Note	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Cash flows from operating activities					
Profit before income tax		103,104,074	70,268,340	77,817,652	47,582,703
Adjustments for:					
Depreciation	28	14,209,773	10,380,513	12,351,907	8,801,914
Amortization	29	3,101,310	2,064,764	2,674,241	1,715,831
Gain on disposal of property and equipment	13	1,981	(612,839)	3,566	(589,041)
Write off of investments in associates		98,915	-	98,915	-
Profit on disposal of investment securities		(2,265,686)	-	(2,265,686)	-
Impairment of FVOCI debt		-	46,272	-	5,756
Impairment on financial assets	9	9,958,869	8,353,312	9,505,859	7,875,384
Additional gratuity provision		798,022	586,719	796,759	586,719
Equity share-based payment expense		-	607,571	-	555,325
Restricted share performance plan expense		736,772	-	644,924	-
Property and equipment written off	28	(60,926)	-	605	-
Fair value gain on financial assets at FVPL		(877,168)	(33,563,840)	271,092	(33,563,840)
Net interest income	8	(206,467,442)	(122,949,821)	(176,004,495)	(91,623,852)
Unrealised foreign exchange loss on revaluation	12	8,643,718	20,960,523	4,304,399	20,441,314
Profit on disposal of asset held for sale		-	-	(4,287,666)	(2,729,747)
Interest paid on deposits to banks and customers		-	(117,382,004)	-	(105,463,921)
Interest received on loans and advances and non pledged trading assets		-	209,290,063	-	180,328,095
Dividend income	13	(2,576,171)	(2,729,747)	(2,576,171)	-
		(71,593,960)	45,319,824	(76,664,098)	33,922,640
Changes in operating assets					
Non-pledged trading assets		(11,847,756)	19,767,712	6,281,751	(9,361,725)
Derivative financial instruments		339,525	(21,637,072)	750,333	(22,419,583)
Pledged assets		(87,404,913)	163,168,316	(87,480,205)	156,557,239
Restricted deposits		(124,794,086)	(195,891,140)	(111,875,867)	(119,708,564)
Loans and advances to banks and customers		(206,310,116)	(21,605,012)	(143,283,306)	108,122,212
Other assets		226,414,265	(50,604,299)	222,648,974	(46,372,775)
Changes in operating liabilities					
Deposits from financial institutions		(361,783,731)	134,310,424	(71,721,307)	52,003,639
Deposits from customers		628,557,005	229,929,265	591,034,783	37,685,015
Other liabilities		(36,003,112)	(100,726,349)	(35,007,909)	(100,323,855)
Interest paid on deposits to banks and customers		(169,283,279)	(117,382,004)	(146,481,919)	(105,463,921)
Interest received on loans and advances and non-pledged trading assets		307,416,528	209,290,063	231,669,189	180,328,095
Payment to gratuity benefit holders		(90,120)	-	(90,120)	-
Lease payments		(90,531)	-	(90,531)	-
		93,525,721	293,939,727	379,689,768	164,968,418
Income tax paid		(10,458,465)	(7,304,188)	(3,011,936)	(4,578,062)
Net cash generated from/(used in) operating activities		83,067,254	286,635,538	376,677,832	160,390,356
Cash flows from investing activities					
Acquisition of investment securities		(1,918,895,300)	(1,118,890,118)	(1,905,931,908)	(1,088,736,208)
Interest received on investment securities		62,494,451	65,206,954	116,722,487	50,111,374
Investment under management		88,980	(172,778,972)	88,980	(172,778,972)
Dividend received	13	2,576,171	2,729,747	2,576,171	2,729,747
Acquisition of property and equipment	28	(21,099,107)	(16,715,503)	(15,214,136)	(12,685,524)
Proceeds from the sale of property and equipment		214,564	1,153,344	175,293	1,045,861
Acquisition of intangible assets	29	(6,144,418)	(2,296,392)	(6,047,766)	(3,542,559)
Proceeds from disposal of asset held for sale		12,263,926	(2,852,643)	12,263,926	(2,711,378)
Proceeds from matured/disposed investment securities		93,228,806	-	93,066,484	1,093,011,256
Proceeds from sale of investment securities		1,772,043,981	1,097,448,267	1,710,908,332	-
Additional investment in subsidiaries		-	-	(12,141,161)	(24,040,564)
Cash and cash equivalents acquired from business Combination		30,262,457	-	30,258,805	-
Net cash generated from investing activities		**27,034,511**	**(146,995,314)**	**26,725,508**	**(157,596,968)**
Cash flows from financing activities					
Interest paid on interest bearing borrowings and debt securities issued		(35,334,581)	(27,845,514)	(30,413,827)	(33,279,445)
Net proceeds from interest bearing borrowings		131,263,615	240,695,148	124,619,799	248,121,888
Net proceeds of debt securities issued	35	(216,208,000)	(85,501,305)	(216,208,000)	(85,501,305)
Purchase of own shares		(945,530)	(857,845)	(853,681)	
Dividends paid to owners		(8,886,306)	(18,803,182)	(8,886,306)	(18,803,182)
Debt securities issued	35	45,000,000	52,182,712	45,000,000	52,182,712
Net cash (used in)/generated from financing activities		**(85,110,802)**	**159,870,014**	**(86,742,015)**	**162,720,669**
Net increase/(decrease) in cash and cash equivalents		24,990,962	299,510,236	316,661,328	165,514,054
Cash and cash equivalents at beginning of period	40	864,564,911	475,510,609	424,360,569	180,897,827
Net increase/ (decrease) in cash and cash equivalents		24,990,962	299,510,236	316,661,328	165,514,054
Effect of exchange rate fluctuations on cash held		3,662,717	6,796,577	2,297,855	5,072,993
Cash and cash equivalents at end of period	40	893,218,590	781,817,423	743,319,752	351,484,875

1.0 General information

Access Bank Plc ("the Bank") is a bank domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The interim and separate consolidated financial statements of the Bank for the period ended 30 September 2019 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking. The Bank is listed on the Nigerian Stock Exchange.

These financial statements were approved and authorised for issue by the Board of Directors on 25 October 2019. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

The interim consolidated and separate financial statements of the Group and Bank respectively, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

3.0 Basis of preparation

This financial statements have been prepared in accordance with IAS 34 'interim financial reporting' and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. This interim and separate financial statements comprise the consolidated and separate statement of comprehensive income, the consolidated and separate statement of financial position, the consolidated and separate statements of changes in equity, the consolidated and separate cash flow statement and the notes.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention, modified to include fair valuation of particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies.

3.1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated and separated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Functional and presentation currency

These interim consolidated and separate financial statements are presented in Naira, which is the Group's presentation currency; except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(b) Basis of measurement

These interim consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- financial instruments at fair value through OCI are measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost
- non-current assets held for sale measured at lower of cost and fair value less costs to sell.
- share based payment at fair value or an approximation of fair value allowed by the relevant standard.

(c) Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Bank has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- ***IFRS 16 Leases***

The Bank had to change its accounting policies as a result of adopting IFRS 16. The Bank elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 28b

Leases - Accounting policy from 1 January 2019:
The Bank leases several assets including buildings and land. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension options as described in (ii) below. The lease period ranges from 1 year to 40 years. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Bank has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Bank. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

At commencement date of a lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Bank's incremental borrowing rate is used, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual period of a lease.

Right of use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low value
The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. low value assets). Low-value assets are assets with lease amount of less than $5,000 when new. Lease payments on short-term leases and leases of low-value assets are recognised as expense in profit or loss on a straight-line basis over the lease term.

Extension and termination options
Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Bank's operations. The majority of extension and termination options held are exercisable only by the Bank.

- **Critical judgements**

Extension and termination options - Determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Bank is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Bank is typically reasonably certain to extend (or not terminate).
- Otherwise, the Bank considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 1 January 2019, potential future cash outflows of N31 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Bank becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During

Changes in accounting policies
This note explains the impact of the adoption of IFRS 16 Leases on the Bank's financial statements.
The Bank has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 28b.

On adoption of IFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Bank's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 15.58%.

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics

The Bank has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.
Impact on the financial statements
The following table summarises the impact of transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

	As at 31 December 2018	Impact of IFRS 16
		Reclassification
	N'000	N'000
Assets		
Right-of-use assets	-	3,396,640
Prepayment	65,189,797	(3,396,640)
	65,189,797	**-**
Liabilities		
Non-current		
Lease liabilities	-	-
Current		
Lease liabilities	-	-
	-	**-**

The adoption of IFRS 16 had a nil impact on retained earnings as at 1 January 2019.

Measurement of lease liabilities

A reconciliation of the Bank's remaining operating lease payments as at 31 December 2018 and the lease liability as at 1 January 2019 and 30 September 2019 is shown below:

IFRS 16 Leases (effective 1 January :	N'000
Operating lease commitments disclosed as at 31 December 2018	-
Discounted using the lessee's incremental borrowing rate of at the date of initial application	-
Less: Short term leases not recognised as a liability	-
Less: Low value leases not recognised as a liability	-
Adjustments as a result of a different treatment of extension and termination options	2,312,629
Lease liability as at 1 January 2019	**2,312,629**

Measurement of right-of-use assets

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to the leasse recognised in the statement of financial position as at 31 December 2018.

3.3 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercise control.
Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity:

[i] power over the investee;
[ii] exposure, or rights, to variable returns from its involvement with the investee; and
[iii] the ability to use its power over the investee to affect the amount of the investor's returns

The Group reassess periodically whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity.

The Group assesses existence of control where it does not have more than 50% of the voting power i.e. when it holds less than a majority of the voting rights of an investee. A group considers all relevant facts and circumstances in assessing whether or not it's voting rights are sufficient to give it power, including:

[i] a contractual arrangement between the group and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the group's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

(b) Business combinations

The Group applies IFRS 3 *Business Combinations (revised)* in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights.

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

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

When this total is negative, a gain from a bargain purchase is recognised immediately in statement of comprehensive income.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in in the income statement.

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

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

(c) Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.
The gain/loss arising from disposal of subsidiaries is included in the profit/loss of discontinued operations in the statement of comprehensive income, if the disposal subsidiary meets the criteria specified in IFRS 5.
Foreign currency translation differences become realised when the related subsidiary is disposed.

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

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

(f) Transactions eliminated on consolidation

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

3.4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can 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 Executive Committee (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.

3.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira', which is the group's presentation currency.

The Group in the normal course of business sets up Structured Entries (SEs) for the sole purpose of raising finance in foreign jurisdictions. The SEs raises finance in the currency of their jurisdictions and passes the proceeds to the group entity that set them up. All costs and interest on the borrowing are borne by the sponsoring group entity. These SEs are deemed to be extensions of the sponsoring entity, and hence, their functional currency is the same as that of the sponsoring entity.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Changes in the fair value of monetary securities denominated in foreign currency classified as Fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

[i] assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

[ii] income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

[iii] all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.6 Operating income

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.
Revenue is recognised when control of goods or services have been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

Principal versus Agency considerations
The Group is the principal in an arrangement where it obtains control of the goods or services of another party in advance of transferring control of those goods or services to a customer. The Group is the principal in its card arrangements.

The Group is an agent where its performance obligation is to arrange for another party to provide the goods and services. The Group is the agent in its arrangement with mobile network providers, card vendors and insurance companies.

Where the group is acting as an agent, it recognises as revenue only the commission retained by the group (in other words, revenue is recognised net of the amounts paid to the principal). Where the group is the principal, it will recognise as revenue the gross amount paid and allocated to the performance obligation. It will also recognise an expense for the direct costs of satisfying the performance obligation.

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated income statement using the effective interest method.
The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets
When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. 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 year) to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees 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 presented in the statement of comprehensive income include:
- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.
- interest on fair value through other comprehensive income investment securities calculated on an effective interest basis.

Interest income on all trading assets is recognised using the contractual interest rate in net gains/(loss) on investment securities.

(b) 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.
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 year.

Fee and commission presented in the income statement includes:
- Credit related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Bank recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.

- Account maintenance fees: These are fees charged to current accounts. N1 on every N1,000 in respect of all customer induced debit transactions is charged on these accounts. These fees are earned by the Bank at the time of each transaction and the Bank recognises its income accordingly.

- Card maintenance fees: The Bank charges these fees to customers for maintaining their cards. The fees are earned and recognised by the Bank over the validity year of the card. The Bank charges the customers for this service on a monthly basis.
- Other fees and commission income, includes commission on letters of credit, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees. These fees and commissions are recognised as the related services are performed

(c) Net loss/gains on investment securities

Net loss/gains on investment securities comprise of the following:

- Net gains/losses on financial instruments classified as held for trading: This includes the gains and losses arising both on sale of trading instruments and from changes in fair value of derivatives instruments.
- Net gains on financial instruments held as Fair value through other comprehensive income: This relates to gains arising from the disposal of financial instruments held as Fair value through other comprehensive income as well as fair value changes reclassified from other comprehensive income upon disposal.
- Net gains on financial instruments at fair value through profit or loss: This relates to gains on disposal and changes in fair value of financial instruments carried at fair value through profit or loss

(d) Foreign exchange income

Foreign exchange income includes foreign exchange gains on revaluation and unrealised foreign exchange gains on revaluation.

(e) Other operating income

Other operating income includes items such as dividends, gains on disposal of properties, rental income, income from asset management, brokerage and agency as well as income from other investments.
Dividend on Fair value through other comprehensive income equity securities: This is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Minimum Tax

As required by the Companies Income Tax Act, if the Bank does not have an assessable profit for tax purpose, the Bank is assessed for tax under minimum tax regulation.

The rates applicable for calculating the minimum tax is the highest of the following:

(i) 0.5% of Gross Profit
(ii) 0.5% of Net Assets
(iii) 0.25% of Paid-up Share Capital
(iv) 0.25% of Turnover of up to N500, 000

However, if the turnover is higher than N500, 000, the minimum tax payable will be the highest of the above plus 0.125% of the excess of the turnover above N500,000

(c) Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

;.8 (a) Financial assets and liabilities

Recognition and derecognition

Financial assets and liabilities are initially recognised on the settlement date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Classification

From 1 January 2018, the group classifies its financial assets in the following measurement categories:
● those to be measured subsequently at fair value (either through OCI or through profit or loss), and
● those to be measured subsequently at amortised cost.
The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

● Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net gains/(loss) on investment securities together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

● FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in net gains/(loss) on investment securities and impairment expenses are presented as separate line item in net impairment charge on financial assets

● FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within net gains/(loss) on investment securities in the year in which it arises.

Equity instruments

The group initially measured all equity investments at fair value through profit or loss. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
Changes in the fair value of financial assets at FVPL are recognised in net gains/(loss) on investment securities in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

From 1 January 2018, the Group only measures cash and balances with banks, Loans and advances to banks and customers and other financial investments at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
The details of these conditions are outlined below.

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.
The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
• How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
• The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
• The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step of its classification process, the Group assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the year for which the interest rate is set.
In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Liabilities

Financial liabilities that are not classified at fair value through profit or loss are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

Financial liabilities that are classified at fair value through profit or loss is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains and losses attributable to changes in credit risk and the fair value of the liability are presented in the Statement of comprehensive income.

The table below reconciles classification of financial instruments to the respective IFRS 9 category.

	Class (as determined by the Group)
Financial assets	Non pledged trading assets
	Investment securities - equity securities
	Derivative financial assets
	Cash and balances with banks
	Loans and advances to banks
	Loans and advances to customers
	Other assets
	Investment securities - debt securities (pledged and non pledged)
	Investment under management
Financial liabilities	Derivatives
	Deposits from banks
	Deposits from customers
	Interest bearing borrowings
	Debt securities issued
	Other liabilities

[i]   Fair value through profit or loss
This category comprises financial assets classified as held for trading upon initial recognition.

A financial asset is classified as fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised measured at fair value through profit or loss unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market instruments, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as 'non-pledged trading assets '.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the consolidated income statement. Gains and losses arising from changes in fair value are included directly in the consolidated income statement and are reported as "Net loss/gains on investment securities. Interest income and expense and dividend income on financial assets held for trading are included in 'Interest income', "Interest expense' or 'Other operating income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

The Group may designate certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. The fair value option is only applied when the following conditions are met:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

[ii] Amortized cost

Amortized cost financial assets are non-derivative assets with fixed or determinable payments and fixed maturity and which are not designated at fair value through profit or loss, or fair value through other comprehensive income.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Any sale or reclassification of a significant amount of amortized cost investments not close to their maturity would result in a reassessment of the Bank's business model for managing the assets. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassification after the Group has collected substantially all the asset's original principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Interest on amortized cost investments is included in the consolidated income statement and reported as 'Interest income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the consolidated income statement as 'net impairment loss on financial assets'. Amortised cost investments include treasury bills and bonds.

[iv] Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities that have been elected as fair value through other comprehensive and other fair vlaue through other comprehensive income investments are carried at fair value.
Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement when the Group becomes entitled to the dividend. Foreign exchange gains or losses on such investments are recognised in the income statement.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and loses previously recognised in other comprehensive income are recognised to the income statement as a reclassification adjustment.

Fair value through other comprehensive income instruments include investment securities and equity investments that are so elected.

[v] Investment under management

Investment under management are funds entrusted to Asset management firms who acts as agents to the bank for safe keeping and management for investment purpose with returns on the underlying investments accruable to the Bank, who is the principal.

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried at fair value through OCI.

(b) Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.
Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements as pledged assets.

The Group classifies debt instruments as financial liabilities or equity in accordance with the contractual terms of the instrument.
Deposits and debt securities issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

On this statement of financial position, other financial liabilities carried at amortised cost include deposit from banks, deposit from customers, interest bearing borrowings, debt securities issued and other liabilities.

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are presented as financial assets or financial liabilities.
Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

Cash and balances with banks

Cash and balances with banks include notes and coins on hand, 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.

In the consolidated and separate statement of cash flows, cash and cash equivalents includes cash in hand, unrestricted balances with foreign and central banks, money market placements and other short-term highly liquid investments with original maturities of three months or less.

Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets held for trading or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms. Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as held for trading, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are designated as held for trading, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

From 1 January 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which Group changes its business model for managing a financial assets, the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

The following are not changes in business model;

a. change in intention related to particular financial assets (even in circumstances of significant changes in market conditions).
b. the temporary disappearance of a particular market for financial assets.
c. a transfer of financial assets between parts of the entity with different business models.

Reclassification date
The first day of the first reporting year following the change in business model that results in an entity reclassifying financial assets.

A change in the objective of the Group's business model must be effected before the reclassification date. For example, if Group decides on 15 February to shut down its Corporate & investment Banking business and hence must reclassify all affected financial assets on 1 April (i.e. the first day of the Group's next reporting year), the Group must not accept new Corporate & investment Banking business or otherwise engage in activities consistent with its former business model after 15 February.

All reclassifications are applied prospectively from the reclassification date.
When the Group reclassifies a financial asset between the amortised cost measurement category and the fair value through other comprehensive income measurement category, the recognition of interest income is not changed and it continues to use the same effective interest rate.
However, when the Group reclassifies a financial asset out of the fair value through profit or loss measurement category, the effective interest rate is determined on the basis of the fair value of the asset at the reclassification date.

Derecognition of financial assets and liabilities
Derecognition due to substantial modification of terms and conditions
The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.
When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:
• Change in currency of the loan
• Introduction of an equity feature
• Change in counterparty
• If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Group has transferred the financial asset if, and only if, either:
• The Group has transferred its contractual rights to receive cash flows from the financial asset or
• It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
• The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
• The Group cannot sell or pledge the original asset other than as security to the eventual recipients
• The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.
In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
• The Group has transferred substantially all the risks and rewards of the asset or
• The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.
When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.
If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition other than for substantial modification
Financial Liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Offsetting

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 enforceable 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 under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.4.
Securities sold subject to repurchase agreements ('repos') remain on the statement of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in Net gains/(loss) on investment securities.

Impairment of financial assets

Overview of the ECL principles
From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• The time value of money; and
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Staging Assessment

The Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.
Based on the above process, the Group categorises its financial instruments into Stage 1, Stage 2,Stage 3 and POCI (Purchased or originated credit impaired), as described below:

• Stage 1: When a financial instrument is first recognised, the Group recognises an allowance based on 12m Expected credit Loss. Stage 1 also include financial instruments where the credit risk has improved (after review over a period of 90 days) and the financial instruments has been reclassified from Stage 2.

• Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECLs. Stage 2 financial instruments also include instances, where the credit risk has improved (after review over a period of 90 days) and the financial instrument has been reclassified from Stage 3.

• Stage 3: Financial instruments considered credit-impaired.The Group records an allowance for the Lifetime ECLs.

• POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Change in credit quality since initial recognition

Stage 1	Stage 3
(Initial Recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss
The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

• The PD represents the likelihood of a borrower defaulting on its financial obligation (as per Definition of default and credit-impaired above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

• EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

• Loss Given Default represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

• For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

• For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

When estimating the ECLs, the Group considers three scenarios (optimistic, best-estimate and downturn) and each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.
The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.

• For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

• For unsecured products, LGDs are typically set at product level due to the limitation in recoveries achieved across different borrower. These LGDs are influenced by collection strategies, including contracted debt sales and price.

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

The mechanics of the ECL method are summarised below:

• Stage 1: The 12 month ECL is calculated as the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12 month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
These expected 12-month default probabilities are applied to a forecast 12 month EAD and multiplied by the expected 12 month LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

• Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the Lifetime ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

• Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative
• Financial guarantee contracts: The Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Group estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within net impairment charge on financial assets

Significant increase in credit risk (SICR)
The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
The remaining Lifetime PD at the reporting date has increased, compared to the residual Lifetime PD expected at the reporting date when the exposure was first recognised.

Deterioration in the credit rating of an obligor either based on the Bank's internal rating system or an international credit rating. However, the downgrade considers movement from a grade band to another e.g. Investment grade to Standard.
The Group also considers accounts that meet the criteria to be put on the watchlist bucket in line with CBN prudential guidelines since they have significantly increased in credit risk.

Qualitative criteria:
For Retail loans, if the borrower meets one or more of the following criteria:
• In short-term forbearance
• Direct debit cancellation
• Extension to the terms granted
• Previous arrears within the last [12] months

For Corporate portfolio, if the borrower is on the watchlist and/or the instrument meets one or more of the following criteria:
• Significant increase in credit spread
• Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
• Actual or expected forbearance or restructuring
• Actual or expected significant adverse change in operating results of the borrower
• Significant change in collateral value (secured facilities only) which is expected to increase risk of default
• Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all Retail financial instruments held by the Group. In relation to Wholesale and Treasury financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop
A backstop indicator is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due and 90 days past due on its contractual payments for both stage 2 and stage 3 respectively.

Definition of default and credit-impaired assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

• The borrower is in long-term forbearance
• The borrower is deceased
• The borrower is insolvent
• The borrower is in breach of financial covenant(s)
• An active market for that financial asset has disappeared because of financial difficulties
• Concessions have been made by the lender relating to the borrower's financial difficulty

• It is becoming probable that the borrower will enter bankruptcy
• Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.
The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

Incorporation of forward looking information and macroeconomic factors
In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. The macroeconomic variables considered for the adjustment of the probabilities of default are listed below:

- Crude oil prices,
- Inflation,
- Interest rates,
- Exchange rates (USD/NGN), and
- Monetary Policy rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The ECLs include forward-looking information which translates into an allowance for changes in macro-economic conditions and forecasts when estimating lifetime ECLs. It is important to understand the effect of forecasted changes in the macro-economic environment on ECLs, so that an appropriate level of provisions can be raised.

A regression model was built to explain and predict the impact of macro-economic indicators on default rates. Such regression models are usually built on a history of default rates and macro-economic variables covering at least one economic cycle, but preferable more.

Historical data on macro-economic indicators from a host of reliable sources, including the International Monetary Fund was gathered. As a proxy for default rates, the Group provided their non-performing loans as a percentage of gross loans ("NPL%") metric. The time series data extended from the first quarter of 2007 to the second quarter of 2016. Quarterly data was used to increase granularity.

The macro-economic model regressed historical NPL% (the target variable) on a list of candidate macro-economic indicators. The Bank's Economic Intelligence currently monitors and forecasts certain macro-economic indicators. These indicators are GDP growth rate, inflation rate, crude oil prices and the foreign exchange rate.The most predictive variables that were selected in the regression model (the most predictive indicators) were determined. The logic of the relationships between the indicators and the target variable was considered and assessed to ensure indicators are not highly correlated with one another.

The model produced best-estimate, optimistic and downturn forecasts of the selected macro-economic indicators, based on trends in the indicators and macro-economic commentary. This was done through stressing the indicator GDP, which in turn stressed the other indicators based on their assumed historical correlation with GDP. The regression formula obtained was applied to the forecasted macro-economic indicators in order to predict the target variable. The target variable were projected, for each quarter, over the period July 2016 to December 2019 and assumed constant thereafter.

The best-estimate, optimistic and downturn scalars of predicted target variables were determined. In order to remove the impact of any historical trends included in the data, the scalar denominator was adjusted based on the estimation period used to derive the PDs. The scalars calculated were applied to the lifetime PDs. This process results in

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers.

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

Write-offs
Financial assets are written off either partially or in their entirety only when the Group has exhausted all practical recovery efforts and has concluded there is no easonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

(b) Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

[i] Financial liabilities at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss are measured at amortised cost using the effective interest method. Interest expense is included in 'Interest expense' in the Statement of comprehensive income.

Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be The Group classifies debt instruments as financial liabilities or equity in accordance with the contractual terms of the instrument.

Deposits and debt securities issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group designates liabilities at fair value through profit or loss.

On this statement of financial position, other financial liabilities carried at amortised cost include deposit from banks, deposit from customers, interest bearing borrowings, debt securities issued and other liabilities.

[ii] Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 21 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are presented as financial assets or financial liabilities.
Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(c) De-recognition

[i] Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the 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 financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.
When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, 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.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability)
Loans that are individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

[ii] Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(d) Offsetting
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 enforceable 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.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(f) Measurement

[i] Amortised cost measurement
The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

[ii] Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in the income statement on initial recognition of the instrument.

In other cases the difference is not recognised in the income statement immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the net open position as appropriate. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

(g) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

[i] Loans and receivables

The Group considers all loans and advances, financial assets at FVOCI and amortized cost investments at specific level for expected credit loss assessment.

In assessing expected credit loss, the Group uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current and forecasted economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

[ii] Fair value through other comprehensive income securities

Impairment losses on fair value through other comprehensive income investment securities are recognised in profit or loss and the impairment provision is not used to reduce the carrying amount of the investment but recognised in other comprehensive income.
For debt securities, the group uses the criteria referred to in (i) above to assess impairment.

For equity, a prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent year, the fair value of an impaired fair value through other comprehensive income debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through the income statement; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired fair value through other comprehensive income equity security is always recognised in OCI.

The Group writes off previously impaired loans and advances (and investment securities) when they are determined not to be recoverable. The Group writes off loans or investment debt securities that are impaired (either partially or in full and any related allowance for impairment losses) when the Group credit team determines that there is no realistic prospect of recovery.

(h) Cash and balances with banks

Cash and balances with banks include notes and coins on hand, 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.

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, unrestricted balances with foreign and central banks, money market placements and other short-term highly liquid investments with original maturities of three months or less.

(i) Repossessed collateral

Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the lower of cost or estimated fair value less costs to sell, if the Group intends to sell or cost less accumulated depreciation, if for use in the normal course of business.

(i) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets (for example, for exchange-traded options), including recent market transactions, and valuation techniques (for example for swaps and currency transactions), including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.
The Group mitigates the credit risk of derivatives by holding collateral in the form of cash.

(j) Reclassification of financial assets

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

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

(k) Pledged assets

Financial assets transferred to external parties that do not qualify for de-recognition are reclassified in the statement of financial position from financial assets carried at fair value through profit or loss or investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.
Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as fair value through profit or loss, Fair value through other comprehensive income or Amortized cost. Where the assets pledged as collateral are designated as fair value through profit or loss, subsequent measurement is at fair value through profit and loss, whilst assets pledged as collateral designated as Fair value through other comprehensive income are measured at fair-value through equity. Assets pledged as collateral designated as Amortized cost are measured at amortized cost.

3.9 Investment properties

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Group. An occupation of more than 15% of the property is considered substantial. Investment properties is measured initially at cost including transaction cost and subsequently carried in the statement of financial position at their market value and revalued yearly on a systematic basis. Investment properties are not subject to periodic charge for depreciation. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statement in the period which it arises as: "Fair value gain on investment property"

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income statement inside operating income.
When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.10 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
When significant 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.
The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in the Income statement.

(b) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. The costs of the day-to-day repairs and maintenance of property and equipment are recognised in Income statement as incurred.

(c) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease 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. A non-current asset or disposal group is not depreciated while it is classified as held for sale.
The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Leasehold land	Not depreciated
Leasehold improvements and building	Over the shorter of the useful life of the item or lease term
Buildings	60 years
Computer hardware	4.5 years
Furniture and fittings	6 years
Motor vehicles	5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

(d) De-recognition

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

3.11 Intangible assets

(a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.
Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

Goodwill has an indefinite useful life and is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Software

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

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

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life, the estimated useful life of software is between three and five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.12 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and 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. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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. 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.
For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years 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.

3.13 Discontinued operations

The Group presents discontinued operations in a separate line in the consolidated income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:
(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale (for example, certain private equity investments).

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior years in the consolidated income statement.

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.14 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.
Investment property classified as non-current asset held for sale are measured at fair value, gain or loss arising from a change in

Repossessed collateral
Repossessed collateral are equities, investment properties or other investments repossessed from a customer and used to settle his outstanding obligation. Such investments are classified in accordance with the intention of the Group in the asset class which they

belong and are also separately disclosed in the financial statement.
When collaterals are repossessed in satisfaction of a loan, the receivable is written down against the allowance for losses. Repossessed collaterals are included in the financial statement based on how the Bank intends to realize benefit from such collateral such as "Non current assets held for sale" and carried at the lower of cost or estimated fair value less costs to sell, if the Group intends to sell or cost less accumulated depreciation, if for use in the normal course of business.

3.15 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. The increase in the provision due to passage of time is recognised as interest expenses.

(a) Restructuring
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.

3.16 Financial guarantees

Financial guarantees which includes Letters of credit are contracts that require the Group 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 terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable).
Letters of credits which have been guaranteed by Access bank but funded by the customer is included in other liabilities while those guaranteed and funded by the Bank is included in deposit from financial institutions.

3.17 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting year.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting year in which the employees render the service are discounted to their present value at the reporting date.
The Bank operates a funded, defined contribution pension scheme for employees. Employees and the Bank contribute 8% and 10% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting year are discounted to their present value.

(c) Long-term incentive plan

The Bank has a non-contributory, un-funded lump sum defined benefit plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions.

Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade. The Bank's net obligation in respect of the long term incentive scheme is calculated by estimating the amount of future benefits that eligible employees have earned in return for service in the current and prior years. That benefit is discounted to determine its present value. The rate used to discount the post employment benefit obligation is determined by reference to the yield on Nigerian Government Bonds, that have maturity dates approximating the terms of the Bank's obligations.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is immediately recognized in the income statement. The Bank recognizes all actuarial gains or losses and all expenses arising from defined benefit plan immediately in the balance sheet, with a charge or credit to other comprehensive income (OCI) in the years in which they occur. They are not recycled subsequently in the income statement.

(d) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A liability is recognised for the amount expected to be paid under short-term 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.

(e) Share-based payment remuneration scheme

The Group applies IFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares.
Employee incentives include awards in the form of shares The cost of the employee services received in respect of the shares or share granted is recognised in the income statement over the year that employees provide services, generally the year between the date the award is granted or notified and the vesting date of the shares. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.
The number of shares expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a forfeiture, resulting in an acceleration of recognition of the cost of the employee services.
The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability.

3.18 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

Dividends on ordinary shares are recognised in equity in the year when approved by the Bank's shareholders. Dividends for the year that are declared after the end of the reporting year are dealt with in the subsequent events note.

(c) 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 or disposed. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(d) Earnings per share

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

(e) Regulatory risk reserve

In compliance with the Prudential Guidelines for Licensed Banks, the Group assesses qualifying financial assets using the guidance under the Prudential Guidelines. The guidelines apply objective and subjective criteria towards providing losses in risk assets. Assets are classified as performing or non- performing. Non performing assets are further classed as substandard, doubtful or lost with attendant provisions.

Classification	Percentage	Basis
Substandard	10%	Interest and/or principal overdue by 90 days but less than
Doubtful	50%	Interest and/or principal overdue by 180 days but less than
Lost	100%	Interest and/or principal overdue by more than 365 days

A more accelerated provision may be done using the subjective criteria. A 2% provision is taken on all risk assets that are not specifically provisioned.

The results of the application of Prudential Guidelines and the expected credit loss determined for these assets under IFRS 9 are compared. The IFRS 9 determined impairment charge is always included in the income statement.

Where the Prudential Guidelines provision is greater, the difference is appropriated from retained earnings and included in a non - distributable 'Statutory credit reserve'. Where the IFRS 9 exected credit loss is greater, no appropriation is made and the amount of IFRS 9 expected credit loss is recognised in the income statement.

Following an examination, the regulator may also require more amounts to be set aside on risk and other assets. Such additional amounts are recognised as an appropriation from retained earnings to regulatory risk reserve.

3.19 Levies

The Group recognizes liability to pay levies progressively if the obligating event occurs over a year of time. However, if the obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The Group recognizes an asset if it has paid a levy before the obligating event but does not yet have a present obligation to pay that levy. The obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy.

4.0 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:
(i) Allowances for credit losses
(ii) Valuation of financial instruments
(iii) Assessment of impairment of goodwill on acquired subsidiaries
(iv) Defined benefit plan

Key sources of estimation uncertainty

(i) *Allowances for credit losses*

Loans and advances to banks and customers are accounted for at amortised cost and are evaluated for impairment on a basis described in accounting policy (see note 3.9)

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:
• The Group's internal credit grading model, which assigns PDs to the individual grades
• The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, exchange rates, crude oil prices, GDP and collateral values, and the effect on PDs, EADs and LGDs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.1 *Valuation of financial instruments*

The table below analyses financial and non-financial instruments measured at fair value at the end of the financial year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
September 2019

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	618,500	-	-	618,500
Placements	-	-	5,869,088	5,869,088
Commercial paper	-	5,289,617	-	5,289,617
Treasury bills	9,647,117	-	-	9,647,117
Mutual funds	-	2,147,739	-	2,147,739
Eurobonds	-	2,421,926	-	2,421,926
Non pledged trading assets				
Treasury bills	67,903,095	-	-	67,903,095
Government Bonds	3,337,385	-	-	3,337,385
Eurobonds	-	215,564	-	215,564
Equity	-	-	-	-
Derivative financial instrument	-	112,062,238	-	112,062,238
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	100,055,674	-	-	100,055,674
Government Bonds	5,190,151	-	-	5,190,151
-Financial instruments at FVPL				
Treasury bills	1,723,227	-	-	1,723,227
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	176,000,435	-	-	176,000,435
Government Bonds	57,073,900	-	-	57,073,900
State government bonds	-	614,109	-	614,109
Corporate bonds	-	7,044,926	-	7,044,926
Eurobonds	-	2,952,192	-	2,952,192
Promissory notes	-	1,267,829	-	1,267,829
-Financial assets at FVPL				-
Equity	546,156	-	108,056,272	108,602,428
Assets held for sale	-	-	24,001,824	24,001,824
	422,095,642	134,016,140	137,927,184	694,038,966
Liabilities				
Derivative financial instrument	-	7,901,360	-	7,901,360
	-	7,901,360	-	7,901,360

Group
December 2018

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	727,220	-	-	727,220
Placements	-	7,378,561	-	7,378,561
Commercial paper	3,200,134	-	-	3,200,134
Nigerian Treasury bills	7,468,814	-	-	7,468,814
Mutual funds	-	2,662,480	-	2,662,480
Eurobonds	-	2,402,185	-	2,402,185
Non pledged trading assets				
Treasury bills	38,465,116	-	-	38,465,116
Bonds	292,684	-	-	292,684
Equity	59,347	-	-	59,347
Derivative financial instrument	-	128,440,342	-	128,440,342
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	-	170,118,776
Bonds	10,000,146	-	-	10,000,146
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	-	18,361,112
Bonds	1,330,944	-	-	1,330,944
Investment securities				
-Financial assets at FVOCI				
Treasury bills	195,218,225	-	-	195,218,225
Bonds	37,314,997	7,476,009	-	44,791,006
-Financial assets at FVPL				
Equity	11,163,221	517,969	97,738,385	109,419,575
Assets held for sale	-	-	12,241,824	12,241,824
	493,720,736	148,877,546	109,980,209	752,578,491
Liabilities				
Derivative financial instrument	-	5,206,001	-	5,206,001
	-	5,206,001	-	5,206,001

Bank
September 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	618,500	-	-	618,500
Placements	-	-	5,869,088	5,869,088
Commercial paper	-	5,289,617	-	5,289,617
Nigerian Treasury bills	9,647,117	-	-	9,647,117
Mutual funds	-	2,147,739	-	2,147,739
Eurobonds	-	2,421,926	-	2,421,926
Non pledged trading assets				
Treasury bills	47,796,611	-	-	47,796,611
Government Bonds	3,267,382	-	-	3,267,382
Eurobonds	-	215,564		215,564
Equity	-	-	-	-
Derivative financial instrument	-	111,265,011	-	111,265,011
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	100,055,674	-	-	100,055,674
Government Bonds	5,190,151	-	-	5,190,151
-Financial instruments at FVPL				
Treasury bills	1,723,227	-	-	1,723,227
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	34,891,558	-	-	34,891,558
Government Bonds	14,959,506	-	-	14,959,506
State government bonds	-	614,109	-	614,109
Corporate bonds	-	7,044,926	-	7,044,926
Eurobonds	-	4,954	-	4,954
Promissory notes	-	1,267,829	-	1,267,829
-Financial assets at FVPL				
Equity	546,156	-	107,653,503	108,199,659
Asset held for sale	-	-	24,001,823	24,001,823
	218,695,883	130,271,674	137,524,413	486,491,971
Liabilities				
Derivative financial instrument	-	7,841,382	-	7,841,382
	-	7,841,382	-	7,841,382

Bank
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	727,220	-	-	727,220
Placements	-	7,378,561	-	7,378,561
Commercial paper	3,200,134	-	-	3,200,134
Nigerian Treasury bills	7,468,814	-	-	7,468,814
Mutual funds	-	2,662,480	-	2,662,480
Eurobonds	-	2,402,185	-	2,402,185
Non pledged trading assets				
Treasury bills	36,230,640	-	-	36,230,640
Bonds	291,070	-	-	291,070
Equity	59,348	-	-	59,348
Derivative financial instrument	-	128,133,789	-	128,133,789
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	170,118,776	-	-	170,118,776
Bonds	10,000,146	-	-	10,000,146
-Financial instruments at FVPL				
Treasury bills	18,361,112	-	-	18,361,112
Bonds	1,330,944	-	-	1,330,944
Investment securities				
-Financial assets at FVOCI				
Treasury bills	48,881,703	-	-	48,881,703
Bonds	7,614,303	7,476,009	-	15,090,312
Equity	-	-	-	-
-Financial assets at FVPL				
Equity	11,132,532	517,969	97,220,093	108,870,594
Asset held for sale	-	-	12,241,824	12,241,824
	315,416,742	**148,570,993**	**109,461,917**	**573,449,652**
Liabilities				
Derivative financial instrument	-	5,185,870	-	5,185,870
	-	5,185,870	-	5,185,870

4.1.2 Financial instruments not measured at fair value
Group
September 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	625,541,625	625,541,625
Loans and advances to banks	-	-	169,532,413	169,532,413
Loans and advances to customers	-	-	2,768,270,493	2,768,270,493
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	627,888,021	-	-	627,888,021
Bonds	166,118,453	-	-	166,118,453
Investment securities				
-Financial assets at amortised cost				
Treasury bills	255,890,135	-	-	255,890,135
Bonds	119,273,703	11,220,190		130,493,893
Other assets	-	-	854,671,680	854,671,680
	1,169,170,309	11,220,190	4,418,016,211	5,598,406,711
Liabilities				
Deposits from financial institutions	-	-	692,019,055	692,019,055
Deposits from customers	-	-	4,239,082,966	4,239,082,966
Other liabilities	-	-	254,349,198	254,349,198
Debt securities issued	112,888,468	14,860,593	-	127,749,061
Interest-bearing borrowings	-	-	617,863,887	617,863,887
	112,888,468	14,860,593	5,803,315,106	5,931,064,167

Group
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	740,926,362	-	740,926,362
Loans and advances to banks	-	-	142,489,543	142,489,543
Loans and advances to customers	-	-	1,993,606,233	1,993,606,233
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	192,208,928	-	-	192,208,928
Bonds	162,033,050	-	-	162,033,050
Investment securities				-
-Financial assets at amortised cost				
Treasury bills	102,564,048	-	-	102,564,048
Bonds	41,716,865	7,380,130		49,096,995
Other assets	-	-	683,991,854	683,991,854
	498,522,891	**748,306,492**	**2,820,087,630**	**4,066,917,013**

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	-	994,572,845	994,572,845
Deposits from customers	-	-	2,564,908,384	2,564,908,384
Other liabilities	-	-	168,516,337	168,516,337
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	-	-	388,416,735	388,416,735
	251,251,383	**-**	**4,116,414,301**	**4,367,665,684**

Bank
September 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	467,375,922	467,375,922
Loans and advances to banks	-	-	151,899,251	151,899,251
Loans and advances to customers	-	-	2,357,689,316	2,357,689,316
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	627,888,021	-	-	627,888,021
Bonds	166,118,453	-	-	166,118,453
Investment securities				
Financial assets at amortised cost				
Treasury bills	249,887,175	-	-	249,887,175
Bonds	103,667,183	11,220,190	-	114,887,372
Other Assets	-	-	818,349,149	818,349,149
	1,147,560,831	11,220,190	3,795,313,638	4,954,094,658
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	237,144,610	237,144,610
Debt securities issued	112,888,468	14,860,593	-	127,749,061
Interest-bearing borrowings	-	-	584,784,109	584,784,109
	112,888,468	14,860,593	821,928,719	949,677,780

Bank
December 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	338,289,912	-	338,289,912
Loans and advances to banks	-	-	100,993,116	100,993,116
Loans and advances to customers	-	-	1,681,761,862	1,681,761,862
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	192,208,928	-	-	192,208,928
Bonds	162,033,050	-	-	162,033,050
Investment securities				
Financial assets at amortised cost				
Treasury bills	60,166,222	-	-	60,166,222
Bonds	18,208,695	7,380,128	-	25,588,823
Other Assets	-	-	610,904,300	610,904,300
	432,616,895	345,670,040	2,393,659,278	3,171,946,213
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	145,106,507	145,106,507
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	-	-	363,682,441	363,682,441
	251,251,383	-	508,788,948	760,040,331

Financial instrument measured at fair value
(a) Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily government bonds, corporate bonds, treasury bills and equity investments classified as trading securities or available for sale investments.

(b) Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:
(i) Quoted market prices or dealer quotes for similar instruments;
(ii) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
(iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in level 3
The Group uses widely recognised valuation models for determining the fair value of its financial assets. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain Investment securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

For level 2 assets, fair value was obtained using a recent market transaction during the year under review. Fair values of unquoted debt securities were derived by interpolating prices of quoted debt securities with similar maturity profile and characteristics. There were transfers between levels 1 and 2 during the year on investment under management because the instruments involved are government securities with readily determinable price and they are risk free.

(ii) Valuation of financial instruments

Valuation techniques used to derive Level 2 fair values
Level 2 fair values of investments have been generally derived using the market approach. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	Fair value at 30 September 2019	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of observable inputs to fair value
Derivative financial assets	111,265,011	Forward and swap: Fair value through market rate from a quoted market	Market rates from quoted market	103,161,525	103,668,736	The higher the market rate, the higher the fair value of the derivative financial instrument
Derivative financial liabilities	7,841,382	Futures: Fair value through reference market rate				

Valuation techniques used to derive Level 3 fair values
Level 3 fair values of investments have been generally derived using the adjusted fair value comparison approach. Quoted price per earning or price per book value, enterprise value to EBITDA ratios of comparable entities in a similar industry were obtained and adjusted for key factors to reflect estimated ratios of the investment being valued. Adjusting factors used are the Illiquidity Discount which assumes a reduced earning on a private entity in comparison to a publicly quoted entity and the Haircut adjustment which assumes a reduced earning for an entity located in Nigeria contributed by lower transaction levels in comparison to an entity in a developed or emerging market.

Description	Fair value at 30 September 2019	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in Africa Finance Corporation	88,553,868	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	92,981,561	84,126,174	92,981,561	84,126,174	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System Limited	4,818,393	Adjusted fair value comparison approach	Median of enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	5,059,313	4,577,474	5,053,598	4,572,303	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	2,727,258	Adjusted fair value comparison approach	Median of enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,863,621	2,590,896	2,863,621	2,590,896	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	4,999,760	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	5,249,748	4,749,772	5,201,537	4,706,152	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	34,006	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	35,706	32,305	35,706	32,305	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	437,431	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	459,302	415,559	459,302	415,559	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC Bureau	407,345	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	427,712	386,978	326,218	295,149	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Nigerian Mortgage Refinance Company	305,227	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	320,488	289,966	320,488	289,966	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
CAPITAL ALLIANCE EQUITY FUND	5,082,475	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	5,336,599	4,828,351	5,336,599	4,828,351	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
NG Clearing	303,340	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	318,507	288,173	333,674	273,006	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value

Reconciliation of Level 3 Investments

The following tables present the changes in Level 3 instruments for the year ended 30 September 2019

Financial assets at fair value through profit or loss	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Opening balance	98,287,042	55,180,818	97,738,061	54,929,512
Acquired from business combination	5,534,886	34,196,186	5,534,886	34,196,186
Total unrealised gains in P/L	655,334	3,997,915	655,334	3,997,915
Cost of Asset (Additions)	-	4,912,123	-	4,614,448
Sales	3,847,652	-	3,740,821	-
Balance, period end	**108,324,914**	**98,287,042**	**107,669,102**	**97,738,061**

Assets Held for Sale	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Opening balance	12,241,822	9,479,967	12,241,822	9,479,967
Acquired from business combination	-	-	-	-
Additions	11,760,000	3,826,834	11,760,000	3,826,834
Disposals	-	(1,064,979)	-	(1,064,979)
Balance, period end	**24,001,822**	**12,241,822**	**24,001,822**	**12,241,822**

Valuation technique unquoted equity:
The investment valuation policy (IVP) of the Group provides the framework for accounting for the Group's investment in unquoted equity securities and assets held for sale while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the group decides its valuation policies and procedures and analysis of changes in fair value measurements from year to year.

In accordance with IFRS 13 fair value measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Group estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial year using the market approach.

The adjusted fair value comparison approach of EV/EBITDA, P/E ratios and P/Bv ratios was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the availability of financial information while minimizing the use of unobservable data.

Description of valuation methodology and inputs:
The fair value of the other unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison approach of EV/EBITDA, P/E ratios and P/B ratios are used as input data .

The steps involved in estimating the fair value of the Group's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg, Reuters or Nigeria Stock Exchange
Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the EV/EBITDA or Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by applying an Illiquidity discount and EPS Haircut Adjustment to obtain the Adjusted Equity Value

Step 6: Multiply the adjusted equity value by the present exchange rate for foreign currency investment
Step 7: Compare the Adjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

a. Enterprise Value (EV):
Enterprise value measures the value of the ongoing operations of a company. It is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents of the company .
b. Earnings Before Interest ,Tax Depreciation and Tax (EBITDA):
EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is one of the indicator's of a company's financial performance and is used as a proxy for the earning potential of a business.
EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

c. Price to Book (P/B Ratio):
The price-to-book ratio (P/B Ratio) is used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest company book value per share or by dividing the company's market capitalization by the company's total book value from its balance sheet.

d. Price to Earning (P/E Ratio):
The price-earnings ratio (P/E Ratio) values a company using the current share price relative to its per-share earnings.

The sources of the observable inputs used for comparable technique were gotten from Reuters, Bloomberg and the Nigeria Stock Exchange

Basis of valuation:
The assets is being valued on a fair open market value approach. This implies that the value is based on the conservative estimates of the reasonable price that can be obtained if and when the subject asset is offered for sale under the present market conditions.

Method of Valuation
The comparative method of valuation is used in the valuation of the asset. This method involves the analysis of recent transaction in such asset within the same asset type and the size of the subject asset after due allowance have been made for peculiar attributes of the various asset concerned.

The key elements of the control framework for the valuation of financial instruments include model validation and independent price verification. These functions are carried out by an appropriately skilled Finance team, independent of the business area responsible for the products. The result of the valuation are reviewed quarterly by senior management.

(iii) Assessment of impairment of goodwill on acquired subsidiaries
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 17.9% (Dec. 2018: 17.90%) and a cash flow growth rate of 9.6% (Dec. 2018: 9.6%) over a period of four years. The Group determined the appropriate discount rate at the end of the year by making reference to 15 year government bond which is the longest tenured security in Rwanda. See note 29b for further details.

(iv) Defined benefit plan
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the year. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. See note 37 for the sensitivity analysis.

4.3 (b) Fair value of financial assets and liabilities not carried at fair value

The fair value for financial assets and liabilities that are not carried at fair value were determined respectively as follows:

(i) Cash

The carrying amount of cash and balances with banks is a reasonable approximation of fair value.

(ii) Loans and advances to banks and customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

(iii) Investment securities and pledged assets

The fair values are based on market prices from financial market dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

The fair value comprises equity securities and debt instruments. The fair value for these assets are based on estimations using market prices and earning multiples of quoted securities with similar characteristics.

(iv) Other assets

The bulk of these financial assets have short maturities with their amounts of financial assets in is a reasonable approximation of fair value.

(v) Deposits from banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(vi) Other liabilities

The carrying amount of financial liabilities in other liabilities is a reasonable approximation of fair value. They comprise of short term liabilities which are available on demand to creditors with no contractual rates attached to them.

(vii) Interest bearing borrowings

The estimated fair value of fixed interest-bearing borrowings not quoted in an active market is based on the market rates for similar instruments for these debts over their remaining maturity.

(viii) Debt securities issued

The estimated fair value of floating interest rate debt securities quoted in an active market is based on the quoted market rates as listed on the irish stock exchange for these debts over their remaining maturity.

5.1.4 Offsetting financial assets and financial liabilities

As at September 2019

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	169,532,413	-	169,532,413
Total	**169,532,413**	**-**	**169,532,413**

As at September 2019

Financial liabilities			
Interest bearing borrowing	617,863,887	-	617,863,887
Total	**617,863,887**	**-**	**617,863,887**

As at December 2018

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	142,489,543	-	142,489,543
Total	**142,489,543**	**-**	**142,489,543**

As at December 2018

Financial liabilities			
Interest bearing borrowing	388,416,735	-	388,416,735
Total	**388,416,735**	**-**	**388,416,735**

Market risk management

The Group trades on bonds, treasury bills and foreign currency. Market risk in trading portfolios is monitored and controlled using tools such as position limits, value at risk and present value of an assumed basis points change in yields or exchange rates coupled with concentration limits. The major measurement technique used to measure and control market risk is outlined below.

The table below sets out information on the exposure to fixed and variable interest instruments.

Exposure to fixed and variable interest rate risk
Group
In thousands of Naira

September 2019	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	164,070,817	-	461,474,169	625,544,986
Non pledged trading assets	71,456,044	-	-	71,456,044
Derivative financial instruments	-	-	112,062,238	112,062,238
Loans and advances to banks	169,532,413	-	-	169,532,413
Loans and advances to customers	9,398,361	2,758,872,131	-	2,768,270,493
Pledged assets		-	-	-
Treasury bills	729,666,922	-	-	729,666,922
Bonds	171,308,604	-	-	171,308,604
Investment securities:				
-Financial assets at FVOCI	-	-	108,871,070	108,871,070
Treasury bills	176,000,435	-	-	176,000,435
Bonds	68,952,957	-	-	68,952,957
Promissory notes	1,267,829	-	-	1,267,829
-Financial assets at amortised cost				
Treasury bills	255,890,135	-	-	255,890,135
Bonds	150,875,406	-	-	150,875,406
Promissory notes	-	-	20,688,402	20,688,402
TOTAL	**1,968,419,923**	**2,758,872,131**	**703,095,879**	**5,430,387,933**
LIABILITIES				
Deposits from financial institutions	692,019,055	-	-	692,019,055
Deposits from customers	1,932,346,687	2,306,736,280	-	4,239,082,967
Derivative financial instruments	-	-	7,901,360	7,901,360
Debt securities issued	158,640,842	-	-	158,640,842
Interest-bearing borrowings	291,669,895	326,193,992	-	617,863,887
TOTAL	**3,074,676,479**	**2,632,930,272**	**7,901,360**	**5,715,508,108**

December 2018	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	220,309,727	-	520,619,841	740,929,568
Non pledged trading assets	38,757,800	-	59,347	38,817,146
Derivative financial instruments	-	-	128,440,342	128,440,342
Loans and advances to banks	142,489,543	-	-	142,489,543
Loans and advances to customers	7,947,796	1,985,658,437	-	1,993,606,233
Pledged assets				
Treasury bills	380,688,816	-	-	380,688,816
Bonds	173,364,139	-	-	173,364,139
Investment securities:				
-Financial assets at FVOCI	-	-	109,419,574	109,419,574
Treasury bills	195,218,225	-	-	195,218,225
Bonds	44,791,007	-	-	44,791,007
-Financial assets at amortised cost				
Treasury bills	102,564,048	-	-	102,564,048
Bonds	49,079,627	-	-	49,079,627
TOTAL	**1,355,210,728**	**1,985,658,437**	**758,539,103**	**4,099,408,268**
LIABILITIES				
Deposits from financial institutions	994,572,845	-	-	994,572,845
Deposits from customers	1,287,048,284	1,277,860,101	-	2,564,908,384
Derivative financial instruments	-	-	5,206,001	5,206,001
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	219,409,480	169,007,255	-	388,416,735
TOTAL	**2,752,281,992**	**1,446,867,356**	**5,206,001**	**4,204,355,348**

Bank

September 2019	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	38,850,983	-	428,525,836	467,376,819
Non pledged trading assets	51,279,555	-	-	51,279,555
Derivative financial instruments	-	-	111,265,011	111,265,011
Loans and advances to banks	151,899,251	-	-	151,899,251
Loans and advances to customers	8,714,763	2,348,974,553	-	2,357,689,316
Pledged assets				
'Treasury bills	729,666,922	-	-	729,666,922
'Bonds	171,308,604	-	-	171,308,604
Investment securities:				
-Financial assets at FVOCI	-	-	108,215,259	108,215,260
Treasury bills	34,891,558	-	-	34,891,558
Bonds	23,891,324	-	-	23,891,324
-Financial assets at amortised cost				
Treasury bills	249,887,175	-	-	249,887,175
Bonds	135,268,886	-	-	135,268,886
TOTAL	**1,595,659,020**	**2,348,974,553**	**648,006,106**	**4,592,639,679**
LIABILITIES				
Deposits from financial institutions	595,959,218	-	-	595,959,218
Deposits from customers	1,630,121,119	2,077,917,520	-	3,708,038,639
Derivative financial instruments	-	-	7,841,382	7,841,382
Debt securities issued	158,640,842	-	-	158,640,842
Interest-bearing borrowings	291,232,927	293,551,182	-	584,784,109
TOTAL	**2,675,954,106**	**2,371,468,702**	**7,841,382**	**5,055,264,190**

December 2018	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	46,392,634	-	291,898,020	338,290,654
Non pledged trading assets	36,521,709	-	59,348	36,581,057
Derivative financial instruments	-	-	128,133,789	128,133,789
Loans and advances to banks	100,993,116	-	-	100,993,116
Loans and advances to customers	7,170,261	1,674,591,601	-	1,681,761,862
Pledged assets				
'Treasury bills	380,688,816	-	-	380,688,816
'Bonds	173,364,139	-	-	173,364,139
Investment securities:				-
-Financial assets at FVOCI	-	-	108,870,593	108,870,594
Treasury bills	48,881,703	-	-	48,881,703
Bonds	15,090,313	-	-	15,090,313
-Financial assets at amortised cost				
Treasury bills	60,166,222	-	-	60,166,222
Bonds	25,571,456	-	-	25,571,456
TOTAL	**894,840,368**	**1,674,591,601**	**528,961,750**	**3,098,393,719**
LIABILITIES				
Deposits from financial institutions	616,644,611	-	-	616,644,611
Deposits from customers	990,096,832	1,068,642,098	-	2,058,738,931
Derivative financial instruments	-	-	5,185,870	5,185,870
Debt securities issued	251,251,383	-	-	251,251,383
Interest-bearing borrowings	218,871,012	144,811,429	-	363,682,441
TOTAL	**2,076,863,838**	**1,213,453,527**	**5,185,870**	**3,295,503,235**

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note 21 of the financial statement.

6 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:
i) To comply with the capital requirements set by the Central Bank;
ii) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
iii) To maintain a strong capital base to support the development of its business.

The capital adequacy ratio is the quotient of the capital base of the Bank and the Bank's risk weighted asset base. In accordance with Central Bank of Nigeria regulations, a minimum ratio of 16% (15% + additional 1%) is to be maintained for deposit money banks designated as significant financial institutions. Following the CBN guideline on regulatory capital computation, the Regulatory Risk Reserve has been excluded from the capital computation. Standardised approach has been adopted in computing the risk weighted assets for Credit, Operational, and Market Risk. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

The regulatory capital requirements are strictly observed when managing capital. The Bank's regulatory capital is managed by the Bank's Risk Management and Financial Control. Regulatory capital comprises two tiers:
- Tier 1 capital: This includes ordinary share capital, share premium, retained earnings and other reserves excluding regulatory reserves. Intangible assets, deferred tax assets and investment in subsidiaries were also deducted from Tier I capital for capital adequacy purposes; and
- Tier 2 capital: This includes fair value reserves, foreign currency translation reserves with adjustments for investments in subsidiaries.

IFRS 9 Regulatory Transition Arrangement

The Central Bank of Nigeria, in its circular on transitional arrangements on treatment of IFRS 9 expected credit loss for regulatory purposes by banks in Nigeria dated 18 October 2018, has recommended transitional arrangements to cushion the impact of IFRS 9 implementation on tier 1 regulatory capital. The Bank advised that the balance in regulatory risk reserve should be applied to retained earnings to reduce the additional ECL provisions on opening retained earnings. Where the additional ECL provision is higher than the regulatory risk reserve transfer, the excess shall be amortised in line with the transitional arrangements. The regulatory arrangement for amortization of the impact is as detailed in the table below:

Period	**Provisions to be written back**
Year 0 (January 1, 2018)	4/5 of Adjusted Day One Impact
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact
Year 4 (December 31, 2021)	NIL

Therefore, the bank has computed Capital Adequacy Ratio based on the full impact of IFRS 9 and in line with regulatory provision described above

In thousands of Naira	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Tier 1 capital with adjusted ECL impact				
Ordinary share capital	17,772,613	14,463,986	17,772,613	14,463,986
Share premium	234,038,850	197,974,816	234,038,850	197,974,816
Retained earnings	228,826,243	155,592,892	198,219,158	148,238,575
Add back IFRS impact(adjusted day one impact)	118,880,829	23,046,552	118,880,829	23,046,552
Other reserves	126,111,690	114,609,701	94,903,260	80,122,380
Non-controlling interests	8,091,230	7,870,360	-	-
	733,721,456	**513,558,307**	**663,814,710**	**463,846,307**
Add/(Less):				
Fair value reserve for available-for-sale	1,078,219	5,622,402	2,117,210	6,601,426
Foreign currency translation reserves	(15,123,159)	(15,586,697)	-	-
Other reserves	(1,633,772)	(1,725,386)	(1,633,772)	(1,725,385)
Total Tier 1	**718,042,742**	**501,868,626**	**664,298,146**	**468,722,348**
Add/(Less):				
50% Investments in subsidiaries	-	-	(62,730,901)	(55,601,748)
Deferred tax assets	-	(922,660)	-	-
Regulatory risk reserve	(17,244,886)	(19,942,296)	(9,483,000)	(9,483,000)
Intangible assets	(62,700,578)	(9,752,498)	(67,657,813)	(8,231,197)
Adjusted Tier 1	**638,097,277**	**471,251,172**	**524,426,433**	**395,406,403**

Tier 2 capital				
Debt securities issued	127,761,600	57,406,400	127,761,600	57,406,400
Fair value reserve for available-for-sale securities	(1,078,219)	(5,622,402)	(2,117,210)	(6,601,426)
Foreign currency translation reserves	15,123,159	15,586,697	-	-
Other reserves	1,633,772	1,725,386	1,633,772	1,725,385
50% Investments in subsidiaries	-	-	(62,730,901)	(55,601,748)
Total Tier 2	**143,440,312**	**69,096,081**	**64,547,261**	**(3,071,388)**
Adjusted Tier 2 capital (33% of Tier 1)	**143,440,312**	**69,096,081**	**64,547,262**	**(3,071,388)**
Total regulatory capital	**781,537,590**	**540,347,253**	**588,973,695**	**392,335,015**
Risk-weighted assets	**3,269,214,840**	**2,600,099,302**	**2,701,780,355**	**2,278,400,034**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	23.91%	20.78%	21.80%	17.22%
Total tier 1 capital expressed as a percentage of risk-weighted assets	19.52%	18.12%	19.41%	17.35%
IFRS 9 Regulatory Transition Arrangement computation				
IFRS 9 impact	(264,255,539)	(73,469,186)	(264,255,539)	(73,469,186)
Transfer from regulatory risk reserve	66,120,824	35,058,266	66,120,824	35,058,266
Net impact	(198,134,715)	(38,410,920)	(198,134,715)	(38,410,920)
Provision basis	0.60	0.60	0.60	0.60
IFRS 9 Regulatory Transition Arrangement	**118,880,829**	**23,046,552**	**118,880,829**	**23,046,552**

Capital adequacy ratio without adjustment

This is the presentation of the capital adequacy ratio without IFRS 9 Regulatory Transition Arrangement computation☐

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Tier 1 capital without adjusted ECL impact				
Ordinary share capital	17,772,613	14,463,986	17,772,613	14,463,986
Share premium	234,038,850	197,974,816	234,038,850	197,974,816
Retained earnings	228,826,243	155,592,892	198,219,158	148,238,575
Other reserves	126,111,690	114,609,701	94,903,260	80,122,380
Non-controlling interests	8,091,230	7,870,360	-	-
	614,840,627	**490,511,755**	**544,933,881**	**440,799,757**
Add/(Less):				
Fair value reserve for available-for-sale	1,078,219	5,622,402	2,117,210	6,601,426
Foreign currency translation reserves	(15,123,159)	(15,586,697)	-	-
Other reserves	(1,633,772)	(1,725,386)	(1,633,772)	(1,725,385)
Total Tier 1	**599,161,915**	**478,822,074**	**545,417,319**	**445,675,797**
Add/(Less):				
50% Investments in subsidiaries	-	-	(62,730,901)	(55,601,748)
Deferred tax assets	-	(922,660)	-	-
Regulatory risk reserve	(17,244,886)	(19,942,296)	(9,483,000)	(9,483,000)
Intangible assets	(62,700,578)	(9,752,498)	(67,657,813)	(8,231,197)
Adjusted Tier 1	**519,216,451**	**448,204,620**	**405,545,605**	**372,359,855**
Tier 2 capital				
Debt securities issued	127,761,600	57,406,400	127,761,600	57,406,400
Fair value reserve for available-for-sale securities	(1,078,219)	(5,622,402)	(2,117,210)	(6,601,426)
Foreign currency translation reserves	15,123,159	15,586,697	-	-
Other reserves	1,633,772	1,725,386	1,633,772	1,725,385
50% Investments in subsidiaries	-	-	(62,730,901)	(55,601,748)
Total Tier 2	**143,440,312**	**69,096,081**	**64,547,261**	**(3,071,389)**
Adjusted Tier 2 capital (33% of Tier 1)	**143,440,312**	**69,096,081**	**64,547,261**	**(3,071,390)**
Total regulatory capital	**662,656,763**	**517,300,701**	**470,092,866**	**369,288,465**
Risk-weighted assets	**3,269,214,840**	**2,600,099,302**	**2,701,780,355**	**2,278,400,034**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.27%	19.90%	17.40%	16.21%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.88%	17.24%	15.01%	16.34%

7 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Executive Management Committee reviews internal management reports on at least a quarterly basis. The Group presents segment information to its Executive Committee, which is the Group's Chief Operating Decision Maker, based on International Financial Reporting Standards.

Based on the market segment and extent of customer turnover, the group reformed the arrangement of segments from previous years into four operational segments as described below;

- **Corporate and Investment Banking -** The division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients. The division focuses on customers in key industry sector with minimum annual turnover of N20Billion. It also provides innovative finance solutions to meet the short, medium and long-term financing needs for the Bank's clients as well as relationship banking services to the Bank's financial institutions customers.
- **Commercial banking** - The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market whose annual turnover is above N1bn. The division also provides financial services to public sector, commercial institutions and oriental corporates.
- **Personal banking** – The personal banking division is the retail arm of the bank which provides financial products and services to individuals (personal and inclusive segments) and private banking segment. The private banking segment focuses on offering bespoke services to High Net worth Individuals (HNI) and Ultra High Net worth Individuals (UHNI) by handling their wealth portfolio needs both locally and abroad.
- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

All of the Segments reported at the end of the year had its,

- Reported revenue, from both external customers and intersegment sales or transfers, 10 per cent or more of the combined revenue, internal and external, of all operating segments, or

-the absolute measure of its reported profit or loss 10 per cent or more of the greater, in absolute amount, of
(i) the combined reported profit of all operating segments that did not report a loss and
(ii) the combined reported loss of all operating segments that reported a loss, or

-its assets are 10% or more of the combined assets of all operating segments.

Unallocated Segments represents all other transactions than are outside the normal course of business and can not be directly related to a specific segment financial information.

Thus, in essence, unallocated segments reconcile segment balances to group balances. Material items comprising total assets and total liabilities of the unallocated segments have been outlined below;

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement.

Material total assets and liabilities	**Group September 2019**	**Group December 2018**
In thousands of Naira		
Other Assets	884,681,562	704,326,780
Deferred tax (net)	-	922,660
Assets Held for Sale	24,001,824	12,241,824
Goodwill	53,361,200	681,007
	962,044,586	**718,172,271**
Other liabilities	266,902,483	246,438,951
Debt Securities issued	158,640,842	251,251,383
Interest-bearing loans and borrowings	617,863,887	388,416,734
Deferred tax	1,507,975	6,456,840
Retirement Benefit Obligation	3,044,086	2,336,183
Total liabilities	**1,047,959,273**	**894,900,091**

Material revenue and expenses	**Group September 2019**	**Group September 2018**
Interest expense on debt securities issued		
Interest expense on eurobond	(18,191,782)	26,012,564
	(18,191,782)	**26,012,564**

7a Operating segments (continued)

September 2019

In thousands of Naira	**Corporate & Investment Banking**	**Commercial Banking**	**Business Banking**	**Personal Banking**	**Unallocated Segments**	**Total continuing operations**	**Total**
Revenue:							
Derived from external customers	264,530,075	139,044,168	30,646,235	79,435,182	-	513,655,660	513,655,660
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	264,530,075	139,044,168	30,646,235	79,435,182	-	513,655,660	513,655,660
Interest Income	207,434,991	117,597,615	23,881,080	56,111,747	-	405,025,432	405,025,432
Interest expense	(121,763,622)	(47,422,500)	(9,518,544)	(16,102,754)	-	(194,807,421)	(194,807,421)
Impairment Losses	(4,638,058)	(5,446,481)	1,115,960	(1,642,112)	-	(10,610,692)	(10,610,692)
Profit/(Loss) on ordinary activities before taxation	51,943,686	28,351,779	8,793,828	14,014,781	-	103,104,075	103,104,075
Income tax expense	(6,440,824)	(1,866,329)	(1,431,785)	(2,625,547)		(12,364,485)	(12,364,485)
Profit after tax						90,739,590	90,739,590
Assets and liabilities:							
Loans and Advances to banks and customers	1,298,322,781	1,370,512,697	131,522,069	137,445,358	-	2,937,802,906	2,937,802,906
Goodwill	-	-	-	-	53,361,200	53,361,200	53,361,200
Tangible segment assets	2,436,701,458	2,599,035,325	297,584,986	310,904,718	-	5,644,226,488	5,644,226,488
Unallocated segment assets	-	-	-	-	962,044,586	962,044,586	962,044,586
Total assets	2,436,701,458	2,599,035,325	297,584,986	310,904,718	962,044,586	6,606,271,073	6,606,271,074
Deposits from customers	1,298,749,498	920,051,258	322,150,754	1,698,131,456	-	4,239,082,966	4,239,082,966
Segment liabilities	1,311,645,509	776,401,405	455,321,081	2,400,103,181	-	4,943,471,176	4,943,471,176
Unallocated segment liabilities	-	-	-	-	1,047,959,273	1,047,959,273	1,047,959,273
Total liabilities	1,311,645,509	776,401,405	455,321,081	2,400,103,181	1,047,959,273	5,991,430,449	5,991,430,449
Net assets	1,125,055,949	1,822,633,920	(157,736,095)	(2,089,198,463)	(85,914,687)	614,840,623	614,840,623

September 2018
Operating segments (continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	179,536,171	116,689,687	31,389,113	47,615,386	-	375,230,358	375,230,358
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	179,536,171	116,689,687	31,389,113	47,615,386	-	375,230,358	375,230,358
Interest Income	94,475,632	129,599,239	23,162,298	24,259,848	-	271,497,016	271,497,016
Interest expense	(61,528,880)	(70,544,741)	(10,294,271)	(9,179,302)	-	(151,547,195)	(151,547,195)
Impairment Losses	(5,074,277)	(4,175,341)	854,553	41,753	-	(8,353,312)	(8,353,312)
Profit/(Loss) on ordinary activities before taxation	41,581,122	19,872,611	3,757,022	5,057,582	-	70,268,337	70,268,337
Income tax expense	(4,353,635)	(2,080,706)	(393,368)	(529,540)	-	(7,357,250)	(7,357,250)
Profit after tax	37,227,487	17,791,905	3,363,654	4,528,042	-	62,911,088	62,911,088
December 2018							
Assets and liabilities:							
Loans and Advances to banks and customers	790,973,600	1,237,109,268	61,916,872	46,096,036	-	2,136,095,776	2,136,095,776
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,570,206,470	2,566,144,002	92,632,615	57,314,739	-	4,286,297,826	4,286,297,826
Unallocated segment assets	-	-	-	-	718,172,271	718,172,271	718,172,271
Total assets	1,570,206,470	2,566,144,002	92,632,615	57,314,739	718,172,271	5,004,470,096	5,004,470,097
Deposits from customers	1,008,307,962	805,578,353	331,112,159	435,250,133	-	2,580,248,607	2,580,248,607
Segment liabilities	1,504,557,085	1,164,929,723	370,069,506	544,529,001	-	3,584,085,315	3,584,085,315
Unallocated segment liabilities	-	-	-	-	894,900,091	894,900,091	894,900,091
Total liabilities	1,504,557,085	1,164,929,723	370,069,506	544,529,001	894,900,091	4,478,985,406	4,478,985,406
Net assets	65,649,385	1,401,214,279	(277,436,891)	(487,214,262)	(176,727,820)	525,484,689	525,484,689

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

September 2019 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Intercompany elimination**	**Total**
Derived from external customers	442,652,816	49,129,849	31,293,793	(5,133,132)	513,655,660
Derived from other segments	-	-	-	-	-
Total revenue	442,652,816	49,129,849	31,293,793	(5,133,132)	513,655,660
Interest income	354,927,957	31,701,585	23,529,022	(5,133,132)	405,025,432
Impairment losses	(9,505,859)	(1,066,967)	(37,866)	-	(10,610,692)
Interest expense	(179,072,242)	(13,593,379)	(7,274,932)	5,133,132	(194,807,422)
Net fee and commission income	43,717,331	(11,235,921)	23,529,022		56,010,432
Operating income	263,580,574	35,536,470	24,018,860	-	318,848,238
Profit before income tax	77,817,652	10,267,630	15,018,791	-	103,104,074
Assets and liabilities:					
Loans and advances to customers and banks	2,509,588,567	106,336,684	578,579,545	(256,701,889)	2,937,802,906
Total assets	5,860,276,466	419,421,872	848,614,675	(522,041,936)	6,606,271,077
Deposit from customers	3,708,038,638	288,353,808	242,690,519	-	4,239,082,965
Total liabilities	5,315,342,585	350,197,718	727,542,834	(401,652,688)	5,991,430,448
Net assets	544,933,881	69,224,155	121,071,841	(120,389,247)	614,840,629

September 2018	**Nigeria**	**Rest of Africa**	**Europe**	**Intercompany elimination**	**Total**
Derived from external customers	313,215,399	44,218,661	23,272,981	(5,476,682)	375,230,358
Derived from other segments	-	-	-	-	-
Total revenue	313,215,399	44,218,661	23,272,981	(5,476,682)	375,230,358
Interest income	230,439,468	31,061,598	18,472,633	(5,476,682)	274,497,017
Impairment losses	(7,875,384)	(253,182)	(224,745)		(8,353,312)
Interest expense	(138,815,616)	(13,042,686)	(5,165,575)	5,476,682	(151,547,195)
Net fee and commission income	33,269,026	10,311,326	(392,035)		43,188,317
Operating income	174,399,783	31,175,975	18,107,406	-	223,683,163
Profit before income tax	47,582,703	11,745,577	10,940,057	-	70,268,337

December 2018					
Assets and liabilities:					
Loans and advances to customers and banks	1,782,754,978	97,592,515	403,312,846	(147,564,563)	4,419,756,115
Goodwill	-	681,007	-		1,362,013
Total assets	3,968,114,609	409,930,108	882,599,681	(306,487,459)	4,954,156,939
Deposit from customers	2,058,738,930	284,401,954	221,767,500		2,564,908,383
Total liabilities	3,527,314,852	340,358,312	788,535,687	(199,904,699)	4,456,304,152
Net assets	440,799,757	69,571,796	94,063,994	(106,582,760)	497,852,787

No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the Group's total revenue in the period ended 30 June 2019 and for the year ended 31 December 2018. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Financial assets not at FVTPL				
Cash and balances with banks	8,582,866	4,909,687	4,406,848	2,748,058
Loans and advances to banks and customers	256,039,088	204,380,376	223,864,734	177,580,037
Investment securities				
-Financial assets at FVOCI	53,065,649	27,436,590	44,936,875	20,385,515
-Financial assets at amortised cost	31,512,068	18,191,320	27,302,196	11,062,769
	349,199,671	254,917,973	300,510,653	211,776,379
-Financial assets at FVPL	55,825,762	19,579,044	54,417,303	18,663,090
	405,025,432	**274,497,017**	**354,927,958**	**230,439,468**
Interest expense				
Deposit from financial institutions	36,887,691	22,646,727	36,863,616	24,823,814
Deposit from customers	123,407,765	94,735,277	108,460,011	80,640,107
Debt securities issued	18,191,782	26,012,564	18,191,782	26,002,616
Lease liabilities	383,408	-	383,408	-
Interest bearing borrowings and other borrowed funds	15,936,775	8,152,627	15,173,426	7,349,080
	194,807,420	**151,547,195**	**179,072,242**	**138,815,616**
Net interest income	**210,218,012**	**122,949,822**	**175,855,715**	**91,623,852**

Increase in interest expense is due to growth in deposit volume and increasing trade related transactions. The increase in interest income is attributable to increase in the volume of investment securities during the period.

9 Net impairment charge on financial assets

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Allowance for impairment on loans and advance to customers and banks	(15,027,405)	(7,909,335)	(13,937,732)	(7,431,408)
Write back on impairment on financial assets in other assets (see note 26)	4,553,003	315,802	4,568,163	315,802
Allowance for impairment on off balance sheet items	(26,905)	(789,513)	(26,905)	(789,513)
Allowance/(write Back) of impairment on money market placement	(155)	(8,402)	(155)	(8,402)
Allowance/(write Back) of impairment on investment securities	(109,230)	38,136	(109,230)	38,136
	(10,610,692)	(8,353,312)	(9,505,859)	(7,875,385)

10 (a Fee and commission income

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Credit related fees and commissions	24,406,905	22,415,666	17,240,757	16,930,623
Account maintenance charge and handling commission	10,103,123	4,524,293	9,496,409	4,107,442
Commission on bills and letters of credit	2,302,626	1,724,609	2,130,040	1,538,769
Commissions on collections	231,171	209,622	167,166	167,550
Commission on other financial services	7,735,501	1,490,718	5,960,817	268,267
Commission on virtual products	10,105,457	3,734,603	8,366,518	2,021,339
Commission on foreign currency denominated transactions	1,692,941	3,739,482	1,076,251	3,168,722
Channels and other E-business income	8,852,364	5,591,727	8,321,646	5,061,951
Retail account charges	1,465,807	96,468	1,339,093	4,363
	66,895,896	**43,527,191**	**54,098,695**	**33,269,026**

Credit related fees and commissions are fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost. These fees are accounted for in accordance with the Group's revenue accounting policy.

Channels and other E-business income include income from electronic channels, card products and related services.

10 (b Fee and commission expense

In thousands of Naira	Group September 2019	*Restated Group September 2018	Bank September 2019	*Restated Bank September 2018
Bank and electronic transfer charges	1,439,554	1,076,079	935,481	674,006
E-banking expense	9,445,910	4,991,292	9,445,882	5,054,492
	10,885,463	**6,067,371**	**10,381,363**	**5,728,499**

Fees and commissions expenses are fees charged for the provision of services to customers transacting on alternate channels platform of the Bank and on the various debit and credit cards issued for the purpose of these payments. They are charged to the Bank on services rendered on internet banking, mobile banking and online purchasing platforms. The corresponding income lines for these expenses include the income on cards (both foreign and local cards), online purchases and bill payments included in fees and commissions

11 Net gain on investment securities

a Net gain on financial instruments at fair value through profit or loss

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Fixed income securities	14,041,408	23,670,219	12,933,168	23,001,845
Derivative instruments	(19,051,754)	20,684,478	(19,091,774)	20,629,372
Fair value gain on equity investments	5,887,513	29,847,164	5,887,513	29,847,164
Gain on disposal of investment	2,265,686	-	2,265,686	-
	3,142,854	**74,201,860**	**1,994,594**	**73,478,381**

b (i) Net gains on financial instruments held as fair value through other comprehensive income

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Fixed income securities	183,520	900,561	183,520	900,561
	183,520	**900,561**	**183,520**	**900,561**
Total	**3,326,374**	**75,102,421**	**2,178,114**	**74,378,942**

Net gains/(loss) on financial instruments classified as fair value through profit or loss includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

Gains or (loss) on derivative instruments are from transactions to which the Bank is a party in the normal course of business and are held at fair value. Derivative financial instruments consist of forward, swap and future contracts.

12 Net foreign exchange(loss)/income

In thousands of Naira

	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Foreign exchange trading (loss)/income	9,966,339	(8,619,292)	772,968	(14,616,543)
Unrealised foreign exchange loss on revaluation	(4,815,494)	(20,960,523)	(2,791,970)	(20,441,314)
	5,150,845	**(29,579,815)**	**(2,019,002)**	**(35,057,855)**

Net foreign exchange loss includes loss arising from the spot leg of derivatives with corresponding gains in note 11.

13 Other operating income

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Dividends on equity securities	2,576,171	2,729,747	2,576,171	2,729,747
Gain on disposal of property and equipment	-	612,839	-	589,041
Rental income	4,092	15,377	-	7,411
Bad debt recovered	22,427,750	1,696,642	21,846,383	1,056,825
Cash management charges	453,248	204,438	453,248	204,438
Income from agency and brokerage	364,623	265,447	364,621	265,447
Income from asset management	2,392,452	1,699,426	2,392,452	1,699,426
Income from other investments	423,370	699,490	51,111	-
Income from other financial services	4,615,405	3,760,138	4,353,843	3,633,483
	33,257,112	**11,683,545**	**32,037,829**	**10,185,818**

14 Personnel expenses

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Wages and salaries	51,953,312	39,152,431	40,399,752	27,960,291
Increase in liability for defined benefit obligation (see note 37 (a) (i))	469,359	586,719	469,359	586,719
Contributions to defined contribution plans	1,631,893	1,103,123	1,037,128	614,191
Restricted share performance plan (b)	644,924	607,571	644,924	555,325
	54,699,489	**41,449,845**	**42,551,164**	**29,716,526**

(a) Under the Restricted Share Performance Plan (RSPP), shares of the Bank are awarded to employees based on their performance at no cost to them. Under the terms of the plan, the shares vest over a 3 year year from the date of award. The scheme applies to only employees of the Bank that meet the stipulated performance criteria irrespective of where they work within the Group. Some members of the Group also have a similar scheme, which has a vesting year of 7 years. The RSPP is an equity-settled scheme, where the Bank recognizes an expense and a corresponding increase in equity. Initial estimates of the number of equity settled instruments that are expected to vest are adjusted to current estimates and ultimately to the actual number of equity settled instruments that vest unless differences are due to market conditions.

By the resolution of the Board and Shareholders, the Bank sets aside an amount not exceeding twenty (20) per cent of the aggregate emoluments of the Bank's employees in each financial year to purchase shares of the Bank from the floor of the Nigerian Stock Exchange for the purpose of the plan. The Bank has also established a Structured Entity (SE) to hold shares of the Bank purchased. Upon vesting, the SE transfers the shares to the employee whose interest has vested. The SE is consolidated in the Group's financial statements.

(i) The shares allocated to staff has a contractual vesting year of three to seven years commencing from the year of purchase/allocation to the staff. The Group has no legal or constructive obligation to repurchase or settle on a cash basis.

(ii) The number and weighted-average exercise prices of shares has been detailed in table below;

Group

Description of shares		September 2019 Number of Shares	September 2019 Weighted Share Price per Share - Naira	September 2018 Number of Shares	September 2018 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the period;	522,296,572	7.93	609,125,803	5.90
(ii)	Shares allocated during the period	142,135,932	6.57	161,489,590	9.51
(iii)	Forfeited during the period;	(70,934,945)	9.55	(99,380,669)	4.97
(iv)	Exercised during the period;	(160,096,896)	4.99	(121,662,772)	6.22
(v)	Shares allocated to staff at end of the period;	433,400,662	9.36	549,571,952	6.94
	Shares under the scheme at the end of the period	504,050,973	10.55	552,885,000	5.80
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		644,924	9.36	607,571	6.94

Outstanding allocated shares to staff at the end of the year have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jul 2019	38,083,260
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Jan 2020	140,003,566
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jul 2021	116,546,510
Outstanding allocated shares for the 2019 - 2022 vesting period	2019-2022	1 Jan 2022	138,767,328
			433,400,662

Bank

Description of shares		September 2019 Number of Shares	September 2019 Weighted Share Price per Share - Naira	September 2018 Number of Shares	September 2018 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the period;	451,894,911	8.04	583,799,951	5.93
(ii)	Shares allocated during the period	120,456,964	6.80	127,887,953	10.00
(iii)	Forfeited during the period;	(70,934,945)	9.55	(96,470,789)	5.14
(iv)	Exercised during the period;	(160,096,896)	4.99	(121,662,772)	6.19
(v)	Shares allocated to staff at end of the period;	341,320,033	12.74	479,672,910	7.25
(vi)	Shares under the scheme at the end of the period	411,970,344	10.55	482,582,790	5.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		644,924	12.74	555,325	7.25

Outstanding allocated shares to staff at the end of the period have the following maturity dates

	Vesting year	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	1 Jul 2019	15,063,103
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Jan 2020	116,983,409
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jul 2021	93,526,353
Outstanding allocated shares for the 2019 - 2022 vesting period	2019-2022	1 Jan 2022	115,747,170
			341,320,032

i. The weighted average remaining contractual life of the outstanding allocated shares is :

	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
	years	years	years	years
Weighted average contractual life of remaining shares	1.51	1.95	1.59	1.93

15 Other operating expenses

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Premises and equipment costs	9,960,354	6,938,223	8,593,971	5,409,799
Professional fees	7,605,874	1,458,915	6,507,899	715,018
Insurance	870,457	919,738	689,641	707,073
Business travel expenses	7,573,672	5,492,537	6,992,039	4,788,453
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	22,664,874	17,498,420	22,664,874	17,498,420
Deposit insurance premium	8,993,464	6,427,236	8,993,464	6,427,236
Auditor's remuneration	1,016,098	349,962	817,420	293,125
Administrative expenses	14,064,434	7,711,327	13,453,733	6,343,728
Board expenses	876,386	1,133,291	627,696	934,082
Communication expenses	3,274,528	1,745,045	2,420,392	970,248
IT and e-business expenses	9,639,748	11,354,896	7,554,442	9,558,072
Outsourcing costs	10,345,489	6,530,239	9,628,962	5,652,837
Advertisements and marketing expenses	5,961,105	3,418,570	5,559,919	2,727,851
Recruitment and training	4,111,965	2,339,962	3,852,223	2,085,588
Events, charities and sponsorship	5,780,926	2,686,384	5,602,443	2,598,250
Periodicals and subscriptions	642,933	687,707	450,066	749,841
Security expenses	2,890,675	2,183,014	2,517,349	1,678,088
Loss on disposal of property and equipment	1,981	-	3,566	-
Cash processing and management cost	3,109,349	1,649,296	2,999,709	1,478,175
Stationeries, postage and printing	990,657	895,884	730,770	647,575
Office provisions and entertainment	494,777	415,614	319,881	227,753
	120,869,750	**81,836,262**	**110,980,459**	**71,491,210**

17 Earnings per share

(a) Basic from continuing operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares.

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Profit for the year from continuing operations	89,749,761	61,964,269	69,255,166	42,472,320
Weighted average number of ordinary shares in issue	32,714,512	28,927,972	32,714,512	28,927,972
Weighted average number of treasury Shares	504,051	552,885	-	-
	32,210,461	28,375,087	32,714,512	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	279	218	212	147

Potential Diluted EPS

Diluted earnings per share is calculated by considering the impact of the treasury shares in weighted average number of ordinary shares outstanding

In thousands of Naira	Group September 2019	Group September 2018	Bank September 2019	Bank September 2018
Profit for the period from continuing operations	89,749,761	61,964,269	69,255,166	42,472,320
Weighted average number of ordinary shares in issue	32,714,512	28,927,972	32,714,512	28,927,972
In kobo per share				
Diluted earnings per share from continuing operations	274	214	212	147

18 Cash and balances with banks

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Cash on hand and balances with banks (see note (i))	349,338,307	414,228,673	328,702,225	208,113,599
Unrestricted balances with central banks	79,630,140	29,366,693	67,317,889	6,759,948
Money market placements	164,070,817	220,309,727	38,850,983	46,392,634
Other deposits with central banks	32,505,722	77,024,474	32,505,722	77,024,474
	625,544,986	**740,929,568**	**467,376,819**	**338,290,655**
ECL on Placements	(3,361)	(3,206)	(897)	(742)
	625,541,625	**740,926,362**	**467,375,922**	**338,289,913**

(i) Included in cash on hand and balances with banks is an amount of N61.86Bn (31 Dec 2018: N23.30Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

Movement in ECL on Placements

	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Opening balance at beginning of the period	3,206	-	742	-
Impact of IFRS 9 application		4,118		1,653
Additional allowance	155	8,402	155	8,402
Allowance written back	-	(9,314)	-	(9,313)
Closing balance	**3,361**	**3,206**	**897**	**742**

19 Investment under management

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Relating to unclaimed dividends:				
Government bonds	618,500	727,220	618,500	727,220
Placements	5,869,088	7,378,561	5,869,088	7,378,561
Commercial paper	5,289,617	3,200,134	5,289,617	3,200,134
Nigerian treasury bills	9,647,118	7,468,814	9,647,117	7,468,814
Mutual funds	2,147,739	2,662,480	2,147,739	2,662,480
Others				
Eurobonds	2,421,926	2,402,185	2,421,926	2,402,185
	25,993,988	**23,839,395**	**25,993,987**	**23,839,394**

The Bank entrusted the sum transferred to it by the Registrars in respect of unclaimed dividends with select Asset Managers who will ensure safekeeping and manage the funds for the benefit of the Bank. The investments by the Asset Managers are as listed above (the corresponding liability which is due to the Registrar is reported as "unclaimed dividend" in Other liabilities.

20 Non pledged trading assets

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Government bonds	3,337,385	292,684	3,267,382	291,070
Eurobonds	215,564	-	215,564	-
Treasury bills	67,903,095	38,465,116	47,796,611	36,230,640
Equity securities	-	59,347	-	59,348
	71,456,045	**38,817,147**	**51,279,556**	**36,581,058**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2019		December 2018	
Group				
Foreign exchange derivatives				
Total derivative assets	**1,179,409,199**	**112,062,238**	**806,828,923**	**128,440,342**
Non-deliverable future contracts	-	472,552	-	367,238
Forward and swap contracts	1,243,662,031	111,589,687	806,828,924	128,073,104
Total derivative liabilities	**521,805,425**	**(7,901,360)**	**128,420,522**	**(5,206,001)**
Non-deliverable future contracts	-	(438,650)	-	(259,483)
Forward and swap contracts	521,805,425	(7,462,711)	128,420,522	(4,946,520)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	September 2019		December 2018	
Bank				
Foreign exchange derivatives				
Total derivative assets	**1,178,610,618**	**111,265,011**	**741,777,511**	**128,133,789**
Non-deliverable future contracts	-	472,552	-	367,238
Forward and swap contracts	1,178,610,618	110,792,458	741,777,511	127,766,551
Total derivative liabilities	**521,745,448**	**(7,841,382)**	**122,769,600**	**(5,185,870)**
Non-deliverable future contracts	-	(438,650)	-	(259,483)
Forward and swap contracts	521,745,448	(7,402,733)	122,769,600	(4,926,387)

Derivative financial instruments consist of forward, swap and future contracts. These are held for day to day cash management rather than for trading purposes and are held at fair value. The contracts have intended settlement dates of between 30 days and one year. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

Included in other liabilities are security deposits for swap and future deals which are deposits (collaterised deposits) by counter parties.

The movement in fair value is as a result of a depreciation of the functional currency of the Group (Naira) within the year and an increase in the volume of transactions.

22 Loans and advances to banks

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Loans and advances to banks	171,255,057	142,569,748	153,413,979	101,073,321
Less allowance for impairment losses	(1,722,643)	(80,205)	(1,514,728)	(80,205)
	169,532,413	**142,489,543**	**151,899,251**	**100,993,116**

Group

Impairment allowance for loans and advances to banks

In thousands of Naira	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade:				
Investment	1,665,221	-	-	1,665,221
Standard grade	21	-	-	21
Non Investment	-	17,759	39,642	57,400
Total	**1,665,243**	**17,759**	**39,642**	**1,722,643**

	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2019	(35,178)	-	(45,026)	(80,204)
Modification of contractual cash flows of financial assets				-
Acquired from Business Combination	(3,245)	-	(4,154)	(7,399)
-Charge for the period:				
Total net P&L charge during the period	(1,626,819)	(17,759)	9,538	(1,635,040)
At 30 September 2019	**(1,665,243)**	**(17,759)**	**(39,642)**	**(1,722,643)**

Impairment allowance for loans and advances to banks

In thousands of Naira	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,177**	**-**	**45,027**	**80,205**

	Stage 1	**Stage 2**	**Stage 3**	
Restated ECL allowance as at 1 January 2018	41,481	25	55,643	97,148
Modification of contractual cash flows of financial assets	-	-	-	-
-Charge for the period:	-	-	-	-
Changes in PDs/LGDs/EADs	(6,296)	-	1,713	(4,583)
New financial assets originated or purchased	12	-	-	12
Transfers to Stage 1	-	(25)	28,135	28,111
Transfers to Stage 2	(19)	-	-	(19)
Transfers to Stage 3	-	-	-	-
Total net P&L charge during the period	(6,303)	(25)	29,849	23,521
Amounts written off	-	-	(40,465)	(40,465)
At 31 December 2018	**35,178**	**-**	**45,026**	**80,205**

Bank

Loans to banks

In thousands of Naira	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Internal rating grade:				
Investment	1,457,306	-	-	1,457,306
Standard grade	21	-	-	21
Non Investment	-	17,759	39,642	57,400
Total	**1,457,328**	**17,759**	**39,642**	**1,514,728**

	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2019	(35,178)	-	(45,027)	(80,205)
Acquired from Business Combination	(3,245)	-	(4,154)	(7,399)
-Charge for the period:				
Total net P&L charge during the period	(1,418,904)	(17,759)	9,539	(1,427,124)
Amounts written off				-
At 30 September 2019	**(1,457,328)**	**(17,759)**	**(39,642)**	**(1,514,728)**

Impairment allowance for loans and advances to banks

In thousands of Naira	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade:				
Investment	5,054	-	-	5,054
Standard grade	30,124	-	-	30,124
Non Investment	-	-	45,027	45,027
Total	**35,178**	**-**	**45,027**	**80,205**

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Restated ECL allowance as at 1 January 2018	41,481	25	55,643	97,148
Modification of contractual cash flows of financial assets	-	-	-	-
-Charge for the period:				
Changes in PDs/LGDs/EADs	(6,296)	-	1,713	(4,583)
New financial assets originated or purchased	12	-	-	12
Transfers to Stage 1	-	(25)	28,135	28,111
Transfers to Stage 2	(19)	-	-	(19)
Transfers to Stage 3	-	-	-	-
Total net P&L charge during the period	(6,303)	(25)	29,849	23,521
Unwindling of discount				-
Amounts written off	-	-	(40,465)	(40,465)
Foreign exchange				
At 31 December 2018	**35,178**	**-**	**45,026**	**80,205**

23 Loans and advances to customers

a **Group**

	September 2019
In thousands of Naira	
Loans to individuals	
Retail Exposures	182,065,710
Less allowance for expected credit loss	(10,948,702)
	171,117,008
Loans to corporate entities and other organizations	
Non-Retail Exposures	2,797,936,172
Less allowance for expected credit loss	(200,782,687)
	2,597,153,484
Loans and advances to customers (Individual and corporate entities and other organizations)	2,980,001,882
Less allowance for expected credit loss	(211,731,389)
	2,768,270,493

ECL allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment				-
Standard grade	5,954,292	212,617.29	200,071	6,366,981
Non-Investment	342,180	54,473	4,185,069	4,581,721
Sub-standard grade				-
Total	**6,296,472**	**267,090**	**4,385,140**	**10,948,702**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	(542,505)	(490,339)	(4,641,687)	(5,674,531)
Acquired from Business Combination	(3,778,488)	(257,325)	(8,092,528)	(12,128,341)
- Charge for the year:				
Total net P&L charge during the period	(1,975,479)	480,574	6,888,067	5,393,162
Amounts written off			1,461,008	1,461,008
At 30 September 2019	**(6,296,472)**	**(267,090)**	**(4,385,140)**	**(10,948,702)**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	5,666,375	1,866,098	1,683,716	9,216,188
Standard grade	39,613,185	29,680,400	4,552,268	73,845,853
Non-Investment	12,929,664	40,366,561	64,424,420	117,720,646
Sub-standard grade				
Total	**45,279,560**	**71,913,059**	**70,660,404**	**200,782,687**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	(26,158,327)	(40,303,328)	(16,028,608)	(82,490,263)
Acquired from Business Combination	(28,717,717)	(41,269,036)	(87,105,714)	(157,092,467)
- Charge for the year:				
Total net P&L charge during the period	(3,333,180)	9,659,305	(25,111,652)	(18,785,527)
Amounts written off			58,013,166	58,013,166
Translation difference			(427,597)	(427,597)
At 30 September 2019	**(58,209,224)**	**(71,913,059)**	**(70,660,404)**	**(200,782,687)**

Group

In thousands of Naira	**December 2018**
Loans to individuals	
Retail Exposures	
Auto Loan	11,848,394
Credit Card	5,568,720
Finance Lease (note 23c)	95,408
Mortgage Loan	69,839,910
Overdraft	3,736,911
Personal Loan	37,186,909
Term Loan	849,267
Time Loan	2,226,840
	131,352,359
Less Allowance for ECL/Impairment losses	(5,674,532)
	125,677,827
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	4,069,458
Credit Card	434,712
Finance Lease (note 23c)	1,206,037
Mortgage Loan	46,998,760
Overdraft	142,916,676
Term Loan	1,419,262,917
Time Loan	335,530,108
	1,950,418,668
Less Alowance for ECL/Impairment losses	(82,490,262)
	1,867,928,406
Loans and advances to customers (Individual and corporate entities and other organizations)	2,081,771,027
Less Allowance for ECL/Impairment losses	(88,164,794)
	1,993,606,233

ECL allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	December 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard grade	526,454	381,447	571,051	1,478,951
Non-Investment	16,052	108,893	4,070,636	4,195,581
Total	542,505	490,339	4,641,687	5,674,532

	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2018	244,214	209,499	2,095,061	2,548,774
- Charge for the year				-
New assets originated or purchased	460,971	349,298	-	810,269
Changes in PDs/LGDs/EADs	107,246	(175,494)	3,900,042	3,831,795
Transfers to Stage 1	-	130,329	139,494	269,823
Transfers to Stage 2	(39,483)	-	79,150	39,667
Transfers to Stage 3	(230,443)	(23,293)	-	(253,736)
Total net P&L charge during the period	298,291	280,840	4,118,686	4,697,818
Amounts written off	-		(1,572,060)	(1,572,060)
Foreign exchange adjustments			-	-
At 31 December 2018	542,505	490,338	4,641,687	5,674,532

Loans to corporate entities and other organizations
In thousands of Naira

	December 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	1,834,633	32,660	-	1,867,294
Standard grade	24,323,693	28,849,910	82,357	53,255,960
Non-Investment	-	11,420,758	15,946,251	27,367,009
Total	26,158,327	40,303,328	16,028,608	82,490,262

	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2018	26,379,157	41,408,971	72,545,073	140,333,201
- Charge for the year				
New assets originated or purchased	5,659,467	4,888,777	-	10,548,244
Changes in PDs/LGDs/EADs	(3,658,351)	1,096,533	6,604,650	4,042,832
Modification of contractual cash flows of financial assets	(1,417,143)	(11,130,712)	(2,428,154)	(14,976,009)
Transfers to Stage 1	-	7,817,971	1,983,758	9,801,729
Transfers to Stage 2	(693,667)	-	1,588,354	894,687
Transfers to Stage 3	(111,137)	(738,021)	-	(849,158)
Total net P&L charge during the period	(220,831)	1,934,549	7,748,608	9,462,325
Amounts written off	-	(3,040,191)	(64,265,073)	(67,305,264)
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	26,158,326	40,303,328	16,028,609	82,490,262

23 Loans and advances to customers

b Bank

In thousands of Naira	September 2019
Loans to individuals	
Retail Exposures	90,993,481
Less Allowance for Expected credit loss	(10,461,516)
	80,531,966
Loans to corporate entities and other organizations	
Non-Retail Exposures	2,465,643,505
Less Allowance for Expected credit loss	(188,486,155)
	2,277,157,349
Loans and advances to customers (Individual and corporate entities and other organizations)	2,556,636,987
Less Allowance for Expected credit loss	(198,947,671)
	2,357,689,316

ECL allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	September 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment				-
Standard grade	5,879,266	112,582	-	5,991,847
Non-Investment	319,769	24,592	4,125,308	4,469,669
Sub-standard grade				-
Total	**6,199,035**	**137,174**	**4,125,308**	**10,461,516**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2019	(460,839)	(381,451)	(4,423,910)	(5,266,200)
Acquired from Business Combination	(3,778,488)	(257,325)	(6,050,899)	(10,086,712)
- Charge for the year:				
Total net P&L charge during the period	(1,959,708)	501,603	4,888,494	3,430,389
Amounts written off	-	-	1,461,008	1,461,008
Foreign exchange adjustments				
At 30 September 2019	**(6,199,035)**	**(137,174)**	**(4,125,308)**	**(10,461,516)**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	4,871,885	1,024,240		5,896,125
Standard grade	37,465,119	27,404,266		64,869,385
Non-Investment	12,929,664	40,366,561	64,424,420	117,720,646
Sub-standard grade				
Total	**55,266,668**	**68,795,067**	**64,424,420**	**188,486,155**

	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2019	(23,517,781)	(37,690,006)	(10,801,963)	(72,009,750)
Acquired from Business Combination	(28,717,717)	(41,263,045)	(89,147,343)	(159,128,105)
- Charge for the year:				
Total net P&L charge during the period	(3,031,170)	10,157,984	(23,067,811)	(15,940,997)
Amounts written off			58,008,548	58,008,548
Foreign exchange adjustments			584,149	584,149
At 30 September 2019	**(55,266,668)**	**(68,795,067)**	**(64,424,420)**	**(188,486,155)**

23 Loans and advances to customers

b Bank

	December 2018
In thousands of Naira	
Loans to individuals	
Retail Exposures	
Auto Loan	2,487,639
Credit Card	4,163,832
Finance Lease (note 23c)	549
Mortgage Loan	4,315,879
Overdraft	3,311,509
Personal Loan	22,201,996
Term Loan	556
Time Loan	848,327
	37,330,287
Less Alowance for ECL/Impairment losses	(5,266,200)
	32,064,086
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	4,069,458
Credit Card	434,509
Finance Lease (note 23c)	925,881
Mortgage Loan	6,298,120
Overdraft	130,480,127
Term Loan	1,250,444,823
Time Loan	329,054,609
	1,721,707,526
Less Allowance for ECL/Impairment losses	(72,009,750)
	1,649,697,776
Loans and advances to customers (Individual and corporate entities and other organizations)	1,759,037,813
Less Allowance for ECL/Impairment losses	(77,275,951)
	1,681,761,862

Impairment allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	December 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	-	-	-	-
Standard grade	444,787	381,447	571,051	1,397,285
Non-Investment	16,052	4	3,852,859	3,868,915
Sub-standard grade	-	-	-	-
Total	**460,839**	**381,451**	**4,423,910**	**5,266,200**

	Stage 1	**Stage 2**	**Stage 3**	Total ECL
ECL allowance as at 1 January 2018	114,354	66,613	1,194,380	1,375,347
- Charge for the year				
Changes in PDs/LGDs/EADs	352,626	92,559	3,229,830	3,675,016
Modification of contractual cash flows of financial assets	-	-	-	-
New financial assets originated or purchased	243,855	225,426	-	469,281
Transfers to Stage 1	-	14,683	93,862	108,545
Transfers to Stage 2	(29,033)	-	62,603	33,570
Transfers to Stage 3	(220,963)	(17,830)	-	(238,793)
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to Modifications not resulting in derecognition	-	-	-	-
Unwindling of discount	-	-	-	-
Total net P&L charge during the period	346,485	314,839	3,386,295	4,047,619
Amounts written off	-	-	(156,765)	(156,764)
Foreign exchange adjustments				-
At 31 December 2018	**460,839**	**381,452**	**4,423,910**	**5,266,200**

Loans to corporate entities and other organizations
In thousands of Naira

	December 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	1,306,523	32,660	-	1,339,184
Standard grade	22,211,258	28,849,910	82,357	51,143,525
Non-Investment	-	8,807,436	10,719,606	19,527,042
Sub-standard grade	-	-	-	-
Total	**23,517,781**	**37,690,006**	**10,801,963**	**72,009,750**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	20,147,733	38,217,265	68,882,212	127,247,210
- Charge for the year				
Changes in PDs/LGDs/EADs	(1,297,687)	1,096,533	1,869,336	1,668,182
Modification of contractual cash flows of financial assets	(658,179)	(10,747,617)	(2,428,154)	(13,833,950)
New financial assets originated or purchased	5,659,466	4,743,154	-	10,402,620
Transfers to Stage 1	-	6,237,259	817,464	7,054,723
Transfers to Stage 2	(234,871)	-	1,439,379	1,204,508
Transfers to Stage 3	(98,681)	(72,542)	-	(171,222)
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Changes to contractual cash flows due to Modifications not resulting in derecognition	-	-	-	-
Unwindling of discount	-	-	-	-
Total net P&L charge during the period	3,370,048	1,256,788	1,698,026	6,324,862
Amounts written off	-	(1,784,046)	(59,778,274)	(61,562,320)
Foreign exchange adjustments	-	-	-	-
At 31 December 2018	**23,517,781**	**37,690,006**	**10,801,963**	**72,009,751**

24 Pledged assets

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
-Financial instruments at FVOCI				
Treasury bills	100,055,674	170,118,776	100,055,674	170,118,776
Government bonds	5,190,151	10,000,146	5,190,151	10,000,146
	105,245,825	180,118,922	105,245,825	180,118,922
-Financial instruments at amortised cost				
Treasury bills	627,888,021	192,208,928	627,888,021	192,208,928
Government bonds	166,118,453	162,033,050	166,118,453	162,033,050
	794,006,475	354,241,978	794,006,475	354,241,978
-Financial instruments at FVPL				
Treasury bills	1,723,227	18,361,112	1,723,227	18,361,112
Government bonds	-	1,330,944	-	1,330,944
	1,723,227	19,692,056	1,723,227	19,692,056
	900,975,525	**554,052,956**	**900,975,525**	**554,052,956**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	42,951,931	43,343,284	42,951,931	43,343,284

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Pledged assets includes pledges to counterparties for total return swap of N 416.10bn (31 December 2018: N167.37bn). The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

At fair value through other comprehensive income *In thousands of Naira*	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Debt securities				
Government bonds	57,073,900	37,314,997	14,959,506	7,614,303
Treasury bills	176,000,435	195,218,225	34,891,558	48,881,703
Eurobonds	2,952,192	6,791	4,954	6,791
Corporate bonds	7,044,926	6,855,934	7,044,926	6,855,934
State government bonds	614,109	613,284	614,109	613,284
Promissory notes	1,267,829	-	1,267,829	-
	244,953,392	240,009,231	58,782,882	63,972,015
Equity securities				
Equity securities at fair value through profit or loss (see note (i) below)	108,871,070	109,419,574	108,215,259	108,870,593
	108,871,070	109,419,574	108,215,259	108,870,593
At amortised cost *In thousands of Naira*				
Debt securities				
Treasury bills	255,890,135	102,564,048	249,887,175	60,166,222
Federal government bonds	117,730,462	39,106,004	102,572,545	16,423,669
State government bonds	10,348,571	6,917,600	10,348,571	6,917,600
Promissory notes	20,688,402	-	20,688,402	-
Corporate bonds	871,619	462,530	871,619	462,528
Eurobonds	1,543,241	2,610,861	1,094,638	1,785,027
Gross amount	407,072,429	151,661,043	385,462,949	85,755,046
ECL on financial assets at amortized cost	(306,888)	(17,368)	(306,889)	(17,368)
Carrying amount	406,765,540	151,643,675	385,156,061	85,737,678
Total	**760,590,001**	**501,072,480**	**552,154,201**	**258,580,286**

ECL allowance on investments at fair value through other comprehensive income

In thousands of Naira	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Opening balance at 1 January 2019	1,676	3,409,804	1,676	3,409,804
Acquired from business combination	-	-	-	-
Allowance written off	-	(3,409,804)	-	(3,409,804)
Additional allowance	8,365	1,676	8,365	1,676
Revaluation difference	-	-	-	-
Balance, end of period	**10,041**	**1,676**	**10,041**	**1,676**

ECL on financial assets at fair value through OCI are presented in statement of changes in equity

ECL allowance on investments at amortized cost

In thousands of Naira	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Opening balance at 1 January 2019/1 Jan 2018	17,369	36,401	17,369	36,401
Acquired from business combination	188,655	-	188,655	-
Additional allowance	100,865	6,582	100,865	6,582
Allowance written back	-	(25,614)	-	(25,614)
Balance, end of period	306,889	17,369	306,889	17,369

(i) Equity securities at FVPL (carrying amount)

MTN Nigeria	-	10,226,096	-	10,226,096
Central securities clearing system limited	2,727,258	2,727,258	2,727,258	2,727,258
Nigeria interbank settlement system plc.	4,999,760	4,953,845	4,999,760	4,953,845
Unified payment services limited	4,818,393	4,812,950	4,818,393	4,812,950
Africa finance corporation	88,553,868	84,025,549	88,553,868	84,025,549
E-Tranzact	546,156	906,435	546,156	906,435
African export-import bank	34,006	17,044	34,006	17,044
FMDQ OTC Plc	437,431	204,740	437,431	204,740
Nigerian mortage refinance company plc.	305,227	313,229	305,227	313,229
Credit reference company	407,345	380,106	407,345	380,106
NG Clearing Limited	303,340	303,340	303,340	303,340
Capital Alliance Equity Fund	5,082,475	-	5,082,475	-
Others	655,811	548,981	-	-
	108,871,070	**109,419,573**	**108,215,259**	**108,870,592**

25 (b) Debt instruments other than those designated at fair value through profit or loss

The table below shows the analysis of the Bank's debt instruments measured at FVOCI and amortized cost by credit risk, based on the Bank's internal credit rating system and year end-stage classificaton.

Group — **September 2019**

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	57,073,900	-
Treasury bills	176,000,435	-
Eurobonds	2,952,192	-
Corporate bonds	7,044,926	9,404
State government bonds	614,109	637
Promissory notes	1,267,829	-
Total	**244,953,392**	**10,041**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	117,730,462	-	117,730,462
Treasury bills	255,890,135	-	255,890,135
Eurobonds	1,543,241	172	1,543,068
Corporate bonds	871,619	21,114	850,505
State government bonds	10,348,571	285,604	10,062,967
Promissory notes	20,688,402	-	20,688,402
Total	**407,072,428**	**306,889**	**406,765,540**

Bank

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	14,959,506	-
Treasury bills	34,891,558	-
Eurobonds	4,954	-
Corporate bonds	7,044,926	9,404
State government bonds	614,109	639
Promissory notes	1,267,829	-
Total	**58,782,882**	**10,043**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	102,572,545	-	102,572,545
Treasury bills	249,887,175	-	249,887,175
Eurobonds	1,094,638	172	1,094,466
Corporate bonds	871,619	21,114	850,504
State government bonds	10,348,571	285,603	10,062,968
Promissory notes	20,688,402	-	20,688,401
Total	**385,462,949**	**306,889**	**385,156,059**

Group

Financial instruments at fair value through other comprehensive income — **September 2019**
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	260,799,314	3,477,154	-	264,276,468
Total	**260,799,314**	**3,477,154**	**-**	**264,276,468**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	1,677	-	-	1,677
- Charge for the year	-	9,080	-	9,080
Amounts written off	(716)	-	-	(716)
At 30 September 2019	**963**	**9,080**	**-**	**10,042**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				-
Investment	357,691,547	-	-	357,691,547
Standard grade	1,446,585	-	-	1,446,585
Non-Investment	-	961,723	-	961,723
Sub-standard grade	3,580,739	7,364,242	-	10,944,981
Total	**362,718,871**	**8,325,965**	**-**	**371,044,836**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	1,263	16,105	-	17,368
Acquired from business combination	125,770	62,885	-	188,655
New assets originated or purchased		-	-	-
- Charge for the year	48,037	125,219	-	173,256
Amounts written off	(335)	(72,054)	-	(72,389)
At 30 September 2019	**174,735**	**132,156**	**-**	**306,889**

September 2019

Bank

Financial instruments at fair value through other comprehensive income
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	36,792,389	3,477,154	-	40,269,543
Total	**36,792,389**	**3,477,154**	**-**	**40,269,543**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	1,677	-	-	1,677
- Charge for the year	-	9,080	-	9,080
Acquired from business combination	-	-	-	-
Amounts written off	(716)	-	-	(716)
At 31 December 2018	**963**	**9,081**	**-**	**10,041**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	324,112,808	-	-	324,112,807
Standard grade	996,582	-	-	996,582
Non-Investment	-	961,723	-	961,723
Sub-standard grade	3,580,739	7,364,242	-	10,944,981
Total	**328,690,129**	**8,325,966**	**-**	**337,016,093**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	1,263	16,105	-	17,368
New assets originated or purchased	-	-	-	-
- Charge for the year	-	101,201	-	101,201
Acquired from business combination	125,770	62,885		188,655
Amounts written off	(335)	-		(335)
At 30 September 2019	**126,698**	**180,191**	**-**	**306,889**

26 Other assets

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Financial assets				
Accounts receivable	100,463,961	71,001,487	88,028,376	54,420,090
Receivable on E-business channels	50,435,407	28,319,140	49,765,079	28,020,763
Receivable from disposal of non-current asset	1,375,695	768,354	1,375,695	768,354
Deposit for investment in AGSMEIS (i)	5,863,248	5,863,248	5,863,248	5,863,248
Subscription for investment (ii)	8,545,878	733,905	8,545,878	733,905
Restricted deposits with central banks (iii)	693,589,059	579,238,421	670,198,474	522,931,292
	860,273,249	685,924,555	823,776,750	612,737,652
Non-financial assets				
Prepayments	27,852,807	19,253,420	25,083,811	14,152,424
Inventory	2,157,073	1,081,505	1,809,983	756,452
	30,009,881	20,334,925	26,893,794	14,908,876
Gross other assets	890,283,131	706,259,481	850,670,544	627,646,528
Allowance for impairment on financial assets				
Accounts receivable	(5,576,567)	(1,907,699)	(5,402,600)	(1,808,351)
Subscription for investment	(25,002)	(25,002)	(25,001)	(25,001)
	884,681,562	**704,326,780**	**845,242,942**	**625,813,176**
Classified as:				
Current	856,828,754	685,073,360	820,159,133	611,660,753
Non current	27,852,807	19,253,420	25,083,811	14,152,424
	884,681,561	**704,326,780**	**845,242,944**	**625,813,179**

Movement in allowance for impairment on other assets:

In thousands of Naira	**Group Accounts Receivable**	**Group subscription for investments**	**Bank Accounts Receivable**	**Bank subscription for investments**
Balance as at 1 January 2018	2,645,320	25,001	2,071,109	25,001
Impairment loss for the year:				
- Additional provision	1,101,453	-	934,535	-
- Provision no longer required	(1,029,085)	-	(1,029,085)	-
Net impairment	72,368	-	(94,550)	-
Allowance written off	(809,989)	-	(168,207)	-
Revaluation difference	-	-	-	-
Balance as at 31 December 2018/1 January 2019	1,907,699	25,001	1,808,351	25,001
ECL allowance for the year:				
-Provision from scheme of merger	7,002,105	-	6,924,856	-
- Additional provision	-	-	-	-
- Writeback	(4,553,003)	-	(4,568,163)	-
Net ECL allowance	2,449,102	-	2,356,693	-
Allowance made	1,219,767	-	1,237,555	-
Balance as at 30 September 2019	5,576,568	25,001	5,402,600	25,001

(i) Deposit for investment in AGSMEIS represents the Bank's deposit as equity investment in Agri-business/Small and Medium Enterprises Investment Scheme. As approved by the Bankers' Committee on 9th February 2017, all Deposit Money Banks are required to invest 5% of prior year's Profit After Tax as equity investment in the scheme.

(ii) Subscription for investment balance relates to deposits paid for the acquisition of equity investments for which shares have not been issued to the Bank. During the year the bank made a deposit for investment in a proposed african subsidiary

Inventory consists of blank debit cards, cheque leaves, computer consumables and other stationery held by the Bank.
Increase in prepayments resulted from services that have been paid in advance for the year for which the amortization will be over the relevant year of service. These include rents and advertisements.

(iii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the Group operates in as well as the special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. These balances are not available for day to day operations of the Group.

27(a) Subsidiaries (with continuing operations)
(i) Group entities

Set out below are the group's subsidiaries as at 30 June 2019. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of any member of the Group to the extent that regulation does not inhibit the group from having access, and in liquidation scenario, this restriction is limited to its level of investment in the entity. There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances

	Nature of business	Country of incorporation	Ownership interest	
			September 2019	December 2018
Access Bank Gambia Limited	Banking	Gambia	88%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	70%	70%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	93%	93%
Access Pension Fund Custodian	Custody	Nigeria	100%	0%
Diamond Finance BV	Banking	Netherlands	0%	0%

Diamond Finance B.V. is a structured entity, incorporated on Diamond Bank's behalf by intertrust (a Netherlands corporate fiance company) for the sole purpose of issuing loan participatory notes to interested parties for the purpose of funding a subordinated facility to Diamond Bank. The Bank has determined that it has control over the entity due to the power it has to direct relevant activities of the entity. The Bank has no direct holdings in the entity. Diamond Bank Group issued dollar denominated notes of $50 million (N9.95 billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor while interest on the notes is payable semi-anually at 7% pre annum. The net proceeds from the issue of the loan participatory Notes was used by the issuer (Diamond Finance BV) for the sole purpose of providing a loan to Diamond Bank, which was used by the Bank to support its business expansion and development. Diamond Bank unconditionally and irrevocably guaranteed the due payment of all sums by the issuer (Diamond Finance BV) in respect of the Notes

Subsidiaries (with discontinued operations)
(ii) Group entity

	Nature of business	Country of incorporation	September 2019	December 2018
Diamond Bank UK	Banking	United Kingdom	0%	0%

The Group has divested from its investment in Diamond Bank UK. See note 48 for details

(iii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest	
			September 2019	December 2018
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b)(i) Investment in subsidiaries

In thousands of Naira	Bank September 2019	Bank December 2018
Subsidiaries with continuing operations		
Access Bank, UK	60,044,822	47,903,661
Access Bank, Ghana	32,195,607	32,195,607
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	13,205,190	13,205,190
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	7,061,501	7,061,501
Access Bank, Sierra Leone	1,582,486	1,582,486
Investment in RSPP scheme	3,518,446	3,401,301
Access Pension Fund Custodian	2,000,000	-
Balance, end of year	**125,461,802**	**111,203,495**

Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

The relevant activities of each of the listed subsidiaries are determined by the Board of Directors of each entity based on simple majority shares. Therefore, the directors of the Group concluded that the Group has control over each of the above listed entities and were consolidated in the group financial statements.

27 (c) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated e September 2019 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK Access UK	Access Bank Ghana Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Dimaond Bank B.V.	Access PFC
Operating income	22,516,081	22,390,675	2,514,907	4,314,112	2,446,447	740,201	773,991	-	-	496,371
Operating expenses	(7,459,424)	(9,369,565)	(2,209,621)	(3,488,841)	(1,621,784)	(558,697)	(547,309)	-	(15,566)	(243,056)
Net impairment loss on financial assets	(37,866)	(828,512)	(15,289)	-	(191,217)	(27,330)	(4,618)	-	-	-
Profit before tax	15,018,791	12,192,597	289,997	825,271	633,445	154,174	222,064	-	(15,566)	253,315
Income tax expense	(3,366,366)	-	(180,224)	-	(171,022)	(33,643)	(50,717)	-	-	-
Profit for the year	11,652,426	12,192,597	109,773	825,271	462,424	120,531	171,347	-	(15,566)	253,315
Assets										
Cash and cash equivalents	148,859,105	111,178,233	13,739,763	33,599,576	6,809,988	3,737,320	1,513,366	-	7,266	4,105,635
Non pledged trading assets	-	20,212,713	-	-	(36,226)	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	514,041	-	223,208	-	-	-	-	-	-	-
Loans and advances to banks	257,080,963	-	-	-	-	-	-	-	-	-
Loans and advances to customers	321,498,582	57,738,333	9,697,566	15,298,400	4,270,775	1,268,533	777,185	-	17,240,260	45,632
Investment securities	109,215,558	57,100,681	8,715,668	-	21,652,881	7,535,794	4,215,219	-	-	-
Investment properties	-	-	-	-	-	-	-		-	175,000
Other assets	2,510,608	7,882,300	472,730	1,754,929	2,249,876	940,803	854,048	-	1,102	44,075
Investment in associates	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	3,518,447	-	-
Property and equipment	610,458	12,153,469	2,971,116	3,320,233	710,935	770,708	405,655	-	-	67,896
Intangible assets	519,245	92,096	-	69,230	88,518	84,414	17,785	-	(3,223)	(1,424,830)
Deferred tax assets	-	1,655,105	-	-	615,162	2,766	47,610	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
	840,808,562	268,012,931	35,820,052	54,042,367	36,361,909	14,340,339	7,830,867	3,518,447	17,245,404	3,013,407
Financed by:										
Deposits from banks	474,430,060	1,040	-	-	2,467,599	-	602,878	-	24	-
Deposits from customers	242,690,519	180,230,952	29,096,284	38,710,195	25,430,797	9,658,063	5,227,518	-	-	-
Derivative Liability	-	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	1,475	12,403	-	-	3,860	-	-	-	-	-
Current tax liabilities	2,193,128	(2,684,254)	3,185	118,827	71,555	-	-	-	790	-
Other liabilities	8,167,691	4,140,141	2,560,408	1,988,380	471,135	1,078,736	397,603	-	354	43,568
Interest-bearing loans and borrowings	-	32,526,310	193,186	-	360,281	-	-	-	17,254,089	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	59,961	-	180,692	-	-	-	-	-	-	13,071
Equity	113,265,726	53,786,338	3,786,297	13,224,966	7,556,680	3,603,540	1,602,868	3,518,447	(9,852)	2,956,768
	840,808,561	268,012,930	35,820,051	54,042,367	36,361,908	14,340,339	7,830,867	3,518,447	17,245,404	3,013,407
Net cashflows from investing activities	(10,364,793)	(6,908,944)	(5,026,051)	(1,446,798)	(3,904,789)	(1,076,558)	(1,078,188)	-	-	180,403
Net cashflows from financing activities	-	13,402,981	(230,100)	6,969,344	(16,781)	-	381,034	-	-	-
Increase in cash and cash equivalents	(157,422,881)	29,751,743	(3,880,837)	8,790,544	(241,169)	(69,621)	616,953	-	-	55,250
Cash and cash equivalent, beginning of period	324,117,060	99,138,778	17,372,132	21,928,507	10,293,915	-	409,045	-	-	3,788,264
Effect of exchange rate fluctuations on cash held	(24,219)	2,511,232	-	-	-	-	-	-	-	-
Cash and cash equivalent, end of period	166,669,958	131,401,753	13,491,294	30,719,051	10,052,747	(69,621)	1,025,998	-	-	3,843,514

27 (c) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at December 2018 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	25,427,859	27,847,984	5,742,342	5,182,290	3,732,627	1,222,191	860,479	-	-
Operating expenses	(10,156,530)	(15,220,304)	(4,539,459)	(4,152,288)	(2,398,544)	(848,867)	(805,642)	-	-
Net impairment loss on financial assets	(129,445)	(3,286,805)	(184,488)	(36,637)	(307,339)	(12,551)	2,680	-	-
Profit before tax	15,141,884	9,340,875	1,018,395	993,365	1,026,744	360,773	57,517	-	-
Income tax expense	(2,977,393)	(2,804,202)	(447,688)	(260,576)	-	(47,835)	(17,072)	-	-
Profit for the year	12,164,491	6,536,673	570,707	732,789	1,026,744	312,938	40,445	-	-
Assets									
Cash and cash equivalents	329,099,749	113,402,968	19,715,147	23,215,649	11,699,664	2,976,573	1,303,156	-	-
Non pledged trading assets	-	2,234,476	-	-	1,614	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-
Derivative financial instruments	510,980	-	223,102	-	-	-	-	-	-
Loans and advances to banks	189,060,990	-	-	-	-	-	-	-	-
Loans and advances to customers	214,251,856	64,586,197	12,920,101	15,352,043	3,241,978	587,348	904,848	-	-
Investment securities	142,554,923	62,535,013	4,058,888	-	23,165,024	6,820,584	3,357,762	-	-
Other assets	2,870,099	14,917,107	573,287	1,374,265	1,979,501	1,851,671	742,792	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	3,401,302	-
Property and equipment	639,802	9,425,036	1,477,611	2,032,408	669,452	748,916	282,952	-	-
Intangible assets	209,980	304,616	-	95,293	107,560	104,944	17,901	-	-
Deferred tax assets	-	188,071	-	-	681,721	-	52,869	-	-
	879,198,379	267,593,484	38,968,136	42,069,658	41,546,514	13,090,036	6,662,280	3,401,302	-
Financed by:									
Deposits from banks	558,373,348	8,315,075	-	-	1,273,701	-	-	-	-
Deposits from customers	221,767,500	180,579,728	31,773,786	27,389,833	30,996,845	8,909,316	4,752,447	-	-
Derivative Liability	447,659	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	384	12,463	-	-	3,629	-	-	-	-
Current tax liabilities	1,463,959	505,709	54,958	456,876	-	-	-	-	-
Other liabilities	6,432,929	5,432,174	1,093,640	12,340,057	381,485	505,273	309,500	-	-
Interest-bearing loans and borrowings	-	22,578,807	1,791,918	-	363,568	-	-	-	-
Deferred tax liabilities	49,908	331,668	198,197	-	-	7,660	-	-	-
Equity	90,662,691	49,837,860	4,055,638	1,882,892	8,527,286	3,667,788	1,600,333	3,401,302	-
	879,198,379	267,593,484	38,968,136	42,069,658	41,546,514	13,090,036	6,662,280	3,401,302	-
Net cashflows from investing activities	(81,938,861)	214,395	309,552	(164,592)	(2,422,966)	(576,654)	(406,628)	-	-
Net cashflows from financing activities	7,366,176	(7,861,804)	(586,884)	-	(26,651)	-	-	-	-
Increase in cash and cash equivalents	30,552,410	37,129,923	4,877,380	2,518,266	606,164	308,572	689,823	-	-
Cash and cash equivalent, beginning of year	298,552,691	80,410,323	13,293,774	20,589,848	11,093,500	2,673,856	558,765	-	-
Effect of exchange rate fluctuations on cash held	-	312,449	-	-	-	-	-	-	-
Cash and cash equivalent, end of year	329,105,101	117,852,695	18,171,154	23,108,114	11,699,664	2,982,428	1,248,588	-	-

28 (a) Property and equipment

Group

In thousands of Naira

	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost							
Balance at 1 January 2019	68,441,819	11,112,045	24,759,848	54,155,039	18,327,865	7,562,637	184,359,253
Acquired from business combination	45,822,154	20,507,420	1,679,978	6,628,694	1,322,361	219,213	76,179,821
Acquisitions	2,087,852	114,424	3,631,919	7,017,600	1,891,031	6,356,280	21,099,107
Disposals	(38,595)	-	(458,908)	(242,997)	(525,615)	(16,825)	(1,282,941)
Reclassifications	2,075,939	457	(464,914)	399,474	235,222	(3,131,316)	(885,139)
Write-offs	-	-	-	786	(22,519)	(605)	(22,338)
Translation difference	(1,186,609)	-	(323,182)	(528,055)	(250,493)	(389,178)	(2,677,517)
Balance at 30 September 2019	**117,202,561**	**31,734,347**	**28,824,740**	**67,430,541**	**20,977,853**	**10,600,206**	**276,770,247**
Balance at 1 January 2018	60,283,321	9,742,073	24,921,719	46,819,583	15,213,972	8,633,948	165,614,616
Acquisitions	4,353,010	1,370,934	1,591,983	5,659,099	3,675,459	2,361,032	19,011,517
Disposals	(467,930)	(962)	(111,561)	(263,029)	(829,741)	-	(1,673,224)
Transfers	1,746,582	-	11,170	275,170	-	(2,032,922)	-
Translation difference	2,526,836	-	(1,471,264)	1,750,655	268,175	(1,395,082)	1,679,320
Balance at 31 December 2018	68,441,819	11,112,045	24,759,848	54,155,039	18,327,865	7,562,637	184,359,252

Depreciation and impairment losses	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2019	14,840,635	-	21,299,152	34,740,360	9,810,386	-	80,690,533
Charge for the period	1,218,313	-	2,281,583	7,778,468	1,931,136	-	13,209,499
Disposal	(4,831)	-	(455,895)	(527,901)	(369,864)	-	(1,358,492)
Write-Offs	(34,142)	-	-	-	(10,580)	-	(44,722)
Reclassification	(595)	-	(504,910)	485,025	(208)	-	(20,688)
Translation difference	(186,155)	-	(248,892)	(471,273)	(150,894)	-	(1,057,212)
Balance at 30 September 2019	**15,833,225**	**-**	**22,371,038**	**42,004,679**	**11,209,976**	**-**	**91,418,919**
Balance at 1 January 2018	12,870,312	-	18,285,808	28,723,668	8,620,188	-	68,499,976
Charge for the period	1,976,568	-	3,119,887	6,301,844	2,137,047	-	13,535,345
Disposal	(56,783)	-	(77,118)	(320,165)	(952,213)	-	(1,406,278)
Translation difference	50,537	-	(29,425)	35,013	5,363	-	61,489
Balance at 31 December 2018	14,840,635	-	21,299,152	34,740,360	9,810,386	-	80,690,532

Carrying amounts	**101,369,337**	**31,734,347**	**6,453,702**	**25,425,862**	**9,767,877**	**10,600,206**	**185,351,328**
Right of use assets (see 28(b) below)	**10,988,322**	**70,877**	**-**	**-**	**-**	**-**	**11,059,199**
Balance at 30 September 2019	**112,357,659**	**31,805,224**	**6,453,702**	**25,425,862**	**9,767,877**	**10,600,206**	**196,410,527**
Balance at 31 December 2018	53,601,184	11,112,045	3,460,696	19,414,679	8,517,479	7,562,637	103,668,720

The total balance for non current property, plant and equipment for the period is N179.57Bn

28 (b) Leases

This note provides information for leases where the Bank is a lessee.

i Right-of-use assets

	Land N'000	Building N'000	Total N'000
Opening balance as at 1 January 2019	72,982	9,528,390	9,601,372
Additions during the year	-	952,949	952,949
Merger transaction	-	1,813,081	1,813,081
Closing balance as at 30 September 2019	**72,982**	**12,294,420**	**12,367,403**
Depreciation			
Opening balance as at 1 January 2019	-	-	-
Charge for the year	2,105	1,306,098	1,308,204
Closing balance as at 30 September 2019	**2,105**	**1,306,098**	1,308,204
Net book value as at 30 September 2019	**70,877**	**10,988,322**	**11,059,198**

iii Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets	1,308,204
Interest expense (included in finance cost)	383,408
Expense relating to short-term leases (included in administrative expenses)	2,928
Expense relating to leases of low-value assets (included in administrative expenses)	-

28 (c) Property and equipment

Bank

In thousands of Naira	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost							
Balance at 1 January 2019	55,008,145	11,112,047	22,322,764	47,436,345	15,853,637	6,119,044	157,851,983
Acquired from business combination	45,822,154	20,507,420	1,679,978	6,628,694	1,322,361	219,213	76,179,821
Acquisitions	2,008,466	114,424	2,323,541	6,197,902	1,486,631	3,082,407	15,213,370
Disposals	(38,595)	-	(438,318)	(236,542)	(421,836)	-	(1,135,290)
Reclassification	2,075,939	457	(455,842)	756,581	235,222	(2,845,595)	(233,238)
Write-Offs	-	-	-	-	-	(605)	(605)
Balance at 30 September 2019	**104,876,111**	**31,734,350**	**25,432,125**	**60,782,981**	**18,476,016**	**6,574,464**	**247,876,039**
Balance at 1 January 2018	51,303,794	9,742,075	21,053,274	42,145,881	13,106,383	5,276,504	142,627,911
Acquisitions	3,354,056	1,370,934	1,328,716	5,491,964	3,453,042	1,659,803	16,658,515
Disposals	(467,930)	-	(59,226)	(201,500)	(705,788)	-	(1,434,444)
Transfers	818,225	(962)	-	-	-	(817,263)	-
Balance at 31 December 2018	55,008,145	11,112,047	22,322,764	47,436,345	15,853,637	6,119,044	157,851,981

Depreciation and impairment losses	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Balance at 1 January 2019	12,223,170	-	17,890,242	30,766,704	8,579,321	-	69,459,438
Charge for the period	868,446	-	1,854,557	6,994,029	1,634,602	-	11,351,633
Disposal	(4,831)	-	(437,368)	(228,601)	(285,651)	-	(956,451)
Reclassification	(595)	-	(521,818)	192,929	(208)	-	(329,692)
Balance at 30 September 2019	**13,086,190**	**-**	**18,785,612**	**37,725,061**	**9,928,064**	**-**	**79,524,929**
Balance at 1 January 2018	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Charge for the period	1,577,415	-	2,503,447	5,586,305	1,716,719	-	11,383,886
Disposal	(34,083)	-	(58,576)	(190,035)	(592,944)	-	(875,638)
Balance at 31 December 2018	12,223,170	-	17,890,242	30,766,704	8,579,321	-	69,459,437
Carrying amounts	**91,789,920**	**31,734,350**	**6,646,512**	**23,057,921**	**8,547,953**	**6,574,464**	**168,351,118**
Right of use assets (see 28(d) below)	6,978,067	70,877	-	-	-	-	7,048,945
Balance at 30 September 2019	**98,767,988**	**31,805,227**	**6,646,512**	**23,057,921**	**8,547,953**	**6,574,464**	**175,400,064**
Balance at 31 December 2018	42,784,975	11,112,047	4,432,522	16,669,642	7,274,316	6,119,044	88,392,546

(a) Estimates of useful life and residual value, and the method of depreciation, are reviewed at a minimum at each reporting year. Any changes are accounted for prospectively as a change in estimate.

The total balance for non current property, plant and equipment for the period is N163Bn

28 (d) Leases

This note provides information for leases where the Bank is a lessee.

i Right-of-use assets

	Land N'000	Building N'000	Total N'000
Opening balance as at 1 January 2019	72,982	5,636,286	5,709,269
Additions during the year	-	765,344	765,344
Disposals during the year		(237,731)	(237,731)
Acquired from business combination	-	1,813,081	1,813,081
Closing balance as at 30 September 2019	**72,982**	**7,976,981**	**8,049,963**
Depreciation			
Opening balance as at 1 January 2019	-	-	-
Charge for the year	2,105	998,913	1,001,019
Closing balance as at 30 September 2019	**2,105**	**998,913**	**1,001,019**
Net book value as at 30 September 2019	**70,877**	**6,978,067**	**7,048,945**

ii) Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets	998,913
Interest expense (included in finance cost)	383,408
Expense relating to short-term leases (included in administrative expenses)	2,105
Expense relating to leases of low-value assets (included in administrative expenses)	-

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total Intangible
Cost				
September 2019				
Balance at 1 January 2019	681,007	2,078,351	21,140,699	23,900,057
Arising from business combination (See note 41 (a)(i))	46,767,719	847,634	1,940,710	49,556,063
Acquisitions	-	481,278	5,585,924	6,067,202
Transfer	-	191,128	731,372	922,500
Disposal			(22,206)	(22,206)
Write off	-	-	-	-
Translation difference	-		(271,114)	(271,114)
Balance at 30 September 2019	**47,448,726**	**3,598,390**	**29,105,384**	**80,152,502**
December 2018				
Balance at 1 January 2018	681,007	1,112,943	17,955,681	19,749,631
Acquisitions	-	1,156,536	3,940,878	5,097,414
Transfer	-	(191,128)	-	(191,128)
Write off	-	-	(770,716)	(770,716)
Translation difference	-	-	14,857	14,856
Balance at 31 December 2018	681,007	2,078,351	21,140,699	23,900,057
Amortization and impairment losses				
Balance at 1 January 2019	-	-	14,147,560	14,147,560
Amortization for the period	-	-	3,101,310	3,101,310
Disposals			16,336	16,336
Write off	-	-	-	-
Reclassification			294,637	294,637
Translation difference	-	-	(107,918)	(107,918)
Balance at 30 September 2019	-	-	17,451,924	**17,451,924**
Balance at 1 January 2018	-	-	11,453,776	11,453,776
Amortization for the period	-	-	2,799,133	2,799,133
Write off	-	-	(105,349)	(105,349)
Translation difference	-	-	-	-
Balance at 31 December 2018	-	-	14,147,560	14,147,560
Net Book Value				
Balance at 30 September 2019	**47,448,726**	**3,598,391**	**11,653,460**	**62,700,578**
Balance at 31 December 2018	681,007	2,078,351	6,993,140	9,752,497

Intangible assets
Bank

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
September 2019				
Balance at 1 January 2019	-	2,269,477	17,391,856	19,661,334
Arising from business combination (See note 41 (a)(i))	53,361,200	847,634	1,940,710	56,149,544
Acquisitions	-	481,278	5,566,489	6,047,766
Reclassification	-	-	11,050	11,050
Balance at 30 September 2019	**53,361,200**	**3,598,389**	**24,910,105**	**81,869,694**
December 2018				
Balance at 1 January 2018	-	1,112,941	13,973,787	15,086,728
Acquisitions	-	1,156,536	3,418,069	4,574,606
Write off	-	-	-	-
Balance at 31 December 2018	-	2,269,477	17,391,856	19,661,333
Amortization and impairment losses				
Balance at 1 January 2019	-	-	11,430,134	11,430,134
Arising from business combination (See note 41 (a)(i))	-	-	-	-
Amortization for the period	-	-	2,761,187	2,761,187
Reclassification	-	-	20,558	20,558
Write off	-	-	-	-
Balance at 30 September 2019	**-**	**-**	**14,211,878**	**14,211,878**
Balance at 1 January 2018	-	-	9,104,823	9,104,823
Amortization for the period	-	-	2,327,510	2,327,510
Write off	-	-	(2,199)	(2,199)
Balance at 31 December 2018	-	-	11,430,134	11,430,134
Carrying amounts				
Balance at 30 September 2019	**53,361,200**	**3,598,389**	**10,698,225**	**67,657,814**
Balance at 31 December 2018	-	2,269,477	5,961,722	8,231,197

There were no capitalised borrowing costs related to the internal development of software during the period under review, 30 September 2019 (2018: nil). Computer software has a definite useful life of not more than five years in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

The work in progress relates to the cost of the CR2 Omnichannel Banking solution aimed at providing a unique experience to customers at every touch point and empowering the bank to create, manage and deliver personalized product offerings and services to each customers or customer group across all channels.

Amortization method used is straight line.

	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Classified as:				
Current	-	-	-	-
Non current	62,700,578	9,752,497	67,657,814	8,231,197

29(b) Intangible assets

(i) **Goodwill is attributable to the acquisition of Diamond Bank Plc and the following subsidiaries:**

In thousands of Naira	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Diamond Bank Plc	46,767,719	-	53,361,200	-
Access Bank Rwanda	681,007	681,007	-	-
	47,448,726	**681,007**	**53,361,200**	**-**

Goodwill arising from former Diamond is provisional as the Bank has up till end of year to complete all assessments.
The recoverable amount of Goodwill as at 30 September 2019 is greater than its carrying amount and is thus not impaired for the subsidiary

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the year, while no losses on goodwill were recognized during the period under review 30 September 2019 (31 December 2018: Nil)

The recoverable amount of Goodwill as at 30 September 2019 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N21.94bn

Goodwill is monitored by the Group on an entity by entity basis
The key assumption used in computing the value-in-use for goodwill in during the year are as follows:

	September 2019
Compound annual volume growth (i)	6.10%
Long term growth rate (ii)	6.10%
Discount rate (ii)	17.9%
Revenue Growth	8.97%

(i) Compound annual volume growth rate in the initial four-year year.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget year.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year year.

Discount Rate
Pre-tax discount rate of 17.90% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

The long term growth rate applied was based on the long term growth rate in GDP of Rwanda

The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of the subsidiaries (from which the goodwill arose) to decline below their carrying amount.

Revenue Growth
Revenue growth were projected based on past growth, actual operating income and the company's 4 year strategic plan. The revenue growth of 9.6% represents the average revenue growth of 4 years. The revenue growth was used to project the cashflows for the business.

Sensitivity analysis of key assumptions used

	10% increase	**10% decrease**
Impact of change in discount rate on value-in-use computation	-	-
Impact of change in growth rate on value-in-use computation	56,941,736	50,431,670
Impact of change in revenue growth on value-in-use computation	-	-

31a Investment properties

	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Balance at 1 January	-	-	-	-
Acquired from business combination	4,053,511	-	3,878,511	-
Additions for the period	745		745	
Balance, end of period	**4,054,256**	**-**	**3,879,256**	**-**

Investment property of N3.88 billion for the Group, represents the value of landed properties and a real estate which are carried and measured as investment properties. Management has assessed that the cost incurred to date is a reflection of the value of the property. There was no rental income from such properties during the period and no restrictions on the realisability of the property.

Valuation technique used for fair valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed by various Estate Surveyors and Valuers . The valuers are industry specialists in valuing these types of investment properties. The fair value is supported by market evidence and represents the amount that would be received to sell the properties in an orderly transaction between market participants at the measurement date in the principal market to which the Group has access at the date of valuation, in accordance with standard issued by the International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are reported in profit or loss. The profits or losses on disposal are also reported in the profit or loss as they occur.

The fair value is based on valuation prepared by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active is to be measured at fair value.

The professional valuers engaged for the preparation of the valuation reports are: Chris Ogbonna and Partners (FRC/2015/NIESV/00000012246), Jide Taiwo ((NIESV Reg No 396543),and Ubosi Eleh ((FRC/2014/NIESV/00000003997).

31b Assets classified as held for sale

The Bank obtains properties by taking possession of collaterals held as security against loans. The value of the collaterals repossessed during the period was Nil (2018: N3.8bn). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.

This amount has been included in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Balance at 1 January	12,241,822	9,479,967	12,241,822	9,479,967
Acquired from business combination	7,976,260	-	-	-
Additions	11,760,000	3,826,834	11,760,000	3,826,834
Disposals	(7,976,260)	(1,064,979)	-	(1,064,979)
Fair value gain on assets held for sale	-	-	-	-
	24,001,823	**12,241,822**	**24,001,823**	**12,241,822**

The total balance for non current financial assets held for sale for the period is N24Bn

Classified as:				
Current	-	-	-	-
Non current	24,001,823	12,241,822	24,001,823	12,241,822

32 Deposits from financial institutions

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Money market deposits	279,271,702	519,042,681	444,674,232	482,229,916
Trade related obligations to foreign banks	412,747,354	475,530,164	151,284,987	134,414,695
	692,019,055	**994,572,845**	**595,959,218**	**616,644,611**

33 Deposits from customers

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Term deposits	1,932,346,687	1,287,048,284	1,630,121,119	990,096,832
Demand deposits	1,485,788,088	1,010,791,291	1,293,993,499	834,563,080
Saving deposits	820,948,191	267,068,809	783,924,021	234,079,018
	4,239,082,966	**2,564,908,384**	**3,708,038,638**	**2,058,738,930**

34 Other liabilities

In thousands of Naira		Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Financial liabilities					
Certified and bank cheques		5,404,202	2,192,963	4,553,069	1,648,744
E-banking payables	(see (a) below)	53,083,569	28,859,357	52,875,284	28,679,005
Collections account balances	(see (b) below)	82,485,770	59,183,957	80,852,700	58,117,410
Due to subsidiaries		-	-	33,742	771,314
Accruals		2,272,852	1,324,568	894,706	-
Creditors		19,038,821	22,676,791	15,531,420	8,176,483
Payable on AMCON		1,681,252	1,128,825	1,681,252	1,128,825
Customer deposits for foreign exchange	(see (c) below)	38,323,614	25,508,441	38,323,601	25,511,918
Unclaimed dividend	(see (d) below)	14,442,467	14,595,639	14,442,467	14,595,639
Lease liabilities		5,119,777	-	3,182,805.50	-
Other financial liabilities		29,127,959	11,562,865	21,584,339	4,994,238
ECL on contingents	(see (e) below)	3,368,913	1,482,931	3,189,224	1,482,931
		254,349,198	168,516,337	237,144,610	145,106,507
Non-financial liabilities					
Litigation claims provision	(see (f) below)	1,850,291	945,372	1,850,291	945,372
Other non-financial liabilities		10,702,994	76,977,242	9,717,690	75,994,264
Total other liabilities		**266,902,483**	**246,438,952**	**248,712,592**	**222,046,143**
Classified as:					
Current		261,927,448	169,461,709	245,674,529	146,051,879
Non current		4,975,034	76,977,242	3,038,063	75,994,264
		266,902,483	**246,438,951**	**248,712,592**	**222,046,143**

(a) E-banking payables represent settlements due to other banks use of their electronic channels by the Group's customers. The Group's Receivables from other banks is contained in Note 26.

(b) Collections are balances held in trust on behalf of customers for various transactions. These include escrows, collection for remittances, payments, etc.

(c) Customer deposits for foreign exchange represents deposits that customers have made to fulfil foreign currency obligations. The Group's process requires that customers with foreign currency obligations deposit foreign currency to back the transactions. The corresponding balance is in Other deposits with central banks - Cash and balances with banks.

(d) Unclaimed dividend is the balance of dividend declared by the Bank but yet to be claimed by shareholders. The amount relates to the portion that has been transferred to the Bank by the Registrar in accordance with Securities and Exchange Commission guidelines on Return of Unclaimed Dividends (See Note 19) for the corresponding assets with Asset Managers. The amount is payable on demand to shareholders.

(e) Movement in ECL on contingents	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Opening balance at 1 January 2019/31 December 2018	1,482,931	1,450,688	1,482,931	1,037,299
Acquired from business combination	1,679,388	-	1,679,388	
Charge for the period	26,905	445,632	26,905	445,632
Additional provisions	170,674	-	-	-
Revaluation difference	-	(413,389)	-	-
Balance, end of period	3,359,898	1,482,931	3,189,224	1,482,931

(f)	Movement in litigation claims provision	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
	Opening balance	945,372	766,809	945,372	766,809
	Acquired from business combinantions	904,919	178,563	904,919	178,563
	Closing balance	**1,850,291**	**945,372**	**1,850,291**	**945,372**

ii Lease liabilities

	Group N'000	Bank N'000
Opening balance as at 1 January 2019	2,312,629	2,312,629
Additions	1,979,415	261,423
Acquired from business combination	878,244	878,244
Interest expense	234,627	234,627
Payments made during the period	**(90,531)**	**(90,531)**
Closing balance as at 30 September 2019	**5,314,384**	**3,596,392**
Current lease liabilities	144,743	144,743
Non-current lease liabilities	3,451,649	3,451,649
	3,596,392	**3,596,392**

iii) Liquidity risk (maturity analysis of lease liabilities)

	Group	Bank
Less than 6 months	302,707	302,707
6-12 months	484,607	484,607
Between 1 and 2 years	814,679	814,679
Between 2 and 5 years	2,312,419	2,312,419
Above 5 years	4,087,640	2,369,648
	8,002,052	**6,284,060**
Carrying amount	5,119,777	3,596,392

35 Debt securities issued

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Debt securities at amortized cost:				
Eurobond debt security (see (i) below)	112,888,468	251,251,383	112,888,468	251,251,383
Green Bond	14,860,593	-	14,860,593	-
Local Bond	30,891,781	-	30,891,781	-
	158,640,842	**251,251,383**	**158,640,842**	**251,251,383**

Movement in Debt securities issued:

In thousands of Naira	Group September 2019	Bank September 2019
Net debt as at 1 January 2019	251,251,383	251,251,383
Arising from business combination	74,270,686	74,270,686
Debt securities issued	45,000,000	45,000,000
Repayment of debt securities issued	(216,208,000)	(216,208,000)
Total changes from financing cash flows	154,314,068	154,314,068
The effect of changes in foreign exchange rates	2,797,504	2,797,504
Other changes		
Interest expense	18,191,782	18,191,782
Interest paid	(15,493,660)	(16,662,512)
Balance as at 30 September 2019	**159,809,694**	**158,640,842**

In thousands of Naira	Group December 2018	Bank December 2018
Net debt as at 1 January 2018	302,106,706	302,106,706
Debt securities issued	51,289,056	51,289,056
Repayment of debt securities issued	(118,691,111)	(118,691,111)
Total changes from financing cash flows	234,704,650	234,704,650
The effect of changes in foreign exchange rates	18,409,244	18,409,244
Other changes		
Interest expense	32,378,560	32,378,560
Interest paid	(34,241,071)	(34,241,071)
Balance as at 31 December 2018	**251,251,383**	**251,251,383**

(i) This refers to US$300,000,000 notes of 10.5% interest issued on 19 October 2016 with a maturity date of 19 October 2021. It represents an amortized cost of N124.88bn.

(ii)The Bank issued an unsecured green bond on March, 18, 2019 with a coupon rate of 15.5% payable semi-annually. The bond has a tenor of 5 years and is due on March, 2024.

(iii) The Bank issued a local bond on July, 4, 2019 with a coupon rate of 15.5% payable semi-annually. The bond has a tenor of 7 years and is due on July, 2026.

The principal amount on the notes are payable at maturity, whilst interest is payable on a semi-annual basis at their respective interest rates.

36 Interest bearing borrowings

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
African Development Bank (see note (a))	20,209,264	27,073,280	20,016,078	25,281,362
Netherlands Development Finance Company (see note (b))	88,621,467	37,690,644	88,621,467	37,690,644
French Development Finance Company (see note (c))	13,953,819	17,893,836	666,846	3,806,669
European Investment Bank (see note (d))	32,743,908	23,893,472	13,581,258	15,576,731
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	5,073,632	5,434,262	5,073,632	5,434,262
Mashreq Bank PSC Syndicated Trade Finance Facility (see note (f))	128,250,051	57,021,761	128,250,051	57,021,761
International Finance Corporation (see note (g))	31,215,103	-	31,215,103	-
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (h))	6,578,154	7,330,283	6,578,154	7,330,283
Bank of Industry-Intervention Fund for SMEs (see note (i))	1,963,917	1,972,547	1,963,917	1,972,547
Bank of Industry-Power & Airline Intervention Fund (see note (j))	5,034,995	8,457,111	5,034,995	8,457,111
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (k)	5,178,823	6,485,718	5,178,823	6,485,718
Central Bank of Nigeria - Salary Bailout facilities (see note (l))	61,943,752	63,614,642	61,943,752	63,614,642
Central Bank of Nigeria - Excess Crude Account (see note (m))	113,937,637	118,248,041	113,937,637	118,248,041
Real Sector And Support Facility (RSSF) (n)	54,801,392	7,145,736	54,801,392	7,145,736
Development Bank of Nigeria (DBN) (see note (o))	2,758,991	5,544,448	2,758,991	5,544,448
Nigeria Mortgage Refinance Company (NMRC) (see note (p))	5,951,265	-	5,951,265	-
Micro small and medium enterprise development fund (MSMEDF) (see note (q))	17,674	-	17,674	-
Africa Export and Import Bank (AFREXIM) (r)	6,126,748	-	6,126,748	-
Diamond finance B V (Anambra State Government (s))	18,254,867	-	18,254,867	-
BOI Power and steel (PAIF) (t)	14,702,893	-	14,702,893	-
Bank of Industry (RRF) (see note (t))	108,368		108,368	
Other loans and borrowings	437,168	610,954	200	72,486
	617,863,887	**388,416,735**	**584,784,109**	**363,682,441**

There have been no defaults in any of the borrowings covenants during the year.

(a) The amount of N20,016,077,625 (USD 55,280,815) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a year of 10years, while the third tranche came in June 2016 for (USD 10m) for a period of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(b) The amount of N88,621,467,429 (USD 244,756,594) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from March 2018 (USD 100m) and Feb 2019 (USD 162.5m) for a period of 5 years and 10 years respectively. The principal amount is repayable semi-annually from July 2019 and quarterly from May 2019 respectively while interest is paid semi annually at 5.5% above 6 months LIBOR and quarterly at 7.83% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(c) The amount of N666,845,679 (USD 1,841,708) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years for the first three tranches and 5 years for the fourth tranche. The principal amount is repayable semi-annually from December 2014 with the fourth tranche repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(d) The amount of N13,581,257,777 (USD 37,508,997) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and year of 8 years each for the last two. Interest is paid semi-annually at 2.6%, 2.6% , 2.93%, 2.6% and 2.6% respectively above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(e) The amount of N5,07,631,593 (USD 14,012,460) represents the outstanding balance on the on-lending facility of USD 15mn granted to the Bank by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in December 2017 (USD 15m) for a period of 7 and a half years. The principal amount will be repayable semi-annually from May 2019 while interest is paid semi annually at 7.69% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(f) The amount of N128,250,050,857 (USD 354,203,631) represents the outstanding balance on the on-lending facility of USD 358mn granted to the Bank by the MashreqBank PSC in June 2019 for a year. The principal amount will be bullet at maturity June 2020 while interest is paid semi annually at 2.25% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(g) The amount of N31,215,102,647 (USD 86,210,513) represents the outstanding balance on the on-lending facility of USD 87.5mn granted to the Bank by International Finance Corporation for a period of 10 years. The principal amount will be repayable quarterly from September 2019 while interest is paid semi annually at 7.69% above 3 months LIBOR for the first 5 years and 12% above 3 months LIBOR for the last 5 years. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(h) The amount of N6,578,154,077 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum year of 7 years at a zero percent interest rate to the Bank The Bank did not provide security for this facility. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(i) The amount of N1,963,917,153 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility has a tenor of 10 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(j) The amount of N5,034,994,625 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(k) The amount of N5,178,823,116 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(l) The amount of N61,943,751,570 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(m) The amount of N113,937,637,095 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(n) The amount of N54,801,391,855 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) established by CBN. The facility tenor is for a range of 7 to 10 years inclusive of 24 months moratorium at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(o) The amount of N2,758,990,661 represents the outstanding balance on two on-lending facilities granted to the Bank by the Development Bank of Nigeria in two series in respect of the Micro, Small and Medium Scale Enterprises (MSMEs) and Small Corporates. The facilities are for a maximum of 3 years at a 9.6% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(p) The amount of N5,951,264,519 represents the outstanding balance on the on-lending facility granted to the Bank by Nigeria Mortgage Refinance Company. The facility is for a maximum year of 15 years commencing from the date of execution of this agreement at a 14.5% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(q) The amount of N17,673,905 represents an outstanding balance on the on-lending facility granted to the Bank under the Central Bank of Nigeria scheme Micro, Small and medium Enterprise Development Fund (MSMEDF). The on-lending facility is for a maximum tenor of 5 years where the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% to 9% per annum depending on the beneficiary. The principal amount of the on-lending facility is repayable on a monthly basis over the tenor of the borrowing which will expire in August 2020. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(r) The amount of N6,126,748,402 (USD 16,920,979) represents the outstanding balance on the on-lending facility of USD 25mn granted to the Bank by Africa Export and Import Bank (AFRIXEM) in May 2018 for a period of 3 years. The principal amount will be repayable semi-annually from November 2018 while interest is paid quaterly at 7% above 3 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(s) The amount N18,254,866,692 (USD 50,416,67) represents the outstanding balance on the Group's issued dollar denominated loan particpatory notes of $50 million (N9.95 billion) through a structured entity, Diamond Finance BV, Netherlands, on 27 March 2014, which is due on 27 March 2021. The principal amount is payable at the end of the tenor while interest on the notes is payable semi-annually at 7% per annum. The net proceeds from the issue of the Loan Participatory Notes, was used by the Issuer (Diamond Finance BV) for the sole purpose of providing a loan to Diamond Bank, which was in turn used by the Bank to support its business expansion and development. Diamond Bank (now Access Bank Plc), unconditionally and irrevocably guaranteed the due payment of all sums by the Issuer (Diamond Finance BV) in respect of the Notes. The Group has not had any defaults of principal or interest with respect to its subordinated liabilities during the period ended 30 September 2019. From this creditor, the bank has nil undrawn balance as at 30 September 2019.

(t) The amount of N14,702,893,092 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7%. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 September 2019

Movement in interest bearing loans and borrowings:

In thousands of Naira	**Group September 2019**	**Bank September 2019**
Balance as at 1 January 2018	388,416,736	363,682,447
Proceeds from interest bearing borrowings	266,630,777	256,630,776
Arising from business combination	92,240,671	92,240,671
Repayment of interest bearing borrowings	(135,367,162)	(132,010,977)
Total changes from financing cash flows	611,921,021	580,542,918
The effect of changes in foreign exchange rates	8,678,158	2,819,080
Other changes		
Interest expense	15,936,775	15,173,426
Interest paid	(18,672,068)	(13,751,314)
Balance as at 30 September 2019	**617,863,887**	**584,784,109**

	Group December 2018	**Bank December 2018**
Balance as at 1 January 2018	311,617,187	282,291,141
Proceeds from interest bearing borrowings	121,570,297	113,475,865
Repayment of interest bearing borrowings	(48,712,386)	(37,429,722)
Total changes from financing cash flows	384,475,098	358,337,284
The effect of changes in foreign exchange rates	6,086,365	3,427,120
Other changes		
Interest expense	10,744,458	9,886,470
Interest paid	(12,889,187)	(7,968,433)
Balance as at 31 December 2018	**388,416,736**	**363,682,447**

37 Retirement benefit obligation

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Recognised liability for defined benefit obligations (see note (a) below)	3,026,347	2,319,707	3,026,347	2,319,707
Liability for defined contribution obligations	17,739	16,476	-	-
	3,044,085	**2,336,183**	**3,026,347**	**2,319,707**

(a) Defined benefit obligations

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

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Post employment benefit plan (see note (i) below)	3,044,085	2,319,707	3,026,347	2,319,707
Recognised liability	**3,044,085**	**2,319,707**	**3,026,347**	**2,319,707**

(i) Post employment benefit plan

The Bank operates a non-contributory, unfunded lump sum defined benefit post employment benefit plan for top executive management of the Bank from General Manager and above based on the number of years spent in these positions. The scheme is also aimed at rewarding executive directors and other senior executives for the contributions to achieving the Bank's long-term growth objectives.

There is no funding arrangement with a trustee for the Post employment benefit plan as the Bank pays for all obligations from its current year profit as such obligations fall due. Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade.

The amount recognised in the statement of financial position is as follows:

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Deficit on defined benefit obligations at 1 January	2,319,707	2,481,916	2,319,707	2,481,916
Acquired from business combination	-	-	-	-
Charge for the period:				
-Interest costs	271,851	378,523	271,851	378,523
-Current service cost	197,509	243,070	197,509	243,070
-Past service cost	-	-	-	-
-Benefits paid	(90,120)	(300,000)	(90,120)	(300,000)
Pension allowance	327,400	-	327,400	-
Net actuarial gain/(loss) for the period remeasured in OCI:	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(497,167)	-	(497,167)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	13,365	-	13,365
Balance, end of period	**3,026,347**	**2,319,707**	**3,026,347**	**2,319,707**

Expense recognised in income statement:

Current service cost	197,509	243,070	197,509	243,070
Interest on obligation	271,851	378,523	271,851	378,523
Total expense recognised in profit and loss (see Note 14)	**469,360**	**621,593**	**469,360**	**621,593**

The weighted average duration of the defined benefit obligation is 6.8years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N618.96m.

Factors affecting sensitivity

The defined benefit pension plans valuation considers some factors for which sensitivity has been performed. The most significant of which are detailed below:

i) Changes in bond yields - A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

ii) Inflation risks - Some of the group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities.

iii) Life expectancy - The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities

The sensitivities below relates to Group and Bank.

September 2019

In thousands of Naira	Impact on defined benefit obligation **Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.3%	2,442,607	583,740
Effect of changes in assumption to the salary growth	Decrease in liability by 4.6%	2,212,272	814,075
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.3%	2,313,455	712,892

	Impact on defined benefit obligation **Increase in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 4.9%	2,205,666	820,681
Effect of changes in assumption to the salary growth	Increase in the liability by 4.9%	2,434,432	591,915
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,326,522	699,825

December 2018

In thousands of Naira	Impact on defined benefit obligation **Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 5.3%	2,442,607	(122,900)
Effect of changes in assumption to the salary growth	Decrease in liability by 4.6%	2,212,272	107,435
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.3%	2,313,455	6,252

	Impact on defined benefit obligation **Increase in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 4.9%	2,205,666	114,041
Effect of changes in assumption to the salary growth	Increase in the liability by 4.9%	2,434,432	(114,725)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,326,522	(6,815)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the period) has been applied as when calculating the pension liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2018.

	September 2019	December 2018
Discount rate	16.10%	16.10%
Future salary increases	5.00%	5.00%
Retirement age for both male and female	60 years	60 years
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 18 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 59 (average rate)	3.75%	3.75%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 16.10% as at 30 June 2019. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank September 2019	Bank December 2018
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank September 2019	Bank December 2018
(b) Issued and fully paid-up :		
35,545,225,662 Ordinary shares of 50k each	17,772,613	14,463,986

Ordinary shareholding:
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

Preference shareholding:
Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. No preference shares were in issue as at the end of the period

The movement on the issued and fully paid-up share capital account during the period was as follows:

In thousands of Naira	Bank September 2019	Bank December 2018
Balance, beginning of the period	14,463,986	14,463,986
Additions through scheme of merger	3,308,627	-
Balance, end of the period	17,772,613	14,463,986

(c) The movement on the number of shares in issue during the period was as follows:

In thousands of units	Group September 2019	Group December 2018
Balance, beginning of the period	28,927,972	28,927,972
Additions through scheme of merger	6,617,254	-
Balance, end of the period	35,545,226	28,927,972

B Share premium

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

In thousands of Naira	Group September 2019	Group December 2018
Balance, beginning of the period	197,974,816	197,974,816
Additions through scheme of merger	36,064,034	-
Balance, end of the period	234,038,850	197,974,816

C Retained earnings

	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Retained earnings	228,826,243	155,592,892	198,219,158	148,238,575

D Other components of equity

	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Other regulatory reserves (see i(a) below)	93,217,460	82,889,946	82,414,616	72,026,340
Share Scheme reserve	1,633,772	1,725,386	1,633,772	1,725,385
Treasury Shares	(3,518,447)	(3,401,302)	-	-
Capital Reserve	3,489,081	3,489,080	3,489,081	3,489,081
Fair value reserve	(1,078,219)	(5,622,402)	(2,117,210)	(6,601,426)
Foreign currency translation reserve	15,123,159	15,586,697	-	-
Regulatory risk reserve	17,244,886	19,942,296	9,483,000	9,483,000
	126,111,692	**114,609,701**	**94,903,260**	**80,122,381**

(i) Other reserves

Other regulatory reserves

Statutory reserves
Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

SMEEIS Reserves
The Small and Medium Enterprises Equity Investment Scheme (SMEEIS) reserve is maintained to comply with the Central Bank of Nigeria (CBN)/ Banker's committee's requirement that all licensed deposit money banks in Nigeria set aside a portion of the profit after tax in a fund to be sued to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by a CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first 5 years but banks' contribution shall thereafter reduce to 5% of profit after tax

However, this is no longer mandatory. Therefore, no additional appropriation has been done during the period.

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

i(a)

	Statutory reserves		SMEEIS Reserves		Total	
	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018
Group *In thousand of Naira*						
Opening	82,063,378	69,735,588	826,568	826,568	82,889,946	70,562,156
Transfers during the period	10,327,514	12,327,790	-	-	10,327,514	12,327,790
Closing	92,390,892	82,063,378	826,568	826,568	93,217,460	82,889,946
Bank *In thousand of Naira*						
Opening	71,199,773	60,160,328	826,568	826,568	72,026,341	60,986,896
Transfers during the period	10,388,276	11,039,444	-	-	10,388,276	11,039,444
Closing	81,588,048	71,199,773	826,568	826,568	82,414,616	72,026,341

(ii) Share scheme reserve
This represents the total expenses incurred in providing the Bank's shares to its qualifying staff members under the RSPP scheme.

(iii) Treasury shares
This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve
This balance represents the surplus nominal value of the reconstructed shares of the Bank which was transferred from the share capital account to the capital reserve account after the share capital reconstruction in October 2006. The Shareholders approved the reconstruction of 13,956,321,723 ordinary shares of 50 kobo each of the Bank in issue to 6,978,160,860 ordinary shares of 50 kobo each by the creation of 1 ordinary shares previously held.

(v) Fair value reserve
The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

(vi) Foreign currency translation reserve

This balance appears only in the Group accounts and represents the foreign currency exchange difference arising from translating the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency.

(vii) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the allowance for impairment losses on balance on loans and advances based on Central Bank of Nigeria prudential guidelines and Central Bank of the foreign subsidiaries regulations, compared with the loss incurred model used in calculating the impairment under IFRSs.

(viii) Retained earnings

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

D Non-controlling interest

This represents the Non-controlling interest's (NCI) portion of the net assets of the Group

In thousands of Naira	Group September 2019	Group December 2018
Access Bank, Gambia	732,778	747,780
Access Bank, Sierra Leone	53,441	52,539
Access Bank Zambia	2,399,836	2,940,887
Access Bank, Rwanda	1,084,479	1,122,910
Access Bank, Congo	3,949	945
Access Bank, Ghana	3,816,747	3,005,300
	8,091,230	**7,870,361**

This represents the NCI share of profit/(loss) for the period

In thousands of Naira	Group September 2019	Group December 2018
Access Bank, Gambia	14,464	37,553
Access Bank, Sierra Leone	4,318	1,019
Access Bank Zambia	138,727	308,023
Access Bank, Rwanda	27,443	142,677
Access Bank, Congo	165	147
Access Bank, Ghana	804,711	431,420
	989,828	**920,839**

	Group September 2019	Group December 2018
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	12%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	30%	30%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0%	0%
Access Bank, Ghana	7%	7%

Transactions with non-controlling interests

During the period, the Access Bank Plc acquired additional shares in Access Bank UK and Access Bank Ghana. This resulted in changes in its ownership interests in the subsidiaries, but the transactions did not result in a loss of control. The Group adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in the relative interests in the subsidiaries. The impact was recognised directly in equity.

39 Contingencies

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. N945mn provision has been made as at 30 September 2019.

Contingent liability and commitments

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

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**Group September 2019**	**Group December 2018**	**Bank September 2019**	**Bank December 2018**
Contingent liabilities:				
Transaction related bonds and guarantees	422,528,537	452,083,539	364,146,354	358,862,448
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	269,867,974	307,761,666	260,838,358	205,997,841
	692,396,511	**759,845,205**	**624,984,712**	**564,860,289**

40 Cash and cash equivalents

(a) Cash and cash equivalents include the following for the purposes of the statement of cash flows:

In thousands of Naira	Group September 2019	Group December 2018	Bank September 2019	Bank December 2018
Cash on hand and balances with banks	290,702,726	410,551,929	278,333,513	166,871,427
Unrestricted balances with central banks	79,630,140	29,366,693	67,317,889	6,759,948
Money market placements	164,067,458	220,309,729	38,850,086	46,392,634
Investment under management	22,953,561	20,709,989	22,953,561	20,709,989
Treasury bills with original maturity of less than 90days	335,864,704	183,626,571	335,864,704	183,626,571
	893,218,589	**864,564,911**	**743,319,752**	**424,360,569**

Cash and cash equivalent for the purpose of the preparation of the statement of cash flows excludes cash collaterals held for letters of credit and the mandatory cash deposit held with the Central Bank of Nigeria.

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Debt securities issued		Interest bearing borrowings	
	Group September 2019	Bank September 2019	Group September 2019	Bank September 2019
Net debt	251,251,383	251,251,383	388,416,736	363,682,447
Proceeds from interest bearing borrowings	-	-	266,630,777	256,630,776
Arising from business combination	74,270,686	74,270,686	92,240,671	92,240,671
Repayment of interest bearing borrowings	-	-	(135,367,162)	(132,010,977)
Debt securities issued	45,000,000	45,000,000	-	-
Repayment of debt securities issued	(216,208,000)	(216,208,000)	-	-
Total changes from financing cash flows	154,314,069	154,314,070	611,921,022	580,542,918
The effect of changes in foreign exchange rates	2,797,504	2,797,504	8,678,158	2,819,080
Other changes				
Interest expense	18,191,782	18,191,782	15,936,775	15,173,426
Interest paid	(15,493,660)	(16,662,512)	(18,672,068)	(13,751,314)
Balance	**159,809,695**	**158,640,844**	**617,863,887**	**584,784,109**

	Debt securities issued		Interest bearing borrowings	
	Group December 2018	Bank December 2018	Group December 2018	Bank December 2018
Net debt	302,106,706	302,106,706	311,617,187	282,291,141
Proceeds from interest bearing borrowings	-	-	121,570,297	113,475,865
Repayment of interest bearing borrowings	-	-	(48,712,386)	(37,429,722)
Debt securities issued	51,289,056	51,289,056	-	-
Repayment of debt securities issued	(118,691,111)	(118,691,111)	-	-
Total changes from financing cash flows	234,704,651	234,704,651	384,475,098	358,337,284
The effect of changes in foreign exchange rates	18,409,244	18,409,244	6,086,365	3,427,120
Other changes				
Interest expense	32,378,560	32,378,560	10,744,458	9,886,470
Interest paid	(34,241,071)	(34,241,071)	(12,889,187)	(7,968,433)
Balance	**251,251,383**	**251,251,384**	**388,416,734**	**363,682,441**

41 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

During the period the Bank paid infractions to the Central Bank of Nigeria for contraventions of the Banks and financial institutions Act of Nigeria and CBN circulars. The Bank was fined N6.00Mn for the period.

42 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of 25k each payable to shareholders on register of shareholding at the closure date.

43 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Access Bank Plc and its subsidiaries.

Parent

The parent company, which is also the ultimate parent company, is Access Bank Plc.

(a) Loans and advances to related parties

The bank granted various credit facilities to its subsidiary companies and key management personnel. Key Management Personnel is defined as members of the Board of Directors of the bank, including their close members of family and any entity over which they exercise control. Close member of family are those who may be expected to influence or be influenced by that individual in dealings with the bank.
The rates and terms agreed are comparable to other facilities being held in the bank's portfolio.

The loans issued to directors and other key management personnel (and close family members) as at 30 September 2019 are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at period end.

(b) Deposits from related parties

The deposits are majorly term deposit given to directors and subsidiaries and these are booked at arms length

(c) Other balances and transactions with related parties

The Bank had dealings with directors and subsidiaries as relates to fees, deposits cash, receivables and other items. These transactions were all carried ouit at armslength

44 Business Combination

During the period, the merger between Access Bank Plc and Diamond Bank Plc, as approved by regulators and shareholders of both banks, including court sanction of the merger, was concluded. The merger involved Access Bank acquiring the entire issued share capital of Diamond Bank Plc in exchange for a combination of cash and shares in Access Bank via a Scheme of Merger.

Based on the Scheme of Merger, Diamond Bank shareholders received:

(i) a cash consideration of N1.00 (one Naira) per Diamond Bank Share representing a total cash amount of N23,160,388,968 (twenty-three billion, one hundred and sixty million, three hundred and eighty-eight thousand, nine hundred and sixty-eight Naira) and,
(ii) the allotment of 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares for every 7 Diamond Bank shares.

(a) Goodwill arising from business combination

In thousands of Naira	**Group September 2019**	**Bank September 2019**
Considerations:		
Cash payment	23,160,389	23,160,389
Access Bank's shares to issue to Diamond Bank's shareholders (see (i) below)	39,372,661	39,372,661
Total Consideration	**62,533,050**	**62,533,050**
Net assets acquired from business combination (see note 41 (b) below)	(6,790,257)	(196,776)
Fair value adjustment	(8,975,074)	(8,975,074)
Goodwill	**46,767,719**	**53,361,200**

(i) 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares were alloted for every 7 Diamond Bank shares.

The fair value of the shares alloted was derived at Access Bank's market price of N5.95 as at the effective date of the merger i.e 19th March 2019

(b) The net assets acquired include:

	Group	Bank
	March 2019	March 2019
Assets		
Cash and balances with banks	311,585,028	311,581,376
Non pledged trading assets	20,811,592	20,811,592
Derivative financial assets	336,110	336,110
Pledged assets	107,279,524	107,204,232
Loans to banks	82,959,460	107,224,889
Loans and advances to customers	510,828,965	510,813,249
Investment securities	155,918,073	155,812,009
Investment properties	4,053,511	3,878,511
Other assets	36,519,653	36,417,649
Investment in subsidiaries	-	2,000,000
Investment in associates	98,915	98,915
Property and equipment	63,706,494	63,636,622
Intangible assets	2,853,104	2,788,345
Deferred tax assets	4,984,388	4,984,388
	1,301,934,817	**1,327,587,886**
Asset classified as held for sale and discontinued operations	48,965,253	7,976,260
Total assets	**1,350,900,070**	**1,335,564,146**
Liabilities		
Deposits from financial institutions	51,430,800	51,430,800
Deposits from customers	1,055,147,349	1,059,028,333
Derivative Liabilities	18,294	18,294
Current tax liabilities	472,844	327,525
Other liabilities	50,832,476	58,051,061
Deferred tax liabilities	13,071	-
Debt securities issued	74,270,686	74,270,686
Interest-bearing borrowings	92,240,671	92,240,671
	1,324,426,191	**1,335,367,370**
Liabilities classified as held for sale and discontinued operations	19,683,622	-
Total liabilities	**1,344,109,813**	**1,335,367,370**
Net assets	**6,790,257**	**196,776**

(c) Net cash and cash equivalent acquired from business combination

	Group	Bank
	September 2019	September 2019
Consideration paid in cash	(23,160,389)	(23,160,389)
Cash and cash equivalents acquired from business combination(see (i) b	53,422,847	53,419,195
	30,262,458	**30,258,806**

(i) Cash and cash equivalents acquired from business combination

	Group	Bank
	September 2019	September 2019
Cash and balances with banks	311,585,028	311,581,376
Restricted deposits with central banks	(258,162,181)	(258,162,181)
	-	-
	53,422,847	**53,419,195**

45 Director-related exposures

Access Bank has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

a. Complete adherence to the requirements for granting insider-related exposure as stated in the Bank's Credit Policy Guidelines, the Insider-related Policy as well as the Bank's duly approved Standard Operating Procedure for managing insider-related exposures.

b. Full compliance with the relevant CBN policies on insider-related lending.
c. All affected Directors are precluded from taking part in the approval process of credit request wherein they have interest.

d. The related Director is required to execute a document authorizing the Bank to use their accruable dividends to defray any related-obligor's delinquent exposures.

e. The Directors are required to execute documents for the transfer of their shares to the Bank's nominated broker to ensure effective control as required by the CBN policy to enhance the bank's Corporate Governance structure.

f. Section 89 of the Bank's Article of Association also reiterated that "a related Director shall vacate office or cease to be a Director, if the Director directly or indirectly enjoys a facility from the Bank that remains non-performing for a year of more than 12months."

46 Non-audit services

During the period, the Bank's auditor, PricewaterHouseCoopers, was awarded the contract below;

	Service	Description	Sum N'000
1	NDIC Certification	Certification of total deposit liabilities outstanding in the books of the bank as at 31 December 2018	3,000
2	Scrutineering for Court-Ordered Meeting	The performance of agreed upon procedure as scrutineers in respect of the court-ordered meeting on March 5, 2019 of shareholders of Access Bank Plc to consider and approve the Scheme of Merger between the Bank and Diamond Plc.	1,000
3	Engagement with FIRS on behalf of the defunct Diamond Bank	PwC was required to assist Diamond (now Access Bank) in liasing with the FIRS in order to: a. Seek relevant clarification regarding the exercise of FIRS' power of substitution. b. Assist the Bank to object to the substitution order where necessary and in line with extant provisions of the law. c. Have meeting with the FIRS to resolve any issues relating to the order; and d. Communicate request by the Bank's customers which will assist in quick resolution of the substitution orders. This is currently still in progress	1,500

In the Bank's opinion, the provision of this service to the bank did not impair the independence and objectivity of the external auditor.

47 MERGER BETWEEN ACCESS BANK PLC AND FORMER DIAMOND BANK PLC

The Board of Access Bank Plc (“Access”) had signed a Memorandum of Agreement (MoA) with former Diamond Bank Plc (“Diamond”) regarding the merger of the two banks that is intended to create Nigeria and Africa’s largest retail bank by customers. This merger was effective on 19th March 2019

The merger involved Access Bank acquiring the entire issued share capital of Diamond Bank in exchange for a combination of cash and shares in Access Bank via a Scheme of Merger. The cash consideration has been fully paid to all concerned stakeholders. The share consideration has also been fully issued as at the time of this reporting date

Based on the agreement reached by the Boards of the two financial institutions, Diamond Bank shareholders received N3.13 per share, comprising (i) a cash consideration of N1.00 (one Naira) per Diamond Bank Share representing a total cash amount of N23,160,388,968 (twenty-three billion, one hundred and sixty million, three hundred and eighty-eight thousand, nine hundred and sixty-eight Naira), or US$ 75,588,736.84 (seventy five million, five hundred and eighty eight thousand, seven hundred and thirty six dollars and eighty four cents) and (ii) the allotment of 6,617,253,991 (six billion, six hundred and seventeen million two hundred and fifty-three thousand, nine hundred and ninety-one) new Access Bank ordinary shares, representing the 2 new Access Bank ordinary shares for every 7 Diamond Bank shares. The offer represents a premium of 260% to the closing market price of N0.87 per share of Diamond Bank on the Nigerian Stock Exchange as of December 13, 2018, the date of the final binding offer.

The transaction has been completed as all formal regulatory and shareholder approvals have been obtained. The regulatory approvals required for the merger process are; the pre-order approval, the approval in principle and the final approval after convention of shareholders of which all the approvals have been obtained as at the time of this report.

The bank has a strong track record of acquisition and integration and has a clear growth strategy. Access and Diamond have complementary operations and similar values, and the merger with Diamond, with its leadership in digital and mobile-led retail banking, would accelerate the Bank's strategy as a significant corporate and retail bank in Nigeria and a Pan-African financial services champion. The Bank has a strong financial profile with attractive returns and a robust capital position . It is believed that this platform, together with the two banks’ shared focus on innovation, financial inclusion and sustainability, can bring benefits to Access and Diamond customers, staff and shareholders.

Please visit https://www.accessbankplc.com/pages/Investor-Relations.aspx for more information on the merger.

48 Discontinued operations

Assets and liabilities of a disposal group held for sale and discontinued operations

(a) **Assets and liabilities of disposal group held for sale comprise the assets and liabilities of Diamond Bank UK as at 19 March 2019.**

Diamond Bank UK was disposed effective 3 April 2019. The disposal group comprised the following assets and liabilities

	Group 19 March 2019	Intercompany eliminations 19 March 2019	Total 19 March 2019	Bank 19 March 2019
Assets				
Cash and balances with central	1,644,802	-	1,644,802	-
Derivative financial instruments	34,498	-	34,498	-
Loans and advances to banks	35,494,396	(7,257,193)	28,237,203	-
Loans and advances to customers	5,081,990	-	5,081,990	-
Investment in subsidiaries	-	-	-	7,976,260
FVOCI investments	11,533,351	-	11,533,351	-
Property and equipment	-	-	-	-
Intangible assets	-	-	-	-
Goodwill	-	-	-	-
Other assets	2,433,409	-	2,433,409	-
	56,222,446	(7,257,193)	48,965,253	7,976,260
Liabilities				
Deposits from banks	25,693,923	(24,274,898)	1,419,025	-
Deposits from customers	3,408	-	3,408	-
Derivative liability	-	-	-	-
Current tax liabilities	-	-	-	-
Other liabilities	1,744,295	-	1,744,295	-
Borrowings	16,516,894	-	16,516,894	-
Total liabilities held for sale	43,958,520	(24,274,898)	19,683,622	

	Group 19 March 2019	Intercompany eliminations 19 March 2019	Total 19 March 2019
Gross earnings	1,400,795	(195,945)	1,204,850
Interest income	1,188,856	(164,167)	1,024,689
Interest expense	(710,365)	446,910	(263,455)
Net interest income	478,491	282,743	761,234
Net impairment charge	-	-	-
Net interest income after impairment charges	478,491	282,743	761,234
Fee and commission income	167,355	(31,778)	135,577
Fee and commission expense	(42,841)	8,864	(33,977)
Net fee and commission income	124,514	(22,914)	101,600
Provision for losses	(1,359,896)	-	(1,359,896)
Net trading income	(74,314)	-	(74,314)
Other operating income	118,898	-	118,898
Net operating income	(1,315,312)	-	(1,315,312)
Personnel expenses	(556,176)	-	(556,176)
Depreciation and Amortization	(23,453)	-	(23,453)
Operating lease expenses	(88,287)	-	(88,287)
Other operating expenses	(236,321)	-	(236,321)
Total operating expenses	(904,237)	-	(904,237)
Profit before tax	(1,616,544)	259,829	(1,356,715)
Income tax	-	-	-
Profit for the period	(1,616,544)	259,829	(1,356,715)
Other comprehensive income			
Foreign currency translation differences	175,251	-	175,251
Fair value gains on FVOCI investments	77,840	-	77,840
Total other comprehensive income for the period	253,091	-	253,091
Total comprehensive income for the period	(1,363,453)	259,829	(1,103,624)

(b) **Disposal of subsidiary**

	Group September 2019	Bank September 2019
Proceeds Received	12,622,649	12,622,649
Cost of sale	(358,723)	(358,723)
Net proceeds	**12,263,926**	**12,263,926**
Net assets	12,263,926	7,976,260
Impairment charged	-	-
Net realizable value	12,263,926	7,976,260
Gain/(Loss) on Disposal	**-**	**4,287,666**

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	September 2019	December 2018	*Restated December 2017	*Restated December 2016	December 2015
Group					
	9 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	625,541,625	740,926,362	547,134,325	413,421,081	478,409,336
Investment under management	25,993,987	23,839,394	20,257,131	14,871,247	10,403,608
Non pledged trading assets	71,456,045	38,817,147	46,854,061	44,629,579	52,298,422
Pledged assets	900,975,525	554,052,956	447,114,404	314,947,502	203,715,397
Derivative financial instruments	112,062,238	128,440,342	93,419,293	156,042,984	77,905,020
Loans and advances to banks	169,532,413	142,489,543	68,114,076	45,203,002	42,733,910
Loans and advances to customers	2,768,270,493	1,993,606,233	1,995,987,627	1,809,459,172	1,365,830,831
Investment securities	760,590,001	501,072,480	278,167,758	229,113,772	186,223,126
Investment properties	4,054,256	-	-	-	-
Other assets	884,681,562	704,326,780	489,563,282	363,723,078	83,014,503
Property and equipment	196,410,527	103,668,719	97,114,642	84,109,052	73,329,927
Intangible assets	62,700,578	9,752,498	8,295,855	6,939,555	6,440,616
Deferred tax assets	-	922,660	740,402	1,264,813	10,845,612
Assets classified as held for sale	24,001,824	12,241,824	9,479,967	140,727	179,843
Total assets	6,606,271,075	4,954,156,938	4,102,242,823	3,483,865,564	2,591,330,151
Liabilities					
Deposits from financial institutions	692,019,055	994,572,845	450,196,970	167,356,583	72,914,421
Deposits from customers	4,239,082,966	2,564,908,384	2,244,879,075	2,089,197,286	1,683,244,320
Derivative financial instruments	7,901,360	5,206,001	5,332,177	30,444,501	3,077,927
Current tax liabilities	4,467,794	4,057,862	7,489,586	5,938,662	7,780,824
Other liabilities	266,902,483	246,438,951	258,166,549	115,920,249	69,355,947
Deferred tax liabilities	1,507,975	6,456,840	8,764,262	3,699,050	266,644
Debt securities issued	158,640,842	251,251,383	302,106,706	316,544,502	149,853,640
Interest-bearing borrowings	617,863,887	388,416,734	311,617,187	299,543,707	231,467,161
Retirement benefit obligations	3,044,086	2,336,183	2,495,274	3,075,453	5,567,800
Total liabilities	5,991,430,447	4,463,645,183	3,591,047,788	3,031,719,993	2,223,528,684
Equity					
Share capital and share premium	251,811,463	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings	228,826,243	155,592,892	113,449,307	91,265,019	51,730,369
Other components of equity	126,111,690	114,609,701	178,399,413	142,194,725	99,732,330
Non controlling interest	8,091,230	7,870,360	6,907,515	6,247,028	3,899,966
Total equity	614,840,627	490,511,755	511,195,037	452,145,575	367,801,467
Total liabilities and Equity	6,606,271,079	4,954,156,938	4,102,242,826	3,483,865,569	2,591,330,151
Gross earnings	513,655,659	528,744,579	459,075,779	381,320,781	337,404,230
Profit before income tax	103,104,074	103,187,703	78,169,119	87,990,444	75,038,117
Profit from continuing operations	90,739,590	94,981,086	60,087,491	69,090,335	65,868,773
Profit for the period	90,739,590	94,981,086	60,087,491	69,090,335	65,868,773
Non controlling interest	989,829	962,845	13,090	322,322	536,233
Profit attributable to equity holders	89,749,761	94,018,240	60,074,401	68,768,013	65,332,540
Dividend paid	8,886,306	18,803,180	18,803,180	15,910,384	15,241,014
Earning per share - Basic	278k	330k	218k	249k	265k
- Adjusted	274k	325k	214k	245k	262k
Number of ordinary shares of 50k	35,545,225,623	28,927,971,631	28,927,971,631	28,927,971,631	28,927,971,631

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-year Financial Summary

	September 2019	December 2018	*Restated December 2017	*Restated December 2016	December 2015
Bank					
	9 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	467,375,922	338,289,912	252,521,543	219,813,090	405,998,636
Investment under management	25,993,987	23,839,394	20,257,131	14,871,247	10,403,608
Non pledged trading assets	51,279,556	36,581,058	43,016,990	44,629,579	52,298,422
Pledged assets	900,975,528	554,052,956	440,503,327	314,947,502	200,464,624
Derivative financial instruments	111,265,011	128,133,789	92,390,219	155,772,662	77,852,349
Loans and advances to banks	151,899,251	100,993,116	101,429,001	104,006,574	60,414,721
Loans and advances to customers	2,357,689,316	1,681,761,862	1,771,282,739	1,594,562,345	1,243,215,309
Investment securities	552,154,201	258,580,286	121,537,302	161,200,642	155,994,798
Other assets	845,242,942	625,813,176	469,812,502	348,778,639	78,623,381
Investment properties	3,879,256	-	-	-	-
Investment in subsidiary	125,461,802	111,203,496	87,794,631	59,239,252	45,439,246
Property and equipment	175,400,057	88,392,543	83,676,723	71,824,472	65,900,384
Intangible assets	67,657,813	8,231,197	5,981,905	5,173,784	4,977,908
Deferred tax assets	-	-	-	-	10,180,832
Assets classified as held for sale	24,001,823	12,241,824	9,479,967	140,727	179,843
Total assets	5,860,276,466	3,968,114,608	3,499,683,981	3,094,960,515	2,411,944,061
Liabilities					
Deposits from banks	595,959,218	616,644,611	276,140,835	95,122,188	63,343,785
Deposits from customers	3,708,038,638	2,058,738,930	1,910,773,713	1,813,042,872	1,528,213,883
Derivative financial instruments	7,841,382	5,185,870	5,306,450	30,275,181	2,416,378
Debt securities issued	158,640,842	251,251,383	302,106,706	243,952,418	78,516,655
Current tax liabilities	4,764,563	2,939,801	4,547,920	5,004,160	6,442,311
Other liabilities	248,712,592	222,046,143	242,948,060	109,887,952	64,094,358
Retirement benefit obligations	3,026,347	2,319,707	2,481,916	3,064,597	5,567,800
Interest-bearing borrowings	584,784,109	363,682,441	282,291,141	372,179,785	302,919,987
Deferred tax liabilities	3,574,894	4,505,966	7,848,515	3,101,753	-
Total liabilities	5,315,342,586	3,527,314,852	3,034,445,256	2,675,630,906	2,051,515,157
Equity					
Share capital and share premium	251,811,463	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings	198,219,158	148,238,575	115,966,230	90,980,177	49,459,102
Other components of equity	94,903,260	80,122,380	136,833,692	115,910,630	98,531,000
Total equity	544,933,880	440,799,756	465,238,725	419,329,609	360,428,904
Total liabilities and Equity	5,860,276,466	3,968,114,609	3,499,683,982	3,094,960,514	2,411,944,061
Gross earnings	445,511,259	435,743,037	398,161,576	331,000,972	302,061,975
Profit before income tax	77,817,652	75,248,146	65,140,136	78,230,565	65,177,914
Profit for the period	69,255,166	73,596,295	51,335,460	61,677,124	65,868,773
Dividend paid	8,886,306	18,803,180	18,803,180	15,910,384	13,729,777
Earning per share - Basic	211k	254k	177k	221k	174k
- Adjusted	211k	254k	184k	221k	174k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908