ACCESS BANK PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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ACCESS BANK PLC
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For the year 31 December 2019

Corporate information

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

Directors

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

* Resigned effective March 18, 2019
** Appointed effective March 22, 2019
*** Appointed effective November 7, 2019
**** Appointed effective November 19, 2019

Company Secretary
Mr Sunday Ekwochi

Corporate Head Office
Access Bank Plc
Plot 999c, Danmole Street,
Victoria Island, Lagos.
Telephone: +234 (01) 4619264 - 9
+234 (01) 2773399-99

Email: info@accessbankplc.com
Website: www.accessbankplc.com
Company Registration Number: RC125 384
FRC Number: FRC/2012/0000000000271

Independent Auditors
PricewaterhouseCoopers
Landmark Towers, 5b Water Corporation way, Oniru
Victoria Island, Lagos
Telephone: (01) 271 1700
Website: www.pwc.com/ng
FRC Number: FRC/2013/ICAN/00000000639

Corporate Governance Consultant

Ernest & Young
10th Floor UBA House
57, Marina, Lagos
Telephone: +234 (01) 6314500
FRC Number: FRC/2012/ICAN00000000187

Actuaries

Alexander Forbes Consulting Actuaries Nig. Ltd
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
+234 01 730891

Directors' Report

For the year ended 31 December, 2019

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the year ended 31 December 2019.

Legal form and principal activity

The Bank was incorporated as a private limited liability company on 8 February 1989 and commenced business on 11 May 1989. The Bank was converted to a public limited liability company on 24 March 1998 and its shares were listed on the Nigerian Stock Exchange on 18 November 1998. The Bank was issued a universal banking license by the Central Bank of Nigeria on 5 February 2001.

The Bank's principal activities include the provision of money market products and services, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.

During the year, the Bank consumated a business combination with the defunct Diamond Bank Plc via a Scheme of Merger under which all the assets (including real properties and intellectual property rights) liabilities and undertakings of Diamond Bank were transferred to Access Bank.

The Bank has the following subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank (Zambia) Limited, The Access Bank (UK) Limited, Access Bank (Ghana) Plc, Access Bank (Rwanda), Access Pension Fund Custodian Ltd, Access Bank (D.R. Congo) and Access Bank Guinea which was incorporated in December 2019. Access Pension Fund Custodian Ltd, (formerly Diamond Pension Fund Custodian Ltd) was acquired during the merger of Access Bank Plc and defunct Diamond Bank Plc. By virtue of the merger, the Bank also has Diamond Finance B.V, an offshore Special Purpose Vehicle used for the issuance of the U.S.$50,000,000, 7.25 Per Cent participatory Notes which is due in 2021, guaranteed by Diamond Bank. During the year, Diamond Bank UK was sold and has been derecognized.

The Bank also operates a Representative office in China, UAE, Lebanon and India. The Access Bank (UK) Limited operates a branch in United Arab Emirates (UAE).

The financial results of all operating subsidiaries have been consolidated in these financial statements.

Operating results

Highlights of the Group's operating results for the year are as follows:

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Gross earnings	**666,753,600**	**528,744,579**	**576,347,839**	**435,743,037**
Profit before income tax	115,378,579	103,187,703	82,666,776	75,248,146
Income tax	(17,868,920)	(8,206,617)	(9,097,722)	(1,651,851)
Profit for the year	97,509,659	94,981,086	73,569,054	73,596,294
Other comprehensive (loss)/income	1,809,661	(16,547,933)	6,815,859	(5,456,303)
Total comprehensive income for the year	99,319,320	78,433,153	80,384,913	68,139,991
Non-controlling interest	(658,473)	(962,845)	-	-
Profit attributable to equity holders of the bank	98,660,847	77,470,307	80,384,913	68,139,991

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Earnings per share - Basic (k)	290	331	217	254

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Total equity	610,192,893	490,511,755	542,941,100	440,799,757
Total impaired loans and advances	188,462,451	55,449,509	172,546,009	44,246,182
Total impaired loans and advances to gross risk assets (%)	5.79%	2.49%	6.10%	2.38%

Interim dividend

The Board of Directors proposed and paid lnterim Dividend of 25 Kobo per ordinary share of 50 Kobo each (HY2018: 25Kobo) each on the 35,545,225,622 issued ordinary shares of 50k each payable to shareholders on the register of shareholding at the closure date. Withholding tax was deducted at the time of payment.

Proposed dividend

The Board of Director has recommended a Final Dividend of 40 Kobo (FY2018: 25Kobo) per ordinary share of 50 kobo for the year payable to shareholders on the register of shareholding at the closure date. Withholding Tax will be deducted at the time of payment.

Directors and their interests

The Directors who served during the year, together with their direct and indirect interests in the issued share capital of the Bank as recorded in the Register of Directors' Shareholding and as notified by the Directors for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act and listing requirements of the Nigerian Stock Exchange is noted below:

Number of Ordinary Shares of 50k each held as at 31 December 2019

	December 2019		December 2018	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga	4,354,838	-	3,604,838	-
H. O. Wigwe	201,231,713	1,240,291,197	201,231,713	1,240,291,197
R. C. Ogbonna	31,325,167	-	31,325,167	-
A. O. Ogunmefun	-	2,075,928	-	1,489,521
V.O. Etuokwu	16,851,125	-	16,851,125	-
T. Osuntoki*	29,815,811	-	29,815,811	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika	-	-	-	-
E. Ndukwe	4,740,630	-	700,000	-
A. Mamman Tor Habib	-	-	-	-
G. Jobome	10,168,772	-	7,569,956	-
I. T Akpana	314,996	-	314,996	-
A. A. Adekoya	-	-	-	-
H. Ambursa	10,636,094	-	8,709,527	-
A. Bajomo	477,957	-	-	-
C. Okoli**	656,322	-	-	-
O. Nwuke***	1,739,293	-	-	-
I. Osime****	10,179	-	-	-

* Resigned effective March 18, 2019
** Appointed effective March 22, 2019
*** Appointed effective November 19, 2019
**** Appointed effective November 7, 2019

The indirect holdings relate to the holdings of the under listed companies

		December 2019	December 2018
H.O. Wigwe	United Alliance Company of Nig. Ltd	537,734,218	537,734,218
	Trust and Capital Limited	702,556,979	702,556,979
A.O. Ogunmefun	L.O.C Nominees, Limited	2,075,928	1,489,521

Directors' interest in contracts

In accordance with the provisions of Section 277 (1) and (3) of the Companies and Allied Matters Act of Nigeria, the Board has received a declaration of interest from the under-listed directors in respect of the companies (vendors to the bank) set against their respective names.

Related director	Interest in entity	Name of company	Services to the Bank
Mrs. Mosun Belo- Olusoga	Director and Shareholder	The KRC Limited	Training
Mrs. Anthonia Ogunmefun	Director and Shareholder	LOC Nominees Ltd	Property Short Term Rental
Dr. Ernest Ndukwe	Director	MTN Nigeria	Telecommunications
Dr. Ernest Ndukwe	Director	Systemspecs	Payment Services
Mr. Paul Usoro (SAN)	Director and Shareholder	Paul Usoro & Co	Legal Services
Mr. Paul Usoro (SAN)	Director and Shareholder	PZ Cussons Nigeria Plc	Manufacturing of household items
Mrs. Ifevinwa Osime	Director and Shareholder	Wapic Insurance Plc	Insurance
Mrs. Ifevinwa Osime	Director	Wapic Life Ltd	Insurance
Dr. Okey Nwuke	Director	Coscharis Group	Vehicles Sales and Maintenance
Dr. Okey Nwuke	Director and Shareholder	Simply Gifts and Interiors Ltd	Corporate Gifts and Interiors
Dr. Okey Nwuke	Director and Shareholder	First Ally Asset Management Limited	Asset Management Services
Dr. Okey Nwuke	Director and Shareholder	Claritus Limited	Property Rentals
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc and its subsidiaries	Insurance
Mr. Herbert Wigwe	Shareholder	Coronation Securities Limited and its subsidiaries	Financial Services
Mr. Herbert Wigwe	Indirect Shareholder	United Securities Limited	Securities Registrar Services
Dr. Gregory Jobome	Director	CRC Credit Bureau Ltd	Credit Bureau Reference Service

Analysis of shareholding:

The shareholding pattern of the Bank as at 31 December 2019 was as stated below:

	December 2019			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	483,110	52.45%	92,187,759	0.26%
1,001 - 5,000	271,393	29.46%	604,186,062	1.70%
5001 - 10,000	68,870	7.48%	473,976,101	1.33%
10,001 - 50,000	74,687	8.11%	1,510,926,761	4.25%
50,001- 100,000	11,106	1.21%	803,091,167	2.26%
100,001 - 500,000	8,454	0.92%	1,702,332,414	4.79%
500,001 - 1,000,000	1,018	0.11%	735,081,095	2.07%
1,000,001 - 5,000,000	875	0.09%	1,745,587,871	4.91%
5,000,001 - 10,000,000	119	0.01%	867,656,944	2.44%
10,000,001 - 50,000,000	143	0.02%	3,310,512,009	9.31%
50,000,001 - 100,000,000	35	0.00%	2,499,101,362	7.03%
100,000,001 - 500,000,000	41	0.00%	9,578,283,038	26.95%
500,000,001 - 1,000,000,000	3	0.00%	2,191,617,277	6.17%
1,000,000,001 - 10,000,000,000	5	0.00%	7,085,032,376	19.93%
	919,859	**99.86%**	**33,199,572,236**	**93.40%**
Foreign Shareholders				
1 - 1,000	312	0.03%	99,909	0.00%
1,001 - 5,000	325	0.04%	855,737	0.00%
5001 - 10,000	148	0.02%	1,090,478	0.00%
10,001 - 50,000	343	0.04%	7,895,134	0.02%
50,001- 100,000	58	0.01%	4,029,667	0.01%
100,001 - 500,000	33	0.00%	6,120,644	0.02%
500,001 - 1,000,000	5	0.00%	2,974,385	0.01%

1,000,001 - 5,000,000	4	0.00%	10,302,750	0.03%
5,000,001 - 10,000,000	3	0.00%	21,115,836	0.06%
10,000,001 - 50,000,000	7	0.00%	125,715,993	0.35%
50,000,001 - 100,000,000	2	0.00%	123,385,748	0.35%
100,000,001 - 500,000,000	2	0.00%	296,680,834	0.83%
500,000,001 - 1,000,000,000	1	0.00%	564,553,083	1.59%
1,000,000,001 - 10,000,000,000	1	0.00%	1,180,833,188	3.32%
	1,244	**0.14%**	**2,345,653,386**	**6.60%**
Total	**921,103**	**100.00%**	**35,545,225,622**	**100.00%**

Shareholding Analysis as at 31 December 2019

Type of Shareholding	Holdings	Holding %
Retail investors	9,098,514,008	25.60%
Domestic institutional investors	24,024,801,093	67.59%
Foreign institutional investors	2,345,653,386	6.60%
Government related entities	76,257,135	0.21%
	35,545,225,622	**100%**

The shareholding pattern of the Bank as at 31 December 2018 is as stated below:

Range	December 2018 Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	408,498	50.60%	65,413,066	0.23%
1,001 - 5,000	247,369	30.64%	546,296,457	1.89%
5001 - 10,000	63,743	7.90%	436,780,841	1.51%
10,001 - 50,000	67,592	8.37%	1,355,844,346	4.69%
50,001- 100,000	10,062	1.25%	729,844,271	2.52%
100,001 - 500,000	7,346	0.91%	1,470,500,131	5.08%
500,001 - 1,000,000	811	0.10%	588,013,814	2.03%
1,000,001 - 5,000,000	685	0.08%	1,349,100,662	4.66%
5,000,001 - 10,000,000	108	0.01%	785,928,136	2.72%
10,000,001 and above	179	0.02%	20,063,120,380	69.36%
	806,393	**99.89%**	**27,390,842,104**	**94.69%**
Foreign Shareholders				
1 - 1,000	238	0.03%	70,388	0.00%
1,001 - 5,000	230	0.03%	599,830	0.00%
5001 - 10,000	110	0.01%	807,956.00	0.00%
10,001 - 50,000	259	0.03%	5,969,781	0.02%
50,001- 100,000	54	0.01%	3,813,892.00	0.01%
100,001 - 500,000	22	0.00%	4,170,142	0.01%
500,001 - 1,000,000	4	0.00%	2,314,669.00	0.01%
1,000,001 - 5,000,000	4	0.00%	9,488,479	0.03%
5,000,001 - 10,000,000	0	0.00%	-	0.00%
10,000,001 and above	7	0.00%	1,509,894,390	5.22%
	928	**0.11%**	**1,537,129,527**	**5.31%**
Total	**807,321**	**100%**	**28,927,971,631**	**100%**

Shareholding Analysis as at 31 December 2018

Type of Shareholding	Holdings	Holding %
Retail investors	9,281,045,393	32.08%
Domestic institutional investors	18,067,089,866	62.46%
Foreign institutional investors	1,513,164,479	5.23%
Government related entities	66,671,893	0.23%
	28,927,971,631	**100%**

Substantial interest in shares

According to the register of members at 31 December 2019, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	December 2019 Number of shares held	December 2019 % of shareholding	December 2018 Number of shares held	December 2018 % of shareholding
Stanbic Nominees Nigeria Limited*	5,276,579,505	14.84%	4,761,014,466	16.46%

*Stanbic Nominees held the shares as custodian for various investors. Stanbic Nominees does not exercise any right over the underlying shares. All the rights resides with the various investors on behalf of whom Stanbic Nominees carries out the custodian services.

Donations and charitable gifts

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-charitable organisations amounting to N363,911,848 (December 2018: N376,753,000) during the year, as listed below:

S/N	Purpose		Amount
1	Lagos State Security Trust Fund (LSSTF)	Sponsorship Payment for Lagos State Security Trust Fund	100,000,000
2	Nigerian Tulip International Colleges & National Mathemat	Sponsorship of the Annual National Mathematics Competition hosted by NTIC	50,000,000
3	United Nations Educational, Scientific and Cultural Organiz	Supporting the United Nations Educational, Scientific and Cultural Organization (UNESCO's) Priority Africa I	36,500,000
4	The Africa Center	Sponsorship of The Africa Center	36,194,000
5	Insurance Industry Consultative Council (IICC)	Sponsorship of the Insurance Industry Consultative Council (IICC)	25,000,000
6	CSR-in-Action	CSR in favour of Nigerian Police Force	13,900,000
7	Nigeria Police Force	Support towards Police Logistics	10,123,750
8	Central Bank of Nigeria (CBN)	Sponsorship Technical Coordination of CBN Roundtable on inclusive growth (Road to Growth)	10,000,000
9	The Sustainability and Enterprise and Responsibility (SER/	Support for the 13th Edition of the SERAS CSR Awards	10,000,000
10	Fintech Association of Nigeria	Contribution to the 2019 Conference of Nigerian Fintech Week	10,000,000
11	GBC Health	Contribution to Corporate Alliance on Malaria in Africa	9,100,000
12	Chartered Institute of Bankers of Nigeria (CIBN)	Contribution towards the Financial Literacy Campaign by Banker's Committee	5,765,040
13	Nigerian Stock Exchange	Contribution towards the 2019 Nigerian Stock Exchange 2019 Essay Competition	4,500,000
14	Healthbot Service Project	Supporting the Healthbot Service Project	4,000,000
15	Xploit Consult	Supporting XPLOITS E-Waste Stakeholders Session	4,000,000
16	Hacey Health Initiative	Supporting the Hacey Health 2019 World AIDS Day Program	4,000,000
17	Obafemi Awolowo University (OAU)	Contribution towards the construction of Road in OAU	3,829,058
18	Glow Initiative for Economic Empowerment (GIEE)	Supporting (GIEE) Glow Initiative for Economic Empowerment in the commemoration of 2019 World Enviro	2,000,000
19	Emerging Communities Initiative	Supporting the Emerging Communities Initiative Punch Out Cancer project	2,000,000
20	Centre for Youth Studies (CYS)	Supporting Centre for Youth Studies (CYS) programme for Persons with Disabilities	2,000,000
21	GBC Health & Hacey Health	Contributions to GBC Health and Hacey Health towards supporting 2019 World Malaria Day	2,000,000
22	Curves International	Contribution towards the Lagos Women Fitness Fair (LWFF)	2,000,000
23	Learning As I Teach Foundation	Supporting the Learning As I Teach Foundation for the World Teachers Day	2,000,000
24	Childhood Advancement Response & Empowerment (CARE	Supporting the Care Trust United Nation's Universal Childrens Day	2,000,000
25	Stanforte Edge	Supporting the 2019 United Nations International Literacy Day	2,000,000
26	Stanforte Edge	Support for the Digital Literacy Project	2,000,000
27	Childhood Advancement Response & Empowerment (CARE	Supporting the Care Trust Without Abuse Project	2,000,000
28	Hacey Health Initiative	Support for Hacey Health Event at the United Nations General Assembly (UNGA)	2,000,000
29	Nirvana Initiative	Support for Sickle Cell Awareness Month	2,000,000
30	Hacey Health Initiative	Supporting the Commemoration of the 2019 World Cancer Day	1,000,000
31	Hacey Health Initiative	Supporting Hacey Health 2019 World Health Day programs	1,000,000
32	COPE Initiative	Support for COPE Foundation Breast Cancer	1,000,000

363,911,848

Property and equipment
Information relating to changes in property and equipment is given in Note 28 to the financial statements. In the Directors' opinion, the fair value of the Group's property and equipment is not less than the carrying value in the financial statements.

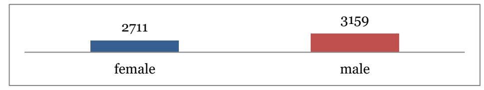
Human resources

(i) Report on diversity in employment
The Bank operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion, gender or physical condition.

We believe diversity and inclusiveness are powerful drivers of competitive advantage in developing and understanding of our customers' needs and creatively addressing them.

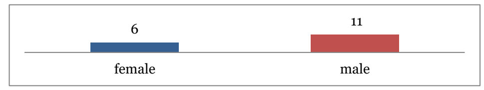
(a) Composition of employees by gender

Total number of female employees	2,711
Total number of male employees	3,159



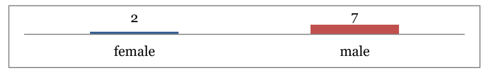
(b) Board Composition By Gender

Total number of female on the Board	6
Total number of men on the Board	11



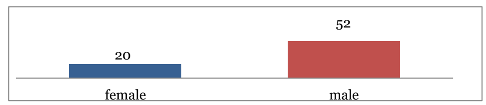
(c) Top Management (Executive Director To CEO) Composition By Gender

Total number of female in Executive Management position	2
Total number of persons in Executive Management position	7



(d) Top Management (AGM To GM) Composition By Gender

Total number of female in Top Management position	20
Total number of men in Top Management position	52



(ii) Employment of disabled persons
In the event of any employee becoming disabled in the course of employment, the Bank will endeavour to arrange appropriate training to ensure the continuous employment of such a person without subjecting the employee to any disadvantage in career development.

(iii) Health, safety and welfare of employees
The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank retains top-class hospitals where medical facilities are provided for its employees and their immediate families at its expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2014 as Amended and other benefit schemes for its employees.

(iv) Employee involvement and training
The Bank encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Bank provides opportunities where employees deliberate on issues affecting the Bank and its employees' interests, with a view to making inputs to decisions thereon. The Bank places a high premium on the development of its manpower. Consequently, the Bank sponsors its employees for various training courses, both locally and overseas.

(v) Statement of commitment to maintain positive work environment
The Bank shall strive to maintain a positive work environment that is consistent with best practice to ensure that business is conducted in a positive and professional manner and to ensure that equal opportunity is given to all qualified members of the Group's operating environment.

Credit Ratings
The revised prudential guidelines, as released by the CBN, requires that banks should have themselves credit rated by a credit rating agency on a regular basis. It is also required that the credit rating be updated on a continuous basis from year to year.

Below are the credit ratings that Access Bank has been assigned by the various credit rating agencies that have rated the Bank, in no particular order:

Long Term Local Credit Ratings

	Long Term	**Date**
Standard & Poor's	A	Jul-19
Fitch Ratings	A+	Jul-19
Agusto & Co	AA-	Jul-19
Moody's	A1	Apr-19

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B	Jul-19
Fitch Ratings	B	Jul-19
Moody's	B2	Apr-19

More information on the rating reports can be obtained at https://www.accessbankplc.com/credit-rating

Audit committee
Pursuant to Section 359(3) of the Companies and Allied Matters Act of Nigeria, the Bank has an Audit Committee comprising three directors and three shareholders as follows:

1	Mr. Henry Omatsola Aragho	-	Shareholder	Chairman
2	Mr. Olutoyin Eleoramo	-	Shareholder	Member
3	Mr. Idaere Gogo-Ogan	-	Shareholder	Member
4	Dr. Ernest Ndukwe	-	Director	Member
5	Dr. (Mrs.) Ajoritsedere Awosika	-	Director	Member
6	Mr. Abba Mamman Tor Habib	-	Director	Member

The functions of the Audit Committee are as provided in Section 359(6) of the Companies and Allied Matters Act of Nigeria.

The auditors, PricewaterhouseCoopers have indicated their interest to continue in office and will do so pursuant to section 357(2) of the Companies and Allied Matters Act

BY ORDER OF THE BOARD

Plot 999c, Danmole Street,
Victoria Island, Lagos.
Lagos

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

CUSTOMER COMPLAINTS AND FEEDBACK

Access Bank is fully committed to its core value of ‘passion for customers. The Bank prides itself on providing exceptional services to customers at all times. At the same time, given the number and complexity of financial transactions that take place every day, the Bank recognizes that there will inevitably be occasions when mistakes and misunderstandings occur. In these situations, Access bank encourages customers to bring their concerns to the attention of the bank for prompt resolution. In addition, deliberate efforts are made to solicit customers’ feedback on its products and services.

Complaints Channels

In order to facilitate seamless complaint and feedback process, the bank has provided various channels for customers. These include:

- 24 hour contact centre with feedback through emails, telephone, SMS, Livechat, Social Media etc.
- Feedback portal on the Bank's website
- Customer service desks in over 300 branches and toll-free telephone lines to the office of the Group Managing Director in the banking halls of key branches.
- Correspondence from customers
- The Voice of Customer Solution
- The Ombudsman desk

Complaints Handling

We handle customer complaints with sensitivity and in due regard for the needs and understanding of each complainant. Efforts are made to resolve customer’s complaints at first level. Where this cannot be done, they are immediately referred to the appropriate persons for resolution. All complaints are logged and tracked for resolution and feedback is provided to the customer.

Resolve or Refer command Centre

The ‘Resolve or Refer’ command centre serves to encourage timely service delivery and First Time Resolution (FTR) of customer issues. The ‘Resolve or Refer Command Centre’ which is being run by a senior management staff has the mandate to ensure that most customer issues are resolved same day. The command centre provides support to all our departments and branches on issue resolution.

Complaints Tracking and Reporting

We diligently track complaint information for continuous improvement of our processes and services. An independent review of the root cause of complaints made is carried out and lessons learnt are fed back to the relevant business units to avoid future repetition. Customer complaint metrics are analysed and reports presented to Executive Management and the Operational Risk Management committee. Reports on customer complaints are also sent to the Central bank as required.

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE YEAR ENDED 31 December 2019

	NAIRA						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)	
		2019	2018	2019	2018	2019	2018
1	Pending complaints B/F	9,277	8,553	2,782,204,606	172,509,794	-	-
2	Received Complaints	1,492,080	427,797	453,225,455,706	16,012,779,723	-	-
3	Resolved complaints	1,410,439	427,073	451,894,264,843	13,403,084,911	3,954,787,501	963,351,220
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	90,918	9,277	4,113,395,469	2,782,204,606	-	-

	USD						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (USD)		AMOUNT REFUNDED (USD)	
		2019	2018	2019	2018	2019	2018
1	Pending complaints B/F	39	50	10,801,210	2,424,914	-	-
2	Received Complaints	10143	2,260	2,586,120,957	53,083,605	-	-
3	Resolved complaints	10139	2,271	2,514,408,440	44,707,310	3,239,116	1,040,486
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	43	39	82,513,727	10,801,210	-	-

	GBP						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (GBP)		AMOUNT REFUNDED (GBP)	
		2019	2018	2019	2018	2019	2018
1	Pending complaints B/F	2	2	60,308	11,200		-
2	Received Complaints	233	104	10,212,292	572,874	-	-
3	Resolved complaints	230	104	10,154,497	523,766	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	5	2	118,104	60,308	-	-

	EUR						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (EUR)		AMOUNT REFUNDED (EUR)	
		2019	2018	2019	2018	2019	2018
1	Pending complaints B/F	2	4	14,109	5,000.00	-	-
2	Received Complaints	481	104	5,092,486	1,105,196	-	-
3	Resolved complaints	479	106	5,097,758	1,096,087	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	4	2	8,837	14,109	-	-

Solicited Customer Feedback

Deliberate efforts are made to solicit feedback from customers and staff on the services and products of the bank through the following:
- Questionnaires
- Customer interviews
- Customers forum
- Quest for Excellence Sessions (for staff)
- Voice of Customer Surveys

The various feedback efforts are coordinated by our Service and innovation Group
The feedback obtained from customers are reviewed and lessons learnt are used for staff training and service improvement across the bank.

REPORTS TO THE CBN ON FRAUD AND FORGERIES

		December 2019			December 2018		
S/N	Category	Frequency	Actual Loss	% Loss	Frequency	Actual Loss	% Loss
1	ATM/Electronic Fraud	5,715	-	0.00%	4,108	385,758,558	80.77%
2	Cash Theft/ Suppression	73	100,443,185	29.96%	15	13,123,214	2.75%
3	Fraudulent Transfer/Withdrawals	38	122,120,354	36.43%	20	20,024,919	4.19%

CORPORATE GOVERNANCE REPORT FOR FINANCIAL YEAR ENDED DECEMBER 31, 2019

The Board of Access Bank Plc ('the Bank') is pleased to present the Corporate Governance Report for 2019 Financial Year. The report provides insight into the operations of our governance framework and Board's key activities during the year.

The Board recognizes that effective governance is a key imperative for strong corporate performance and sustainable prosperity of the firm. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth. The Group's corporate governance framework is designed to align management's actions with the interest of shareholders while ensuring a appropriate balance with the interest of other stakeholders. Our corporate governance systems ensure on-going compliance with the Bank's governance charter and relevant codes of corporate governance as well as the post listing requirements of the stock exchanges where our securities are listed. Our governance model is founded on key pillars of diversity, accountability, responsibility, transparency, independence, fairness and discipline. The Bank's governance policies and structure and regularly reviewed to reflect changes in the operating environment, regulation and best practices.
The Bank and its subsidiaries ('the Group') are governed under a framework that enables the Board to discharge its oversight functions, provide strategic direction to the Bank, take decisions and ensure regulatory compliance. The subsidiaries comply with the statutory and regulatory requirements of their host countries and align their governance framework with that of the Bank to the extent permissible by their local regulations.

The Board

The Board is led by the Group Chairman and sets the Group's strategy and risk appetite. It also approves capital and operating plans for the attainment of the Group's strategic objectives on the recommendation of Management.

The Board witnessed significant renewal in 2019 with the appointment of a new Chairman, one independent Non-Executive Director, an Non-Executive Director and a new Executive Director. Imbued with the right balance of skills, experience and diversity we are confident that the new appointments will steer the Board in the right direction and position the Bank for delivery of sustainable value to our stakeholders.

Composition and Role

As at December 31, 2019 the Board was made up of 17 members comprising 10 Non-Executive Directors 5 of whom are Independent Directors and 7 Executive Directors. Six of the Board Members are female.

Board Members Profile

Mosun Belo-Olusoga, FCA ,
Chairman

Mrs. Belo-Olusoga has served on several other prestigious boards including Premium Pensions Limited and Action Aid Nigeria. She currently sits on the board of Finance and Commercial Services Ltd, FCSL Asset Management, MTN Nigeria Foundation and Mainstream Energy Foundation. She is the Pro Chancellor and Chairman of Council, Olabisi Onabanjo University and Co-Chair of Women Corporate Directors. She is the Founder of City of Knowledge Academy, a co-educational secondary institution established to provide excellent academic and leadership training for young minds in a safe and secure environment.

She had an illustrious banking career spanning nearly three decades and retired from Guaranty Trust Bank Plc in 2006 as an Executive Director.

She is a graduate of Economics from the University of Ibadan. She qualified as a Chartered Accountant in 1983 and is a fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria. Appointed in November 2007, her appointment was approved by the Central Bank of Nigeria in January 2008. She was the Chairperson of the Board Credit and Finance Committee until her appointment as Chairman of the Board in July 2015. She retired from the Board on January 8, 2020 having served the maximum 12-year tenure permitted by the Central Bank of Nigeria’s Code of Corporate Governance for Bank in Nigeria.

She is 62 years old as at the date of this meeting.

Anthonia O. Ogunmefun,
Non-Executive Director
Mrs Ogunmefun is the Managing Partner of Kemi Ogunmefun Law Office, a Canadian-based private legal practice specialising in immigration law, family law, real estate and corporate law. She served as the Chairperson of Governance Committee of Kinark Child and Family Services, a major Canadian childcare trust, and is a Non-Executive Director of LOC Nominees Limited.

Mrs. Ogunmefun obtained her Bachelor of Laws degree from the University of Lagos in 1974. She was called to the Nigerian Bar in 1975 and the Law Society of Upper Canada in 2004. She was appointed to the Board in April 2011. Mrs. Ogunmefun is the Chairman of the Board Risk Management Committee and Vice Chairman of the Governance and Nomination Committee.

She is 68 years old as at the date of this meeting.

Ernest Ndukwe, OFR

Independent Non-Executive Director

Dr. Ndukwe is an Electrical/Electronics Engineer, with over three decades of experience in the telecommunications industry. He was the Managing Director of General Telecoms between 1989 and 2000 and Executive Vice Chairman of Nigerian Communications Commission between 2000 and 2010.

He is a graduate of the University of Ife and an alumnus of Lagos Business School. He is a fellow of the Nigerian Society of Engineers, Nigerian Institute of Management and Nigerian Academy of Engineering.

Dr. Ndukwe sits on the boards of Systemspecs Limited, Open Media Group and MTN Communications Nigeria Plc. He joined the Board of Access Bank in December 2012 and chaired the Board Audit Committee and Board Digital and Information Technology Committee..

Dr. Ndukwe is 71 years old as at the date of this meeting.

Ajoritsedere Awosika, MFR

Independent Non-Executive Director

Dr. Awosika is an accomplished administrator with over three decades experience in public sector governance. She was at various times, the Permanent Secretary in the Federal Ministries of Internal Affairs, Science & Technology and Power. She is a fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy.

Dr. Awosika holds a doctorate degree in pharmaceutical technology from the University of Bradford, United Kingdom. She was appointed to the Board of Access Bank in April 2013 and served as the Vice-Chairman of the Board Audit Committee and Chairman of the Board Credit and Finance Committee.

She sits on the boards of Capital Express Assurance Ltd, Chams Plc, Ned-In Pharmaceutical IV Plant and Josephine Consulting Limited.

She became the Chairman of the Board on January 8, 2020 following the retirement of Mrs. Mosun Belo-Olusoga.

She is 67 years old as at the date of this meeting.

Paul Usoro, SAN

Non-Executive Director

Mr. Usoro is a Senior Advocate of Nigeria, a Fellow of the Chartered Institute of Arbitrators and the founder and Senior Partner of the Law firm of Paul Usoro & Co. He has over 30 years of law practice experience and is acknowledged as a highly experienced litigator and communication law expert.

He is currently a Non-Executive Director of PZ Cussons Nigeria Plc. He was elected President of the Nigerian Bar Association in August 2018 for a two-year term and is a member of Council of Legal Education . He is also a member of the National Judicial Council, Body of Benchers and Nigerian Institute of Advanced Legal Studies He represented Access Bank as a Non-Executive Director on the board of the defunct Intercontinental Bank Plc.

He holds a Bachelor of Laws degree from the University of Ife (1981) and was called to the Nigerian Bar in 1982. Mr Usoro joined the Board in January 2014 and currently chairs the Board Governance and Nominations Committee and Board Technical Committee on Retail Expansion.

He is aged 61 at the date of this meeting.

Abba Mamman Tor Habib

Non-Executive Director

Mr. Habib is a thoroughbred banking professional with over 20 years' experience, 15 of which were spent with Guaranty Trust Bank Plc where he voluntarily resigned in 2008 as an Executive Director. His experience in Guaranty Trust Bank spanned Corporate Banking and Risk Management. Mr. Habib is the Managing Director of Gremcoh Services Limited, his family owned agricultural and real estate enterprise.

He holds a First-Class degree in Agricultural Economics from the University of Maiduguri and a Master of Science in Banking and Finance from Bayero University, Kano. He has attended several Executive Development Programmes in leading institutions including African Development Bank, Harvard, IMD, D.C Gardner London and INSEAD.

He joined the Board in January 2016 and served as the Vice-Chairman of the Board Credit and Finance Committee before his retirement from the Board on March 30, 2020.

Mr. Habib is 58 years old as at the date of this meeting.

Adeniyi Adekoya

Independent Non- Executive Director

Mr. Adekoya is a highly experienced maritime and oil and gas industry expert with significant experience in investment banking. He was a one time General Manager of Peacegate Holdings Ltd where he was responsible for setting up and developing the company's marine operations. He was also consultant to Maine Nigeria Ltd where he developed the framework for a private placement to raise USD 500 million start-up capital and led the company's participation in bid rounds for oil blocks in the Republic of Equatorial Guinea.

Mr. Adekoya worked with Mobil Oil Producing Nigeria Unlimited as a Budget Officer, Exploration Department, and obtained financial service industry experience from AIM Fund and Trimark Investment Service, both in Ontario, Canada. Mr. Adekoya holds a Bachelors degree in Business Administration from the University of Lagos.

He joined the Board in March 2017 and is the Vice-Chairman of the Board Digital and Information Technology Committee

He sits on the boards of Synerpet Ltd and Weston Intergrated Services Ltd.

Mr Adekoya is aged 53 years old as at the date of this meeting.

Iboroma Akpana

Independent Non- Executive Director

Mr. Akpana is the Managing Partner of Solola & Akpana, one of the leading commercial and oil and gas law firms in Nigeria. He is a consummate corporate and commercial lawyer with a career spanning over two decades. Mr. Akpana has a proven track record of academic excellence. He graduated as a top student in Law from the University of Jos and obtained a Master's Degree from Harvard Law School. He is a Notary of the Federal Republic of Nigeria.

Based on his work, he was recognised in the Chambers Global 2006, 2007, 2008 and 2009 editions as a 'Leading Individual' in Nigeria in its Corporate and Commercial section. Similarly, the International Financial Law Review 1000 ranked him as a Leading Lawyer' in Nigeria in its 2006, 2007, 2008 and 2009 editions while the Legal 500 Europe, Middle East and Africa profiled him as a 'Recommended Individual'.

Mr. Akpana is a member of the International Bar Association, American Bar Association, New York State Bar Association, Nigerian Bar Association and the Law Society of England and Wales. He joined the Board in March 2017. Mr. Akpana is the Chairman of the Board Governance and Nominations CommitteeHe sits on the Board of Amni International Petroleum Services Ltd.

Mr. Akpana is aged 55 years as at the date of this meeting.

Mrs. Ifeyinwa Osime
Independent Non-Executive Director

Mrs. Osime is a versatile and result oriented professional with over 30 years' experience in the insurance industry and commercial legal practice at management and board levels. She has deep knowledge and experience in the management of administrative, legal, and company secretarial functions in financial and other related institutions.

She had championed and established a special needs programme which is actively involved in the management and care of children and young people with special needs.. She is currently engaged legal practice with Macpherson Legal Practitioners, a Lagos based law firm. She is an Independent Non-Executive Director of WAPIC Insurance Plc and WAPIC Life Ltd.

Mrs. Osime was the former Chairperson of PHB Healthcare Limited, former Director, Bank PHB Plc (now Keystone Bank Limited) and a former Director, Insurance PHB Limited (now KBL Insurance). She was the Company Secretary/ Legal Adviser of African Development Insurance Company Limited (now NSIA Insurance) between 1989 and 1997.

She holds an LLM Degree from University of London (1989) with specialization in Corporate and Commercial Law and an LLB Degree from the University of Benin (1986).

She joined the Board in November 2019 following the approval of the Central Bank of Nigeria.

Mrs. Osime is **52** years old as at the date of this meeting.

Dr. Okey Nwuke
Non-Executive Director

Dr. Okey Nwuke has over 28 years' experience in finance and corporate governance working with top corporates and leading commercial banks in Nigeria. He is a Fellow of both the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria, an honorary member of Chartered Institute of Bankers of Nigeria and a member of Business Recovery and Insolvency Practitioners.

He has garnered considerable expertise in credit analysis and bank financial management through professional training as a chartered accountant and from relevant training programmes and on the job training. He was an Executive Director in Access Bank from 2004 to 2013 and served as the Chairman of the Board of Directors of the Bank's subsidiaries in Rwanda and Burundi. Dr. Nwuke was a pioneer Non-Executive Director of StanbicIBTC Pension Managers Limited representing Access Bank.

Dr. Nwuke's key competencies include finance, strategy development and execution, organizational restructuring and transformation, leadership and change management. He joined the Board of Coscharis Group in August 2014 and is currently responsible for the strategic drive to position it for sustainability . He currently chairs the Shareholders' Audit Committee of NASCON Plc.

He holds a B.Sc. Degree in Accountancy from University of Nigeria, Nsukka and an MBA (Distinction) in International Banking and Finance from the Birmingham Business School, United Kingdom. Dr. Nwuke holds a Doctorate Degree in Business Administration (DBA) from Walden University, Minnesota, USA with a research focus on leadership transition challenges in family businesses. He has been exposed to several leadership and professional development programmes at renowned institutions including Harvard Business School, Boston (AMP 175), Wharton Business School, Pennsylvania (both in U.S.A), INSEAD and IMD .

He joined the Board in November 2019 following the approval of the Central Bank of Nigeria.

He is **53** year old as at the date of this meeting.

Herbert Wigwe, FCA
Group Managing Director /Chief Executive Officer

Mr. Wigwe started his professional career with Coopers & Lybrand Associates, an international firm of Chartered Accountants. He spent over 10 years at Guaranty Trust Bank Plc where he managed several portfolios, including financial institutions, large corporates and multinationals. He left Guaranty Trust Bank as an Executive Director to co-lead the transformation of Access Bank Plc in March 2002 as Deputy Managing Director. He was appointed Group Managing Director/CEO effective January 1, 2014.

Mr Wigwe is an alumnus of the Harvard Business School Executive Management Programme. He holds a Master's degree in Banking and International Finance from the University College of North Wales; a Master's degree in Financial Economics from the University of London and a B.Sc. degree in Accounting from the University of Nigeria, Nsukka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN).

Mr Wigwe is also the Chairman of The Access Bank (UK) Ltd and a Non-Executive Director of Nigerian Mortgage Refinance Company Plc, FMDQ OTC Securities Exchange and Shared Agents Network Expansion Facilities Ltd. He is also a member of the Governing Council of the Chartered Institute of Bankers of Nigeria..

He is 53 years old as at the date of this meeting.

Roosevelt Ogbonna, FCA

Group Deputy Managing Director

Mr Ogbonna was appointed Executive Director, Commercial Banking Division in October 2013 and became Group Deputy Managing Director on May 1, 2017. He has over 20 years' experience in banking, cutting across Treasury, Commercial and Corporate Banking. He joined Access Bank in 2002 as a manager from Guaranty Trust Bank Plc.

He is a Fellow of the Institute of Chartered Accountants of Nigeria and holds a Second-Class Upper degree in Banking and Finance from the University of Nigeria, Nsukka. He has attended Executive Management Development Programmes in several leading institutions.

Mr. Ogbonna represents the Bank on the boards of Access Bank (Zambia) Ltd, Central Securities Clearing System Plc, Africa Finance Corporation and The Access Bank (UK) Limited.

He is 45 years old as at the date of this meeting.

Victor Etuokwu, HCIB
Executive Director
Personal Banking

Mr. Etuokwu's appointment as Executive Director was renewed in October 2013 following the expiration of his initial term. He was first appointed Executive Director of Access Bank in January 2012, He oversees the Personal Banking Division and has over two decades of banking experience cutting across Operations, Information Technology, and Business Development.
He joined the Bank in July 2003 from Citibank Nigeria. Mr Etuokwu holds a Bachelor of Science degree and a Masters in Business Administration from the University of Ibadan and the University of Benin respectively.

He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria and represents the Bank on the boards of E-Tranzact Plc and Unified Payments Services Limited. He sits on the Board of ACT Foundation.

Mr. Etuokwu is 52 years old as at the date of this meeting

Dr. *Gregory Ovie Jobome*
Executive Director
Chief Risk Officer
Dr. Jobome is a thoroughbred banking professional with a strong academic background. He obtained a First Class degree in Economics from the University of Maiduguri in 1986 and a Distinction in Master of Business Administration degree from Obafemi Awolowo University in 1990. Dr Jobome also obtained a Master of Science Degree (1994) and a

Doctorate degree (2002) both in Economics and Finance from Loughborough University, UK.

He has over 26 years of working experience obtained from Guaranty Trust Bank Plc, the University of Liverpool Management School, Manchester Business School and Access Bank Plc. He joined Access Bank Plc in July 2010 as a General Manager and Chief Risk Officer. Prior to joining the Bank, he was a Risk Management Consultant to Guaranty Trust Bank Plc.

Dr Jobome has been instrumental to the many giant strides attained by the Bank in the risk management space. Dr. Jobome is a highly sought-after resource person and has held several key industry leadership positions, including; Director, CRC Credit Bureau Ltd; President, Risk Management Association of Nigeria; Member, Working Group on Regulatory Reforms of the Institute of International Finance and Member, Capacity Building Committee, Chartered Institute of Bankers of Nigeria. He was appointed to the Board in January 2017.

He is the Chairman of CRC Credit Bureau Ltd, an investee company of the Bank.

Dr. Jobome is 54 years old as at the date of this meeting.

Hadiza Ambursa
Executive Director
Commercial Banking

Ms. Ambursa was appointed Executive Director, Commercial Banking North in November 2017.

She has over two decades of banking experience from Guaranty Trust Bank and Access Bank. Her experience covers Transaction Services, Public Sector, Commercial Banking and Corporate Finance. Prior to joining Access Bank in 2003, she was a Relationship Manager Public Sector in Guaranty Trust Bank Plc.

Ms. Ambursa graduated with a Bachelor's of Science degree in Political Science from University of Jos in 1991 and obtained a Master's degree in Law and Diplomacy in 1996 from the same university. She subsequently attended Massachusetts Institute of Technology ('MIT') where she obtained a Master's in Business Administration n 2009. She has attended several Executive Management Development Programmes in leading institutions, including Harvard Business School and MIT.

She is 49 years old as at the date of this meeting.

Adeolu Bajomo

Executive Director
Information Technology & Operations

. Mr. Bajomo is a globally focused financial services executive with achievements cutting across banking, insurance and capital market.

Mr. Bajomo's appointment as Executive Director, Information Technology and Operations was approved by the Central Bank of Nigeria in January 2018.

Prior to joining the Bank, he was Executive Director, Market Operations and Technology at the Nigerian Stock Exchange. In that role, he delivered market-wide transformation initiatives that firmly established the Exchange as the second largest stock exchange in Africa by market capitalization with over 7 million investors. Mr. Bajomo had worked as Regional Head of Transformation Programme at Barclays Bank Plc UK (2007-2011); Head of IT Strategy and Systems at Pearl Insurance Group, UK (2006-2007) and IT Director at Fortis Bank UK (1997-2006) amongst other leadership roles.

He holds an MBA from CASS Business School; MSc Information Systems Engineering from South Bank University, London and a BSc in Civil Engineering from University of Ife. Mr. Bajomo is a chartered member of British Computer Society and a member of Institute of Directors, UK.

He is 54 years old as at the date of this meeting.

Chizoma Okoli
Executive Director
Business Banking Division

Mrs. Okoli commenced her banking career as an Executive Trainee in the Operations Unit of Diamond Bank Plc in April 1992 and served in various capacities in the bank until her appointment as an Executive Director in Diamond Bank in September, 2016.

She was joined the Board of Access Bank Plc in March 2019 following the merger with the defunct Diamond Bank.

She is a 1989 Law Graduate from the University of Benin and was called to the Nigerian Bar in December 1990. She holds an MBA from Warwick Business School, Coventry, UK. Mrs. Okoli has attended various courses in Nigeria and abroad including the Advanced Management Programme of Wharton Executive Education, University of

Pennsylvania and the Senior Management Programme of the Lagos Business School. She is also an Honorary Member of the Chartered Institute of Bankers of Nigeria.

Mrs. Okoli is 51 years old as at the date of this meeting.

Sunday Ekwochi, HCIB

Company Secretary
Mr. Ekwochi was appointed the Company Secretary of the Bank in March 2010. He graduated as a top student in Law from the University of Jos with a Second-Class Upper degree in 1996 and from the Nigerian Law School in February 1998 with a Second Class Upper degree. He has over 19 years' banking experience from the then African Express Bank, Fidelity Bank and Access Bank Plc.

Mr. Ekwochi qualified as a Chartered Secretary with the Institute of Chartered Secretaries and Administrators, London in 2003. He has attended Management Development Programmes at London Business School, Euromoney, Wharton Business School and IMD. He is an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria.
Mr. Ekwochi serves as the Vice-Chair of the Association of Banks Legal Advisers and Company Secretaries.

Performance Monitoring and Evaluation

The Board in the discharge of its oversight function continues to engage management in the planning, definition and execution of the Bank's strategy. Management's report on the execution of defined strategic objectives is a regular feature of the Board's agenda, thus providing the Board with the opportunity to evaluate and constructively challenge management in the execution of strategy.
The Board usually holds an annual Board Retreat, where the strategy for the coming year is rigorously debated and agreed between Management and the Board. The Board held its 11th Annual Retreat at Kempinski Hotel, Accra, Ghana on July 19-20 2019. Management provides the Board with quarterly update on implementation of the strategy affording the Board the opportunity to critique the Management's performance and access significant risk issues as well as mitigating controls implemented.

Management's report on the Group's actual financial performance is presented relative to the planned budget to enable the Board assess performance. Peer comparison is also regular feature of Management reporting to the Board to benchmark performance against that of our competitors.

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and annual reviews of our compliance with the CBN and the SEC Codes respectively and render appropriate reports to the regulators.

Board assessment when done effectively provides the board the opportunity to identify and remove obstacles to better performance and to strengthen what works well. The Board has established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. Ernest and Young was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2019 The Board believes that the use of an independent consultant promotes the objectivity and transparency of the evaluation process. Our Board assessment transcends beyond box ticking and involves a rigorous process of on-line self-evaluation and 360° feedback with a heavy focus on qualitative considerations and includes the evaluation of the Board and the Committees as well as the effectiveness of the Independent Directors .

In compliance with the CBN Code, the 2018 Annual Board Performance Evaluation Report was presented to shareholders at the Bank's 30th Annual General Meeting held on April 25, 2019 by a representative of Ernst and Young Limited while the result of the 2019 Board Performance was presented at the Board meeting held on February 10, 2020. The summary of the 2019 report is contained herein at page….. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency.

Board Composition- Guiding Principles

The Group's Fit and Proper Person Policy is designed to ensure that the Bank and its subsidiary entities are managed and overseen by competent, capable and trustworthy individuals. The Governance and Nomination Committee is responsible for both Executive and Non-Executive Director succession planning and recommends new appointments to the Board. The Committee takes cognisance of the existing range of skills, experience, background and diversity on the Board in the context of the Bank's strategic direction before articulating the specifications for the candidate sought. The Committee also considers the need for appropriate demographic and gender balance in recommending candidates for Board appointments. Candidates who meet the criteria set by the Committee are subjected to enhanced due diligence enquiries. We are comfortable that the Board is sufficiently diversified to optimise its performance and deliver sustainable value to stakeholders.

The Board's composition is aligned with global best practice on the parity of Non-Executive Directors to Executive Directors. In 2019, the Board had more Non-Executive Directors than Executive Directors, with five Non-Executive Directors being Independent as against two required by the Central Bank of Nigeria's Code of Corporate Governance for Banks in Nigeria. Non-Executive Directors are appointed to the Board to bring independent, specialist knowledge and impartiality to strategy development and execution monitoring. The Board is committed to improving gender diversity in its composition with 35% female memberships as at December 31, 2019 (2018: 33%) above Nigeria's national average of 12%.

Re-election, Election and Retirement of Directors

In accordance with the Bank's Articles of Association, one third of all Non-Executive Directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with directors appointed by the Board since the last Annual General Meeting.

Dr. (Mrs.) Ajoritsedere Awosika and Mr. Abba Mamman Tor Habib retired at the Bank's 30th Annual General Meeting held on April 25, 2019 and being eligible for re-election were duly re-elected by shareholders.

In the course of the year , Mrs Titi Osuntoki resigned her appointment to enable her pursue other personal interests. Until her retirement, she was the Executive Director Business Banking. The Board commends Mrs. Osuntoki for her strong contributions to the Bank as wishes her success in her future endeavours.

In the course of 2019, the Board appointed Mrs. Ifeyinwa Osime and Dr. Okey Nwuke as Independent Non-Executive Director and Non-Executive Director respectively. Both appointments have been approved by the Central Bank of Nigeria. In line with the provisions of the Articles of Association both appointees will retire at this meeting and will submit themselves for election.

Pursuant to the provisions of the Bank's Articles of Association , Messrs Adeniyi Adekoya and Iboroma Akpana will retire during this Annual General Meeting and being eligible for re-election will submit themselves for re-election. The Board is convinced that the directors standing for election and re-election will continue to add value to the Bank. The Board believes that they are required to maintain the needed balance of skill, knowledge and experience on the Board.

The biographical details of the directors standing for election and re-election are contained on page ……. of this report.

Board Effectiveness

Today's boards are required to be more engaged, more knowledgeable and more effective than in the past as they contend with a host of new pressures, challenges and risks. As stakeholders' expectations from the Board continue to grow, the Board must set its strategic priorities often across diverse business segments and markets and monitor the firm's risk profile. The Board must demonstrate that good corporate governance is not a box-ticking exercise by setting the right ethical tone from the top. The Board's approach towards ensuring its effectiveness is achieved through composition, induction, training and a rigorous evaluation process. The effectiveness of the Board derives from the diverse range of skills and competences of the Executive and Non-Executive Directors who have exceptional degrees in banking, financial and broader entrepreneurial experiences

Training and Induction

We recognise that being a director is becoming increasingly more challenging, thus we ensure that Board members are provided with regular domestic and international trainings to improve their decision-making capacity, thereby contributing to the overall effectiveness of the Board.

New directors are exposed to personalised induction programme which includes one-on-one meetings with Executive Directors and Senior Executives responsible for the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers an overview of the Strategic Business Units as well as Board processes and policies. A new director is provided with an induction pack containing charters of the various Board Committees, significant reports, important statutes and policies, minutes of previous Board meetings and a calendar of Board activities. Based on the recommendation of the Governance and Nomination Committee, the Board approves the annual training plan and budget for directors while the Company Secretary ensures the implementation of the plan with regular reports to the Board. During the period under review, the Directors attended the training programmes shown below.

DIRECTORS TRAINING REPORT FOR 2019

S/N	NAME OF DIRECTOR	TRAINING	FACILITATOR	DATE	STATUS
1	Hadiza Ambursa	Finance for Senior Executives	Harvard Business School	February 3-8,2019	Done
2	Anthonia Ogunmefun	Strategic Thinking and Leadership	Wharton School, University of Pennsylvania	February 3-6, 2019	Done
3	Adeolu Bajomo	Driving Digital Strategy	Harvard Business School	March 31-April 5, 2019	Done
4	Anthonia Ogunmefun	Bank Directors' Conference on Cybersecurity	BDAN	April 4, 2019	Done
5	Adeniyi Adekoya	Value Creation through Effective Boards	IESE Business school and HBS	May 20-23, 2019	Done

6	Gregory Jobome	International Symposium on Economic Crime	University of Cambridge	September 1-8, 2019	Done
7	Ernest Ndukwe	Developing Exceptional Board Leaders	Columbia Business School	September 18-20, 2019	Done
8	Victor Etuokwu	Orchestrating Winning Performance	IMD	September 24-28,2019	Done
9	ABBA HABIB	Digital Transformation- Repositioning Financial Institutions: Perspectives and Imperatives for the Board'	FITC	SEPTEMBER 24-25, 2019	Done
10	Mosun Belo-Olusoga Ajoritsedere Awosika Anthonia Ogunmefun Ernest Ndukwe Mr. Paul Usoro Abba Habib Adeniyi Adekoya Iboroma Akpana Ifeyinwa Osime Dr. Okey Nwuke Mr. Herbert Wigwe Mr. Roosevelt Ogbonna	AML/CFT Training	Intergovernmental Action Group Against Money Laundering in West Africa (GIABA)	December 16, 2019	Done

	Mr. Victor Etuokwu				
	Dr. Gregory Jobome				
	Ms. Hadiza Ambursa				
	Mr. Ade Bajomo				
	Mrs. Chizoma Okoli				

Shareholders and Regulatory Engagement

The Board recognizes the importance of free flow of complete, adequate and timely information to shareholders to enable them make informed decision and is committed to maintaining high standards of corporate disclosure. The implementation of our Investor Communication and Disclosure Policy helps the Board to understand shareholders views about the Bank. The Bank's website www.accessbankplc.com is regularly updated with both financial and non-financial information.

Shareholders meetings are convened and held in an open manner in line with the Bank's Articles of Association and existing statutory and regulatory regimes, for the purpose of deliberating on issues affecting the Bank's strategic direction. The Annual General Meeting is a medium for promoting interaction between the Board, management and shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies, while proceedings at such meetings are usually monitored by members of the press, representatives of the Nigerian Stock Exchange, the Central Bank of Nigeria and the Securities and Exchange Commission. The Board ensures that shareholders are provided with adequate notice of meetings. An Extraordinary General Meeting may also be convened at the request of the Board or shareholders holding not less than 10% of the Bank's Paid-Up Capital.

The Group has a dedicated Investors Relations Unit that facilitates communication with shareholders and analysts on a regular basis and addresses their queries and concerns. Investors and stakeholders are frequently provided with information about the Bank through various channels, including Quarterly Investors Conference Calls, the General Meeting, the Bank's website, the Annual Report and Accounts, Non-Deal Road Shows and Investors Forum at the Stock Exchange.

The Board ensures that communication with the investing public about the Bank and its subsidiaries is timely, factual, broadly disseminated and accurate in accordance with all applicable legal and regulatory requirements. The Bank's reports and communication to shareholders and other stakeholders are in plain, readable and understandable format. The Board ensures that shareholders' statutory and general rights are always protected, particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the size of their shareholding and social conditions. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

Access to Information and Resources

Management recognises the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them make informed decisions in discharge of their responsibilities. There is ongoing engagement between Executive Management and the Board, and the Heads of Strategic Business Units attend Board meetings to make presentations. The Bank's External Auditors attend the meetings of the Group Board Audit Committee and the Group Statutory Audit Committee to make presentation on the audit of the Group's Financial Statements. Directors have unrestricted access to Management and company information in addition to the necessary resources to carry out their responsibilities including access to external professional advice at the Bank's in line with policy.

Board Responsibilities

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. It has the overall responsibility for reviewing the strategic plans and performance objective, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance review and corporate governance practices.

Term of Office

The Bank's Non-Executive Directors are appointed for an initial term of four years. Subject to the provisions of the Articles of Association on the retirement of Non-Executive Directors by rotation, they can be re-elected for a maximum of two subsequent terms of four years each, subject to satisfactory performance and shareholders' approval. The Independent Non-Executive Directors are subject to a maximum tenure of eight years as stipulated by the Central Bank of Nigeria's Guidelines for the Appointment of Independent Directors. Our Executive Directors are appointed for an initial term of four years and their tenure can be renewed for further terms subject to a satisfactory annual performance evaluation. Executive Directors are prohibited from holding other directorships outside the Access Bank Group or investee companies.

Separation of Roles

In line with best practice, the Chairman and Chief Executive Officer's roles are assumed by different individuals; this ensures the balance of power and authority. The Board can reach impartial decisions as its Non-Executive Directors are a blend of Independent and Non-Independent Directors with no shadow or Alternate Directors, thus ensuring that their independence is brought to bear on decisions of the Board.

The Role of the Board

The principal responsibility of the Board is to promote the long-term success of the Group by creating and delivering sustainable shareholder value. The Board leads and provides direction for the Management by setting policy directions and strategy, and by overseeing their implementation. The Board seeks to ensure that Management delivers on both its long-term growth and short-term objectives, striking the right balance between both goals. In setting and monitoring the execution of our strategy, consideration is given to the impact that those decisions will have on the Group's obligations to various stakeholders, such as shareholders, employees, suppliers and the community in which the Group operates.

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The Board is responsible for ensuring that robust systems of internal controls are maintained and that Management maintains an effective risk management and oversight process across the Group so that growth is delivered in a controlled and sustainable way. In addition, the Board is responsible for determining and promoting the collective vision of the Group's purpose, values, culture and behaviours.

In carrying out its oversight functions, matters reserved for the Board include but are not limited to:

- Defining the Bank's business strategy and objectives.
- Formulating risk policies.
- Approval of quarterly, half yearly and full year financial statements.
- Approval of significant changes in accounting policies and practices.
- Appointment or removal of Directors and the Company Secretary.
- Approval of major acquisitions, divestments of operating companies, disposal of capital assets or capital expenditure.
- Approval of charter and membership of Board Committees.
- Setting of annual Board objectives and goals.
- Approval of allotment of shares.
- Appointment and removal of Chief Audit Executive.
- Approval of the framework for determining the policy and specific remuneration of Executive Directors.
- Monitoring delivery of the strategy and performance against plan.
- Reviewing and monitoring the performance of the Group Managing Director and the executive team.

- Ensuring the maintenance of ethical standard and compliance with relevant laws.
- Performance appraisal and compensation of Board members and Senior Executives.
- Ensuring effective communication with shareholders.
- Ensuring the integrity of financial reports by promoting disclosure and transparency.
- Succession planning for key positions.

The Role of the Group Chairman

The principal role of the Chairman is to provide leadership and direction to the Board. The Group Chairman is accountable to the Board and shareholders and liaises directly with the Board and the Management of the Company, through the Group Managing Director/Chief Executive Officer . The positions of the Group Chairman and the Group Managing Director/Chief Executive Officer are held by separate individuals.

More specifically, the duties and responsibilities of the Group Chairman are as follows:

• Primarily responsible for the effective operation of the Board and ensures that the Board works towards achieving the Bank's strategic objectives.
• Setting the agenda for board meetings in conjunction with the Group Managing Director/Chief Executive Officer and the Company Secretary.
• Approval of the Annual Board Activities Calendar.
• Playing a leading role in ensuring that the Board and its committees have the relevant skills, competencies for their job roles.
• Ensuring that Board meetings are properly conducted and that the Board is effective and functions in a cohesive manner.
• Ensuring that the Directors receive accurate and clear information about the affairs of the Bank in a timely manner to enable them to take sound decisions.
• Acting as the main link between the Board and the Group Managing Director/Chief Executive Officer as well as advising the Group Managing Director/Chief Executive Officer on the effective discharge of his duties.
• Ensuring that all directors focus on their key responsibilities and play constructive roles in the affairs of the Bank.
Ensuring that induction programmes are conducted for new directors and continuing education programmes are in place for all directors.
• Ensuring effective communication with the Bank's institutional shareholders and strategic stakeholders.
• Taking a leading role in the assessment, improvement and development of the Board.
• Presiding over General Meetings of shareholders.

The Role of Group Managing Director/Chief Executive Officer ('GMD/CEO')

The GMD/CEO has the overall responsibility for leading the development and execution of the Bank's long-term strategy, with a view to creating sustainable shareholder value. He manages the day-to-day operations of the Bank and ensures that operations are consistent with the policies approved by the Board.

Specifically, the duties and responsibilities of the GMD/CEO include the following:

- Acts as head of the Management team and is answerable to the Board.
- Responsible for ensuring that a culture of integrity and legal compliance is imbibed by personnel at all levels of the Bank.
- Responsible for the Bank's consistent achievement of its financial objectives and goals.
- Ensures that the Bank's philosophy, vision, mission and values are disseminated and practised throughout the Bank.
- Ensures that the allocation of capital reflects the Bank's risk management philosophy.
- Ensures that the Bank's risks are controlled and managed effectively, optimally and in line with the Bank's strategies and objectives.
- Supervision of the Group Deputy Managing Director, Executive Directors and all subsidiaries and affiliate companies.
- Serves as the Bank's Chief Spokesman and ensures that it is properly presented to its various publics.
- Ensures that the Directors are provided with enough information to support their decision making.

The Role of the Group Deputy Managing Director ('GDMD')

The GDMD provides support to the GMD/CEO towards the achievement of the corporate philosophy, business strategy, financial and other objectives of the Bank. He reports to the GMD/CEO and is responsible for the supervision of such aspects of the Bank as may be approved by the Board of Directors and exercises such powers and carry out such functions as may be delegated by the GMD/CEO.

The Role of the Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that the Company's Memorandum and Articles of Association, plus relevant rules and regulations, are complied with. He also assists the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value. The Company Secretary assists the Chairman in ensuring good information flow within the Board and its committees and between Management and Non-Executive Directors.

The Company Secretary also facilitates the orientation of new directors and coordinates their professional development. As primary compliance officer for Group's compliance with the listing rules of the Nigerian Stock Exchange, the Company Secretary is responsible for designing and implementing a framework for the Bank's compliance with the listing rules, including advising Management on prompt disclosure of material information. The Company

Secretary attends and prepares the minutes for all Board meetings. As secretary for all Board Committees, the Company Secretary assists in ensuring coordination and liaison between the Board, the Board Committees and Management. The Company Secretary also assists in the development of the agenda for the various Board and Board Committee meetings. The appointment and the removal of the Company Secretary are the exclusive preserve of the Board.

Delegation of Authority

The ultimate responsibility for the Bank's operations rests with the Board. The Board retains effective control through a well-developed Committee structure that provides in-depth focus on the Board's responsibilities. Each Board Committee has a written terms of reference and presents regular reports to the Board on its activities. The Board delegates authority to the Group Managing Director/Chief Executive Officer to manage the affairs of the Group within the parameters established by the Board from time to time.

Board Meetings

The Board meets quarterly and emergency meetings are convened as may be required. The Annual Calendar of Board and Committee meetings is approved in advance during the last quarter of the preceding year. Material decisions may be taken between meetings through written resolutions in accordance with the Bank's Articles of Association. The Annual Calendar of Board Activities includes a Board Retreat at an offsite location to consider strategic matters and review the opportunities and challenges facing the institution.

All Directors are provided with notices, agenda and meeting papers in advance of each meeting to enable Directors adequately prepare for the meeting. Where a Director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such a Director also reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Directors are also provided with regular updates on developments in the regulatory and business environment.

The Board in demonstration of its commitment to environmental sustainability operates a secure electronic portal-Diligent Boardbook- for the circulation of board documentation to members .

The Board met 10 times during the period under review.

The Board devoted considerable time and efforts on the following issues in 2019.

- Reconstitution of Board Committees.
- Consideration and approval of 2019 budget.
- Approval of appointments to subsidiary boards.

- Monitoring the implementation of 2018-2022 Strategic Plan.
- Approval of credit facilities.
- Review and approval of policies
- Consideration of top management and board appointments.
- Approval of interim and full year audited financial statement.
- Review of Board Committee charters/policies.
- Oversight over the integration of Diamond Bank

Board Meeting Attendance in 2019

The membership of the Board and attendance at meeting in 2019 are set out below.

Type of Meeting	**Court-Ordered Meeting**	**AGM**	**ANNUAL RETREAT**	**Board Meetings**						
Date	5/3/2019	25/4/2019	July19-20, 2019	25/1 2019	28/1 /2019	12/4 2019	26/7 2019	27/9 2019	25/10/2019	16/12 2019
Mosun Belo-Olusoga	A	A	P	A	A	A	P	P	P	P
Anthonia O. Ogunmefun	P	P	P	P	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P	P	P	P	P
Ernest Ndukwe	P	P	P	P	P	P	P	P	P	P
Ajoritsedere Awosika	P	P	P	P	P	P	P	P	P	P
Abba Mamman Tor Habib	P	P	P	P	P	P	P	P	P	P
Iboroma Akpana	P	P	A	P	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P	P	P	P	P
Herbert Wigwe	P	P	P	P	P	P	P	P	P	P
Roosevelt Ogbonna	P	P	P	P	P	P	P	A	P	P
Victor Etuokwu	P	P	P	P	P	P	P	P	P	P
Titi Osuntoki	P	R	R	P	P	R	R	R	R	R
Gregory Jobome	P	P	P	P	P	P	P	P	P	P
Hadiza Ambursa	P	P	P	P	P	P	P	A	P	P
Adeolu Bajomo	P	P	P	P	P	P	P	P	P	P
Chizoma Okoli	NM	P	P	NM	NM	P	P	P	P	P
Ifeyinwa Okoli	NM	NM	NM	NM	NM	NM	NM	NM	NM	P
Okey Nwuke	NM	NM	NM	NM	NM	NM	NM	NM	NM	P

Board Committees

The Board exercises oversight responsibility through its standing committees, each of which has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any committee. The Board has seven standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, Digital and Information Technology Committee, Credit and Finance Committee and Technical Committee on Retail Expansion.

While the various Board committees have the authority to examine issues within their remit and report their decisions and/or recommendations to the Board, the ultimate responsibility for all matters lies with the Board.

Reports of Board Committees

This section highlights the activities of the Board Committees in 2019.

Board Governance & Nomination Committee

The membership of the Committee and attendance at the meeting in 2019 are as set out below.

Name	14/1/2019	15/3/2019	08/07/2019	07/10/2019	17/10/2019
Paul Usoro	P	P	P	P	P
Anthonia Ogunmefun	P	P	P	P	P
Ajoritsedere Awosika	P	P	A	P	P
Ernest Ndukwe	P	P	P	P	P
Iboroma Akpana	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P
Herbert Wigwe	P	P	P	P	P

The Committee advises the Board on its oversight responsibilities in relation to all matters on corporate governance, sustainability and nominations affecting the Bank, directors and employees. It is responsible for determining and executing the processes for Board appointments, nominations and removal of non-performing directors.

The key decisions of the Committee in the reporting period included: recommendation of board appointments; review and recommendation of human resources policies to the Board for approval, and consideration of quarterly reports on human resources and sustainability. The Committee met 5 times in 2019 financial year.

Mr. Paul Usoro chaired the Committee.

Board Credit & Finance Committee

The membership of the Committee and directors attendance at meetings in 2019 are as set out below.

Name	14-1-19	13-2-19	26-3-19	15-5-19	14-6-19	8-7-2019	20-8-19	17-9-19	27-9-19	7-10-19	13-11-19	20-12-19
Ajoritsedere Awosika	P	P	P	P	P	A	P	P	P	P	P	L
Abba M.T Habib	P	P	P	P	P	P	P	P	P	P	P	A
Anthonia Ogunmefun	P	P	P	P	P	P	P	P	P	P	P	P
Ernest Ndukwe	P	P	P	P	P	P	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P	P	P	P	P	P	P
Iboroma Akpana	P	P	P	P	P	P	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P	A	P	P	P	P	P
Ifeyinwa Osime	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	P
Okey Nwuke	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	P
Herbert Wigwe	P	P	P	P	P	P	P	P	P	P	P	A
Roosevelt Ogbonna	P	P	P	P	A	P	P	P	A	P	P	P
Victor Etuokwu	P	P	P	P	P	P	P	P	P	P	A	P
Titi Osuntoki	P	P	R	R	R	R	R	R	R	R	R	R
Gregory Jobome	P	P	P	P	P	P	P	P	P	P	P	P
Hadiza Ambursa	P	P	P	P	A	P	P	P	A	P	P	A
Chizoma Okoli	NM	NM	NM	P	P	P	P	P	P	P	P	P

The Committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been recommended by the Management Credit Committee. It also acts as a catalyst for credit policy change and oversees the administration and effectiveness of the Bank's credit policies. The Committee met 12 times in the 2019 financial year.

The Committee's key activities during the period included review and approval of credit facilities; review of the Credit Portfolio and Collateral Adequacy Assessment reports and monitoring the implementation of credit risk management policies; audit report on the credit risk management function, approval of credit portfolio plan.

The Committee was chaired by Dr. (Mrs) Ajoritsedere Awosika until December 2019 when she was succeeded by Mr. Abba Mamman Tor Habib following her appointment as Chairman of the Board.

Board Risk Management Committee

The membership of the Committee and attendance at meetings in 2019 are as set out below.

Name	15-01-1	27-03-19	09-07-19	08-10-19
Anthonia O. Ogunmefun	P	P	P	P
Ernest Ndukwe	P	P	P	L
Paul Usoro	P	P	P	P
Abba M.T Habib	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Iboroma Akpana	P	P	P	P
Herbert Wigwe	P	P	P	P
Roosevelt Ogbonna	P	P	P	P
Gregory Jobome	P	P	P	P
Adeolu Bajomo	P	P	P	A

The Committee assists the Board in fulfilling its oversight responsibility relating to the establishment of policies, standards and guidelines for non-credit risk management and compliance with legal and regulatory requirements. In addition, it oversees the establishment of a formal written policy on the overall risk management system. The Committee also ensures compliance with established policies through periodic review of management's reports and ensures the appointment of qualified officers to manage the risk function. It evaluates the Bank's risk policies on a periodic basis to accommodate major changes in the internal or external environment.

During the period under review, the Committee considered and recommended some policies to the Board for approval , received risk reports from all the risk areas except credit and made relevant recommendations to the Board for approval

The Committee met 4 times in the 2019 financial year.

Mrs. Anthonia Ogunmefun chaired the Committee

Board Audit Committee

The membership of the Committee and attendance at meetings in 2019 are as set out below.

Name	16-01-1	25-01-1	28-03-19	10-07-19	25-07-19	09-10-19
Ernest Ndukwe	P	P	P	P	P	P
Ajoritsedere Awosika	P	P	P	A	P	P
Abba M.T Habib	P	P	P	P	P	P
Paul Usoro	P	P	P	P	P	P
Adeniyi Adekoya	P	P	P	P	P	P

The Committee supports the Board in performing its oversight responsibility relating to the integrity of the Bank's Financial Statements and the financial reporting process, as well as the independence and performance of the Bank's Internal and External Auditors. It oversees the Bank's system of internal control and the mechanism for receiving complaints regarding the Bank's accounting and operating procedures.

The Bank's Chief Audit Executive and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee. The key issues considered by the Committee during the period included the review and recommendation of the 2018 Group's Audited Financial Statements and 2019 Group's Interim Audited Financial Statements and reports of the Group Internal Auditor and Internal Audit Consultants.

The Committee approved the Group Internal Audit Work Plan for 2020 and reviewed the whistleblowing reports. The Committee met six times during the reporting period.

Dr. Ernest Ndukwe chaired the Committee

Board Remuneration Committee

The membership of the Committee are as set out below and attendance at meetings in 2019 are as set out below.

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Name	**15-Mar-19**	**11-Jul-19**
Paul Usoro	P	P
Iboroma Akpana	P	P
Ernest Ndukwe	P	L
Ajoritsedere Awosika	P	A
Anthonia Ogunmefun	P	P

The Committee advises the Board on its oversight responsibilities in relation to remuneration of the Bank's directors and employees. It is responsible for determining and executing the processes for recommending appropriate remuneration for directors and employees. In carrying out its function, the Committee will benchmark the Bank's salary and benefit structure to similar-sized banks. It also advises the Board on employee benefit plans such as pensions, share ownership, other retirement plans and material amendments thereto. Key issues considered by the Committee included harmonisation the performance management practice and promotion criteria of defunct Diamond Bank with that of Access Bank; review of policies of employee's remuneration and consideration of Annual Remuneration Survey Report.

The Committee meet two times in 2019.

Mr. Paul Usoro chaired the Committee.

Board Digital & Information Technology Committee

The membership of the Committee and attendance at meetings in 2019 are as set out below.

Name	17-01-19	26-03-19	09-07-19	10-10-19
Ernest Ndukwe	P	P	P	P
Adeniyi Adekoya	P	P	P	P
Anthonia Ogunmefun	P	P	P	P
Abba M.T. Habib	P	P	P	P
Ajoritsedere Awosika	P	P	A	P
Iboroma Akpana	P	P	P	P
Herbert Wigwe	P	P	P	P
Roosevelt Ogbonna	P	P	P	P
Gregory Jobome	P	P	P	P
Adeolu Bajomo	P	P	P	P

The Committee was established to oversee the end-to-end digital delivery of the Bank's products and services. The Committee receives regular reports on the Bank's digital ecosystem and customer experience. It also provides oversight over the execution of the Bank's IT strategy and monitors the Bank's investment in IT infrastructure and support systems that underpin the safe and effective delivery of the products and services.

The key issues considered by the Committee during the period included the report on cyber security and digital risk as well digital customer complaints feedback and audit report on the Bank's information technology and digital systems.
Dr. Ernest Ndukwe chaired the Committee

Board Technical Committee on Retail Expansion

The membership of the Committee and attendance at meetings in 2019 are as set out below.

Name	14-03-19	10-09-19	06-12-19
Paul Usoro	P	P	P

Adeniyi Adekoya	P	P	P
Abba M.T Habib	P	P	P
Iboroma Akpana	P	P	P
Herbert Wigwe	P	P	P
Roosevelt Ogbonna	P	P	P
Gregory Jobome	P	P	P
Okey Nwuke	NM	NM	P

The Committee exercises oversight on the Bank's strategic expansion activities involving acquisition, strategic relationships, investment and growth activities in the retail space. The Committee is saddled with the responsibility of reviewing, evaluating and approving acquisitions, mergers, strategic relationships and green and brown fields investments involving the Bank. It also oversees the post-acquisition integration and business development opportunities.

The key issues considered by the Committee during the period included the review of domestic and international retail growth expansion strategies. The Committee continued its oversight over the integration of Diamond Bank pursuant to the merger provide the requisite oversight over the acquisition of Transnational Bank Kenya Ltd.

The Committee met 3 times during the reporting period.

Mr. Paul Usoro chaired the Committee.

Key

Key	
P	Present
A	Absent
NM	Not Member
L	Removed from Committee

Executive Committee

The Executive Committee (EXCO) is made up of the Group Managing Director as Chairman, the Group Deputy Managing Director and all Executive Directors. The Committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.

Management Committees

These are standing committees made up of the Bank's Executive and Senior Management staff. The Committees are set up to identify, analyse and make recommendations on risks pertaining to the Bank's day to day activities. They ensure that risk limits set by the Board and the regulatory bodies are complied with and provide input to the various Board Committees in addition to ensuring the effective implementation of risk polices. These Committees meet as frequently as risk issues occur and take actions and decisions within the ambit of their powers.

The Management Committees include Management Credit Committee, Asset and Liabilities Committee, Enterprise Risk Management Committee, the Operational Risk Management Committee, the Criticised Assets Committee and the IT Steering Committee.

Statutory Audit Committee

In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three Non-Executive Directors and three shareholders.

The Committee is constituted to ensure its independence, which is fundamental to upholding stakeholders' confidence in the reliability of the Committee's report and the Group's Financial Statements. There is no Executive Director sitting on the Committee. The Chairman of the Committee is an ordinary shareholder, while the shareholders' representatives are independent and answerable to the shareholders. There are two Independent Directors on the Committee and the last Director is independent of the management of the Bank.

The duties of the Committee are as enshrined in Section 359(3) and (4) of CAMA. The Committee is responsible for ensuring that the company's financials comply with applicable financial reporting standards.

The profiles of the shareholders' representatives in the Committee are as follows:

Henry Omatsola Aragho, FCA
Chairman, Statutory Audit Committee

Mr. Aragho obtained his Higher National Diploma (Accounting) from Federal Polytechnic Auchi in 1981 and a Master's Degree in Business Administration from Ogun State University (1999). He qualified as a Chartered Accountant with the Institute of Chartered Accountants of Nigeria (ICAN) in 1985. He was admitted as an Associate Member of Institute of Chartered Accountants of Nigeria in March 1986 and subsequently qualified as a fellow of the Institute. He joined the Nigerian Ports Authority in 1982 and retired as General Manager Audit in 2005. He is presently the Managing Consultant of Henrose Consulting Limited and Managing Director Henrose Global Resources Limited.

He was appointed the Chairman of the Committee on July 27, 2016.

Emmanuel Olutoyin Eleoramo
Member, Statutory Audit Committee

Mr. Eleoramo holds a First-Class degree in Insurance and a Master's degree in Business Administration (MBA), both from the University of Lagos. He is an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has over 36 years of varied experience in general insurance marketing, underwriting and employee benefits consultancy. He is a key player in the Nigerian insurance industry and a past President of the Chartered Insurance Institute of Nigeria. He was the Managing Director/Chief Executive Officer of Nigerian French Insurance Company Ltd and later Whispering Hope Insurance Company Ltd (now Sterling Assurance Nigeria Ltd) before his appointment as the Managing Director/Chief Executive Officer of Nigerian Life and Pensions Consultants Limited (now Nigerian Life and Provident Company Limited) from where he retired in 2018.

Idaere Gogo-Ogan
Member, Statutory Audit Committee

Mr. Ogan is a 1987 graduate of Economics from the University of Port Harcourt and holds a master's degree in International Finance from Middlesex University, London. He joined the Corporate Banking Department of Guaranty Trust Bank Plc in 1996. He left Guaranty Trust Bank to found D' Group, incorporating Becca Petroleum Limited and Valuestream and Cordero Engineering Ltd.

He is a Non-Executive Director of Coronation Merchant Bank Limited and Chairman of United Securities Limited.

Record of Attendance at Statutory Audit Committee Meetings

Name	25-01-2019	25-07-2019
Henry Omatsola Aragho	p	p
Idaere Gogo Ogan	p	p
Emmanuel O. Eleoramo	p	p
Ernest Ndukwe	p	p
Mr. Abba M.T Habib	p	p
Ajoritsedere Awosika	p	p

Tenure of the Statutory Audit Committee

The tenure of each Committee member lasts from the date of election at an Annual General Meeting till the next. The membership may, however, be renewed through re-election at the next Annual General Meeting

Role and Focus of the Statutory Audit Committee

The duties of the Statutory Audit Committee are as enshrined in Section 359 (3) and (4) of CAMA. The statutory provisions are supplemented by the provision for the Codes of Corporate Governance issued by the CBN and SEC and are highlighted as follows:

- Ascertaining whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- Reviewing the scope and planning of audit requirements.
- Reviewing the findings on management matters in conjunction with the external auditor and management's responses thereon.
- Keeping under review the effectiveness of the Company's system of accounting and internal control.
- Makings recommendations to the Board on the appointment, removal and remuneration of the external auditors of the Company, ensuring the independence and objectivity of the external auditors and that there is no conflict of interest which could impair their independent judgement.
- Authorising the internal auditor to carry out investigations into any activity of the Company which may be of interest or concern to the Committee.
- Assisting in the oversight of the integrity of the company's financial statements and establish and develop the internal audit function.

2019 Audit Fees

The audit fees paid by Bank PricewaterhouseCoopers, external auditors for the 2019 statutory audit was N603,000,000 while fees for non-audit services rendered to the Bank during the year amounted to 47,500,000

GOVERNANCE OF OUR SUBSIDIARIES

The Bank has established robust systems and processes for the effective governance of its subsidiaries to guarantee the achievement of its strategic objectives in a sustainable manner. This objective is achieved through a combination of oversight responsibilities exercises by the parent company and the boards of the subsidiaries.

he management and operations of these entities are controlled and monitored through the following strategies.

A. Subsidiaries Business Development Group

The Group is charged with the coordination and implementation of the Bank's expansion strategy across the African continent. It plays a supervisory role over the subsidiaries Senior Management and serves as the interface between Group Office and the subsidiaries.

B. Parent Company Representation on the Subsidiaries Boards

Access Bank Plc has controlling representation on the boards of each subsidiary. The representatives are top management personnel of the Bank that are chosen based on their professional competence, integrity and track record in their respective fields. The Board of the subsidiaries are responsible for monitoring and approving the strategic plans and financial objectives of the subsidiaries as well as monitoring their performance against set targets. The subsidiaries boards are required to meet at least four times in a financial year.

C. Subsidiary Board Committees

Each subsidiary has Board Committees that are constituted to ensure compliance with the local regulations on composition of Board Committees and best practice corporate governance. The subsidiaries boards meet at least once a quarter to review the affairs of each subsidiary. The Board Committees are responsible for approving appropriate risk management polices needed for the effective governance of the subsidiaries. The Board Committee present their report to the Subsidiary Boards.

D. Management of Subsidiaries

The management of each subsidiary is headed by the Managing Director who is appointed by the Bank to run the subsidiary. The Managing Director is in most cases supported by another management staff seconded to act as Chief Operating Officer. The secondment is designed to ensure the seamless transmission of the Bank's values and culture in the subsidiary. Each subsidiary has an Executive Management Committee headed by the Managing Director and comprising Heads of Strategic Business Units and Enterprise Resource Groups in the subsidiary. The Managing Director has the overall responsibility for the day-to-day management of the subsidiary and the attainment of set targets.

E. Subsidiaries Conduct and Compliance Group

The Bank's Conduct and Compliance Group monitors ongoing development in the regulatory environment of each subsidiary monitors compliance by the subsidiary. This is achieved through regular reports from the Heads of Conduct and Compliance in the subsidiary and periodic and spot checks on the subsidiaries by the Group Office Compliance function to ascertain compliance with local laws and regulations as well as group-wide policies as applicable to the subsidiaries.

F. Group Internal Audit Oversight

The Internal Audit Group of Access Bank Plc carries out a risk-based audit of the Bank's subsidiaries in line with the Annual Audit Plan approved by the Board. The audit review covers all areas of the subsidiaries operations and the report is discussed with subsidiaries Executive Management and presented to the Group Board Audit Committee during quarterly meetings. The Group Internal Audit oversight is designed to complement the routine operational reviews carried out by the resident internal audit function within the subsidiaries.

G. Performance Review & Strategy Sessions

The Managing Directors and senior management team of the subsidiaries attend the Bank's strategy session and monthly performance review sessions during which their performances are analysed, and recommendations made towards improvement. The sessions provide opportunities for sharing business ideas, tapping into identified synergies and disseminating information on emerging best practices that could be leveraged by the subsidiaries to support growth.

H. External Auditors' Report

The Group conducts a review of the management letters provided by the subsidiaries' statutory auditors on completion of audit. This is to ensure that all identified deficiencies are promptly corrected, and recommendations implemented in a timely manner.

I. Information & Cyber Security Group

The Group Information & Cyber Security Group provides requisite guidance to subsidiaries on the security of their information assets and infrastructure. The Group conducts regular off-site and on-site reviews of the adequacy of the existing information security infrastructures and controls in all the subsidiaries and provide advice on all cyber security related issues.

Going Concern

The Directors confirm that after making appropriate enquiries, they have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

External Auditors

Messrs PricewaterhouseCoopers (PwC) acted as our external auditors for the 2019 financial year. The Board confirms that the Bank has complied with the regulatory requirement as enshrined in the CBN and SEC Codes of Corporate Governance on the rotation of audit firm and audit partners. PwC was appointed the Bank's sole external auditors from the 2013 Financial year and has held office for seven years.

Succession planning

The Board has a robust policy which is aligned to the Bank's performance management process. The policy identifies key positions, including Country Managing Director positions for all the Group's operating entities in respect of which there will be formal succession planning. The policy provides that potential candidates for positions shall be identified at the beginning of each financial year.

Code of Ethics

The Bank's Code of Conduct specifies expected behaviours for its employees and Directors. The code is designed to empower employees and Directors and enable effective decision making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation that they understood the content. In addition, there is an annual re-affirmation exercise for all employees. There is a Compliance Manual that provides guidelines for addressing violations/breaches and ensuring enforcement of discipline amongst staff. The Bank also has a Disciplinary Guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases. The Head Group Human Resources is responsible for the design and implementation of the “Code of Conduct”, while the Chief Conduct and Compliance Officer is responsible for monitoring compliance.

The Chief Conduct and Compliance Officer issues at the beginning of the year an Ethics and Compliance message to all employees. The message reiterates the Bank’s policy of total compliance with all applicable laws, regulations, corporate ethical standards and policies in the conduct of the Bank’s business. It enjoins staff to promote the franchise and advance its growth in a sustainable manner while ensuring compliance with relevant policies, laws and regulations.

Dealing in Company Securities

The Bank implements a Securities Trading Policy that prohibits Directors, members of the Audit Committee, employees and all other insiders from abusing, or placing themselves under the suspicion of abusing price sensitive information in relation to the Bank’s securities. In line with the policy, affected persons are prohibited from trading on the company’s security during a closed period which is usually announced by the Company Secretary. The Bank has put in place a mechanism for monitoring compliance with the policy.

Remuneration Policy

The Group has established a remuneration policy that seeks to attract and retain the best talent in countries that it operates. To achieve this, the Group seeks to position itself among the best performing and best employee rewarding companies in its industry in every market that it operates. This principle will act as a general guide for the determination of compensation in each country. The objective of the policy is to ensure that salary structures, including short and long-term incentives, motivate sustained high performance and are linked to corporate performance. It is also designed to ensure that stakeholders can make reasonable assessment of the Bank’s reward practices. The Group complies with all local tax policies in the countries of operation.

Operating within the guidelines set by the principles above, compensation for country staff is based on the conditions in the local economic environment as well as the requirements of local labour laws. The Group Office usually commissions independent annual compensation surveys in the subsidiaries to obtain independent statistics the local pay markets to arrive at specific compensation structures for each country. Compensation will be determined annually at the end of the financial year. All structural changes to compensation must be approved by the Group Office.

Total compensation provided to employees will typically include guaranteed and variable portions. The specific proportion of each will be defined at the country level. Guaranteed pay will include base pay and other guaranteed portions while variable pay may be both performance-based and discretionary.

The Bank has put in place a performance bonus scheme which seeks to attract and retain high-performing employees. Awards to individuals are based on the job level, business unit performance and individual performance. Other determinants of the size of individual award amounts include pay levels for each skill set which may be influenced by the relative dearth of skills in an area.

The Bank complies with the Pension Reform Act on the provision of retirement benefit to employees at all levels. The Bank also operates an Employee Performance Share Plan for the award of units of the Bank's shares to its employees, subject to terms and conditions determined by the Board of Directors.

The Bank's long-term incentive programme rewards top management staff for their loyal and productive service to the Bank. This is to ensure that they share in the Bank's success and focus on its long-term sustainability. The justification for a long-term incentive plan for top management employees is very compelling. The stability, loyalty and commitment of top management employees need to be strengthened by a long-term incentive programme.

Whistle-Blowing Procedure

The Bank expects all its employees and Directors to observe the highest level of probity in their dealings with the Bank and its stakeholders. Our Whistle-Blowing Policy covers internal and external whistle-blowers and extends to the conduct of the stakeholders including employees, vendors, and customers. It provides the framework for reporting suspected breaches of the Bank's internal policies and laws and regulations. The Bank has retained KPMG Professional Services to provide consulting assistance in the implementation of the policy. The policy provides that suspected wrongdoing by an employee, vendor, supplier or consultant may be reported through the Bank's or KPMG's Ethics lines or emails, details of which are provided below.

Telephone
Internal: +234-1-2712065

External: The whistle-blower is not billed for calls made within the same network.
The KPMG Toll Free Lines include:
MTN:
0703-000-0026 &
0703-000-0027

AIRTEL:
0708-060-1222&
0808-822-8888

9MOBILE:
0809-993-6366

GLO:
0705-889-0140

E-Mail
Internal: whistleblower@accessbankplc.com
External: kpmgethicsline@ng.kpmg.com

The Bank's website also provides an avenue for lodging whistle-blower's reports. Individuals interested in whistle-blowing may click on the Customer Service link on the Bank's website, scroll down to the whistle-blower column, and then register, anonymously or otherwise, any allegations they want the Bank to investigate. The Bank's Chief Audit Executive is responsible for monitoring and reporting on whistle-blowing. Quarterly reports are rendered to the Board Audit Committee.

In addition to the foregoing, stakeholders may also report unethical practices to the Central Bank of Nigeria via anticorruptionunit@cbn.gov.ng.

Customer Complaints and Resolution

The Bank complied with the provision of CBN Circular FPR/DIR/C IR/GEN/01/020 dated 16 August 2011 on handling consumer complaints. The Bank in line with the rules of the Securities and Exchange Commissions has implemented Investors Enquiries and Complaints Management Policy. The Policy is available in the Investor portal on the Bank's website.

Statement of Compliance

We hereby confirm to the best of our knowledge the Bank has materially complied with the following Codes of Corporate Governance and Listing Standards

1. The Code of Corporate Governance for Public Companies in Nigeria as Issued by the Securities and Exchange Commission

2. The Code of Corporate Governance for Bank and Discount Houses in Nigeria and the Guidelines for Whistle Blowing in the Nigerian Banking Industry
3. The Nigerian Stock Exchange Rules for Listing on the Premium Board
4. The Post-Listing Rules of the Nigerian Stock Exchange

Save that in the event of any conflict regarding the provisions of the respective Codes and Rules the Bank will defer to the provisions of the CBN Code as its primary regulator.

Mosun Belo-Olusoga	**Sunday Ekwochi**
Chairman	**Company Secretary**

Statement of Directors' Responsibilities in relation to the Consolidated and separate Financial Statements for the year ended 31 December 2019

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the bank and Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the bank and Group;

I. Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and Group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

II. Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

III. Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with;

- International Financial Reporting Standards
- Prudential Guidelines for Licensed Banks in Nigeria;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act and
- The requirements of the Companies and Allied Matters Act; and
- The Financial Reporting Council of Nigeria Act

The directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the bank and Group and of the financial performance and cash-flows for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the directors to indicate that the bank and Group will not remain a going concern for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Herbert Wigwe	Roosevelt Ogbonna
Group Managing Director	Group Deputy Managing Director
FRC/2013/ICAN/00000001998	FRC/2017/ICAN/00000016638

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the year ended 31 December 2019 as follows:

We have exercised our statutory functions under section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

We are of the opinion that the accounting and reporting policies of the Bank and Group are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2019 were satisfactory and reinforce the Group's internal control systems.

We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N1,949,551,149 (December 2018: N2,010,567,540) was outstanding as at 31 December 2019 which was performing as at 31 December 2019 (see note 45)

We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

FRC/2017/ICAN/00000016270
Mr. Henry Omatsola Aragho
Chairman, Audit Committee
7 February 2020

Members of the Audit Committee are:

1	Mr. Henry Omatsola Aragho	Shareholder	Chairman
2	Mr Emmanuel Olutoyin Eleoramo	Shareholder	Member
3	Mr Idaere Gogo Ogan	Shareholder	Member
4	Mr. Abba Mamman Tor Habib	Director	Member
5	Dr. Ernest Ndukwe	Director	Member
6	Dr. (Mrs.) Ajoritsedere Awosika	Director	Member

In attendance:
Sunday Ekwochi – Company Secretary

The year 2019 was one of mixed performance. Economic growth rates were uninspiring especially when measured against population growth of about 2.6%. However, when benchmarked against quarter-on-quarter or year-on-year numbers, it showed an improvement. Third quarter 2019 GDP growth rate came in at 2.28%, higher than 2.12% posted in the Q2 2019 and 1.81% recorded in the Q3 2018. The main drivers for growth in Q3 2019 were oil & gas, agriculture, telecommunications, manufacturing and transportation sectors. The International Monetary Fund (IMF) estimates full-year economic growth for 2019 at 2.3%. For 2020, the Fund projects a growth rate of 2%.

The price of oil, the mainstay of the Nigerian economy, was relatively stable helping the government meet some of its core fiscal objectives. Crude oil price ended the year at $66.1 per barrel from $62.7 at year-start. The exchange rate remained relatively stable. The rate at the Investors and Exporters window ended the year at N364.7/US$ compared against N364.18/US$ at the beginning of the year. The Central Bank of Nigeria's intervention via regular injection of dollar liquidity into the market kept rates largely unchanged. Inflation on the other hand, saw an interestingly diverse trend in 2019 with inflation rate settling at 11.98% in December from 11.37% at the inception of 2019. Inflation for the year averaged 11.4%. The uptick in inflation was majorly attributed to the border closure and consequent food supply pressures.

Foreign reserves buffer saw a slowdown towards the end of the year reiterating the recurring current balance deficits owing to increasing capital flights in the year. The FX coffers closed the year at $38.62 billion from $43.12 billion in January. The CBN's benchmark interest rate, the monetary policy rate (MPR), was reduced by 50 basis points to 13.5% in March 2019 in a bid to reduce the cost of lending. Similarly, the industry loan-to-deposit ratio was also raised to 27.5% from 22.5% to stimulate lending to the real sectors of the economy. Treasury bills plunged in 2019 as a result of the effect of the ban on CBN OMO bills. The country's debt profile ascended to N25.7billion with domestic debt contributing 67.62% and external debt contributing 32.38% in 2019. This was a marginal increase from a debt stock of N24.9billion in Q1 2019.

In line with the Bank's vision of becoming the "World's most respected African Bank, it successfully merged with arguably Nigeria's largest retail bank, Diamond Bank Plc. The acquisition created Africa's largest retail bank serving more than thirty-one (31) million customers within and outside Nigeria. In addition, in our bid to serve the African market, we have obtained approvals to operate subsidiaries in Kenya, Mozambique and Guinea. The Bank continued to invest in its people and information technology infrastructure because it wants to continuously meet and exceed customers' expectations by providing MORE THAN BANKING experiences not just in Nigeria but across the African continent. All these actions are been taken to fulfil the attainment of the strategic goal of being "Africa's gateway to the world".

We understand the increased risk of managing a rapidly growing bank. Therefore, our Risk Management has been ahead of the growth and has been strengthened to identify and manage risk which could threaten our sustainability. We have taken a long-term approach to risk management to maintain a sustainable bank which can withstand shocks from the operating environment as well as mitigate risks from anticipated and unanticipated events.

The Risk Management and Compliance Division has leveraged technology, automation and the best employees to implement and refine some key initiatives within the financial year. Some of these include:

Industry Scenario Analysis tool – to model macro

In the financial year, the Risk Management Division continued conducting and refining its stress testing and scenario analyses, assessing the Bank's financial resilience to macro-economic or market-driven scenarios.

Governance, Risk & Compliance (GRC) Automation

The Division implemented an automated approach towards integrated risks, regulatory compliance and reporting. The integration of enterprise risk, governance and control processes as well as technology helps the Bank, among others:

- Reduce gaps in risk and compliance processes;
- Reduce redundant or duplicative activities;
- Present information better to board and senior management;

Capital Preservation in Subsidiaries

The Bank developed a framework for capital preservation to ensure that the Bank's subsidiaries maintain adequate capital levels. Capital erosion has significant impact on the Bank's capacity to explore new business opportunities as well as support or expand existing ones.

The framework sets out capital planning guidance aimed at the preservation of capital by ensuring that each subsidiary:

- Maintains an adequate buffer above its minimum capital requirement required for operating activities.
- Maintains a stable buffer above its minimum capital adequacy requirement stipulated by each regulatory authority
- Maintains a business strategy and capital position which is not vulnerable to unexpected changes in macroeconomic conditions.
- Dashboards were deployed to monitor the metrics across all subsidiaries in a periodic basis.

Asset & Liability Management (ALM) automation tool

The adoption of an automated modelling of the balance sheet, provides a more precise understanding of fundamental short- and long-term balance sheet baseline performance. In addition, it serves as a better-quantified measure of interest rate risk positions, as well as liquidity and capital risks.

ENTERPRISE-WIDE RISK MANAGEMENT

WE REMAIN COMMITTED TO SUSTAINABLE ENTERPRISE-WIDE RISK MANAGEMENT PRACTICES

With our promise of being more than just a bank, our Enterprise Risk Management's (ERM) framework is hinged on the establishment of a group wide risk oversight, monitoring and reporting that fosters risk integration. This ensures that the Bank strives for sustainable financial success while strengthening its relationship with a diverse group of stakeholders.

Helping our stakeholders achieve their ambitions lies at the heart of our processes. We apply a bespoke risk management framework in identifying, assessing, monitoring, controlling and reporting the inherent and residual risks associated with the pursuit of these ambitions and ensuring they are achieved the right way.
The Bank's overall risk tolerance is established in the context of our earning power, capital and diversified business model. The organizational structure and business strategy on the other hand, is aligned with our risk management philosophy.

As we navigate through new frontiers in dynamic emerging markets, proactive Enterprise-Wide Risk Management Framework becomes even more critical. We continue to push the frontiers of our overall risk profile through innovation for a sustainable future whilst remaining responsive to the ever-changing risk universe.

Access Bank views and treats risk as an intrinsic part of business and maintains a disciplined approach to its management of risks. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types.

The Bank uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the Bank predicted and successfully managed both the local and global recession which continued to impact the macro economy. Market volatilities and economic uncertainties are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.

The Bank's risk management architecture, as designed, continued to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of Directors and Management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

Risk strategies and policies are set by the Board of Directors of Access Bank. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of Access Bank to assume risk, weighed against the expected rewards, are detailed in the Enterprise-Wide Risk Management (ERM) Framework. The ERM is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. Specific policies are also in place for managing risks in the different core risk areas of credit, market, operation, liquidity, strategic, reputational risks amongst others.

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for ensuring the effective implementation of the ERM Frame- work of both the Bank and its subsidiaries. The Bank's ERM Framework and amendments thereto require Board approval. The Risk Management Division on the other hand is responsible for the enforcement of the Bank's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

Risk management in Access Bank is part of our culture, as everyone, from the most junior officer to Executive Management, is cognizant of the risk culture. Our officers approach every banking transaction with care, while taking into consideration the Bank's acceptable risk appetite and its stated risk behavior and culture.

To some institutions, risk is viewed as a threat or uncertainty, but to Access Bank, it goes beyond that. Risk to us, presents potential opportunities to grow and develop our business within the context of our clearly articulated and Board-driven risk appetite.
Hence, our approach to risk management is not limited to considering downside impacts or risk avoidance. It also encompasses taking risks knowingly for competitive advantage backed by strong markets, macro analytics and scenario planning.

Access Bank approaches risk, capital and value management robustly and we believe that our initiatives to date have positioned the Group at the leading edge of risk management.

RISK MANAGEMENT FRAMEWORK

All activities and processes of Access Bank involve the identification, measurement, evaluation, acceptance and management of risk or combinations of risks. The Board, advised by the various Board and Management Risk Committees, requires and encourages a strong risk governance culture which shapes the Group's attitude to risk. We believe that risk management encompasses the insights delivered by information which facilitate appropriate actions.

Access Bank has a robust Group risk management framework, which gives full Group-wide coverage of a variety of risks. Our annual risk cycle is designed to give management relevant, up-to-date information from which trends can be observed and assessed. The governance structure supporting our risk cycle is designed to deliver the right information, at the right time, to the right people.

Our strategic approach involves the use of risk appetite and limits, ideal risk culture, risk-based incentives and performance, risk analytics and innovation, risk processes and frameworks and much more. We also leverage Technology and the Governance Risk and Compliance (GRC) to support Enterprise Risk Management. Lastly, through embedding a culture of joint risk ownership in our people, team work and training, we deliver on our risk management goals.

Here in Access Bank, we have a holistic view of all major risks facing the Bank. We remain vigilant towards both known and emerging risks, and ensure we are strong enough to withstand any exogenous shock.
Our Board-level Risk Committees play a critical role in providing oversight of risk management and ensuring that our risk management approaches are consistent with and support our strategic vision of being the World's Most Respected African Bank.

Risk, by definition, is dynamic in nature. The management of risk, consequently, must be evolving, necessitating regular review of the effectiveness of each enterprise risk management component. It is in the light of this that Access Bank's Enterprise-wide Risk Management Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done via continuous self-evaluation and monitoring by the risk management and compliance functions. It is done in conjunction with internal audit, and through independent evaluation by external auditors, examiners and consultants.

We run an automated and workflow-driven approach to managing, communicating, and implementing GRC policies and procedures across the Bank. This provides an integrated and flexible platform for documenting and analyzing risks, developing mitigation plans, defining controls, and managing ongoing risk assessments. It provides clear visibility on key risk indicators, assessment results, and compliance initiatives with integrated reporting of self-assessments, independent assessments, and automated controls vis-à-vis set limits.

We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives. The Board's risk committees play an active role in ensuring that we undertake well-measured, profitable, risk-taking activities that support long-term sustainable growth.

BALANCING RISK AND RETURN

Balancing risk and return and taking cognizance of the capital required demands rigorous analysis. The ultimate aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders and providing security to our other capital providers and clients, as well as ensuring overall sustainability of our business activities.

Every business activity in our Group requires us to put capital at risk in exchange for the prospect of earning a return. In some activities, the level of return is quite predictable, whereas in other activities the level of return varies over a very wide spectrum, ranging from a loss to a profit. Accordingly, over the past year, we have expended substantial energy on improving our risk and capital management framework to focus on taking risks where we:

- Understand the nature of the risks we are taking, and what the range of outcomes could be under various scenarios
- Understand the capital required in order to assume these risks
- Understand the range of returns that can be earned on the capital required to back these risks and
- Attempt to optimize the risk-adjusted rate of return we can earn, by reducing the range of outcomes and capital required arising from these risks and increasing the certainty of earning an acceptable return.

Our objective of balancing risk return and capital has led us to substantially enhance our risk management methodologies in order to be able to identify threats, uncertainties and opportunities. This in turn helps us develop mitigation and management strategies to achieve an optimal level of outcome.

Value is added for shareholders if our process allows us to demonstrate sustainable risk-adjusted returns in excess of our cost of capital. The process provides security to our capital providers and clients by assuring them we are not taking on incremental risks which adversely affect the outcomes we have contracted to deliver to them.

RISK QUALITY ASSURANCE

Risk Quality Assurance is charged with responsibility of ensuring continuous improvement in our risk management services and processes. The Risk Quality Assurance team is expected to identify issues, and through concerted root cause analysis ensure resolution of the same within all risk management areas.

Adherence to internal and external policies remain paramount. Zero tolerance for regulatory infractions, Monitoring adherence to the Service Level Agreement agreed with internal and external customers and ensuring recruitment of staff for effective coverage of the division amongst others, remain the priorities of the Group.

We believe that all these activities will contribute to the sustenance of effective Risk Management.

SECURITY OPERATIONS CENTER

In line with the Bank's commitment to speed, service and security, the Bank has set up a Security Operations Center (SOC) also referred to as the Cyber Intelligence Center (CIC) to respond to the increase in global cyber security threats to businesses and also comply with regulatory requirements. There is a dedicated team in the Security Operations Center responsible for the ongoing, operational component of enterprise information security. The SOC is staffed with security analysts, engineers as well as managers who oversee security operations. Their goal is to detect, analyse, respond to, report on, and prevent cyber security incidents using a combination of technology solutions and a strong set of processes. They also conduct advanced forensic analysis, cryptanalysis, and malware reverse engineering to analyse incidents.

To establish this, the Bank clearly defined a strategy that incorporates business-specific goals from various groups as well as input and support from Executives. Once the strategy was developed, the infrastructure required to support that strategy was implemented.

The SOC also monitors networks servers, databases, applications, websites endpoints and other systems for vulnerabilities in order to protect sensitive data and comply with industry or government regulations. SOC staff work close with organizational incident response teams to ensure security issues are addressed quickly upon discovery.

The gap between attackers' time to compromise and enterprises' time to detection is well documented in Verizon's Annual Data Breach Investigations Report. Having a security operations center helps organizations close that gap and stay on top of the threats facing their environments.

Benefits:

- **Enhanced security incidents and events monitoring**: The SOC/CIC will help prevent, detect, assess and respond to cybersecurity threats and incidents. There will be an improvement of security incident detection through continuous monitoring and analysis of data activity. This 24/7 monitoring gives the Bank an advantage to defend against incidents and intrusions, regardless of source, time of day or attack type.
- **Regulatory Compliance**: The CIC will help meet regulatory requirements
- **The SOC/CIC will cover the Subsidiaries**: The Security Operation Centre monitoring will cover all subsidiaries of the Bank (Except U.K)

ENTERPRISE-WIDE SCENARIO AND STRESS TESTING

Access Bank uses robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities of our business and capital plans to the adverse effect of extreme but plausible events.

As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. We leveraged the Bank's ICAAP in the selection of our scenarios and improved on them to ensure they are representative of the recent developments.

The contagion effect and transmission mechanisms on the Bank's liquidity are mapped out in our Internal Liquidity Adequacy Assessment Process (ILAAP) document and were also modelled in our stress tests. The outcome of the testing and analysis is also used to assess the potential impact of the relevant scenarios on the demand for regulatory capital compared with its supply. These enterprise-wide stress tests provide an understanding of the potential impacts on our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

Stress testing and scenario analysis are used to assess the financial and management capability of Access Bank to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors. Scenarios are carefully selected by a group drawn from senior business development, risk and finance executives. Impacts on each line of business from each scenario are then analyzed and determined, primarily leveraging the models and processes utilised in everyday management routines.

Impacts are assessed along with potential mitigating actions that may be taken in each scenario. Analyses from such stress scenarios are compiled for and reviewed through our Group Asset and Liability Committee, and the Enterprise Risk Management Committee. These are then incorporated alongside other core business processes into decision making by management and the Board. The Bank would continue to invest in and improve stress testing capabilities as a core business process.

RECOVERY AND RESOLUTION PLANNING

The 2008/2010 global financial crisis exposed Nigerian banks and the economy in general to unprecedented stress. Poor risk management in Nigerian banks led to the concentration of assets in certain risky areas. The concerns stemmed from the huge deterioration in the quality of banks' assets, liquidity concerns and low capital adequacy ratios. Consequently, the Central Bank of Nigeria had to intervene to prevent a total collapse of the industry and create stability in the Nigerian financial sector.

The Asset Management Corporation of Nigeria (AMCON) was set up in 2010 to relieve banking sector balance sheets of Non-Performing Loans thereby stimulating lending to the real sector. AMCON has over the period intervened by acquiring Eligible Bank Assets ("EBAs"), issuing financial accommodation securities and employing the bridging option to establish bridge banks as a form of resolution. The various regulatory interventions have been at the expense of taxpayers, with the opportunity cost being infrastructural and human capital development.

The various banking crisis revealed that many banks were insufficiently prepared for a fast-evolving systemic crisis and thus, were unable to take preventive measures to avoid potential failure and prevent material adverse impacts on the financial system and ultimately the economy and society.

The Financial Stability Board described Systematically Important Financial Institutions (SIFIs) as "financial institutions whose distress or disorderly failure, because of their size, complexity and systemic interconnectedness, would cause significant disruption to the wider financial system and economic activity".

The Central Bank of Nigeria designated eight banks as Domestic Systemically Important Banks (D-SIBs) in November 2013 and issued requirements for Recovery and Resolution Plans to be submitted by 1st January of every year. Access Bank was designated as a D-SIB, and as such, we have updated the Bank's 2020 Recovery Plan ('Recovery Plan') and submitted this to the relevant regulators. The Recovery Plan is updated once a year at least to reflect changes in the business and the regulatory environment.

The Recovery Plan equips the Bank to re-establish its financial strength and viability during an extreme stress situation. Its raison d'être is to document how we can respond to a financial stress situation that would impact our capital or liquidity position. The plan outlines a set of defined actions, aimed to protect us, our customers and the markets as well as to prevent a potentially more costly resolution event.

Recovery indicators are metrics that can be used by the Bank to define the points at which actions can be taken under the recovery plan. Indicators are qualitative and quantitative in nature and draw on our risk appetite and existing risk management frameworks. The Bank currently has several risk related frameworks in place for both financial and non-financial risks. These include; The Enterprise-wide Risk Management (ERM) Framework, Contingency Funding Plan (CFP) and Business Continuity Plan (BCP), amongst others. The Bank's qualitative and quantitative indicators are drawn from our existing risk management frameworks.

Quantitative indicators include Capital, Liquidity, Asset Quality and Earnings indicators. In addition to these, macroeconomic and market-based indicators are used by us to proactively signal negative trends which may harm the Bank. These triggers provide input and support for the continuous monitoring of possible adverse situations and may indicate potential changes in the four key indicators. The trigger levels and thresholds for the indicators were determined based on CBN's regulatory requirements, the bank's risk appetite, as well as global best practices. These indicators have different monitoring frequencies and a threshold breach will trigger a series of actions as specified in the plan.

In line with best practice, we have identified a wide range of recovery options that will mitigate different types of stress scenarios and steer the Bank back to business as usual. The bank's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) are the bedrock upon which the scenario planning and stress testing are formed. These scenarios cover both idiosyncratic and market-wide events, which could lead to severe capital and liquidity impacts as well as impacts on our performance and balance sheet. For each recovery option, the impact on capital and liquidity is quantified. The timing to realization of benefits, franchise impact as well as likely effectiveness is evaluated. The implementation plan and timeline are delineated, risks and regulatory considerations are also assessed.

The Board of Directors ("Board") owns and is responsible for the Recovery Plan. The Chief Risk Officer is charged with the responsibility of maintaining the Recovery and Resolution Plan and making submission to the regulatory authorities.

RESOLUTION PLANNING

Globally, regulators of financial institutions are seeking to mitigate the risk of market-wide disruption from bank failure as occurred in the previous financial crisis. To facilitate this, regulators require information from banks to enable a resolution strategy to be put in place. No definitive description of resolvability exists. However, regulators wish to ensure that impact of failure is minimised, access to deposits are maintained, payment services continue and the risk of a fire sale of assets, which may cause financial instability is minimised.

The Central Bank of Nigeria (CBN) Minimum Contents for Recovery Plans and Requirements for Resolution Planning, outlines minimum information which should be included in a resolution pack. This serves to assist the resolution authorities in carrying out their statutory responsibilities. This information has been provided in line with the regulatory guidance.

RISK ANALYTICS AND REPORTING

The Bank's Risk Analytics and Reporting Group continues to champion the development and entrenchment of integrated data architecture to enhance risk analytics and reporting within the Bank's enterprise-wide risk management (ERM) space. The Group has aligned its governance and functions to that of leading global financial institutions and considered all contents as seen in most jurisdictions where risk management is best practised.

The Group gives the Risk Management Group a critical depth and dimension in its risk management activities as it relates to data management and integration. The Group is responsible for enhancing all core risk analytics and reporting functions that previously resided in the respective risk areas within our ERM. In contrast, the Bank's pre-defined governance structures in respect of the above-mentioned functions are retained by the respective risk groups.

The Group remains the key driver in ensuring that Access Bank fully implements Basel II/III to the most advanced levels in alignment with the Central Bank of Nigeria (CBN) prudential guidelines. The team is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP), stress testing, Liquidity Risk measurement and other risk measurement activities. The Group aligns its reporting with the Bank's predefined governance structure such as Board Risk Management Committee, Board Credit and Finance Committee and Enterprise-wide Risk Management Committee.

The functional set up of the Risk Analytics and Reporting group is as follows:

- Data management and integration
- Integrated Risk Analytics
- Integrated Risk Reporting

DATA MANAGEMENT AND INTEGRATION

This unit is responsible for the development and maintenance of the enterprise risk data architecture with a roadmap geared to promoting data integrity, data quality and ensuring integration with risk analytics and reporting.

The Group has a data governance structure which enforces risk data governance and discipline across the Bank. It is also equipped with data quality measurement metrics to reduce the Bank's risk exposure due to data quality issues.

An efficient structure has been put in place to ensure auto-reconciliation of data across risk and finance silos to improve timeliness and consistency of risk reporting. The Group is in the process of developing a data structure model which will support the risk analytics and reporting activities, thus driving improvements.

INTEGRATED RISK ANALYTICS

The Group guides the analytical input into the implementation of various risk software and their ongoing implementation in credit risk, market risk, operational risk and other risk areas. It drives the development as well as implementation of the internal and regulatory risk measurement methodologies and models for the core risk elements.

The Risk Management group designs stress test models and implements the same on the Bank's portfolios and risk profile. It also provides comprehensive risk analyses to give an insight into all current Strategic Business Units (SBU). The Group also drives the full implementation of Basel II/III and manages the Internal Capital Adequacy Assessment Process (ICAAP).

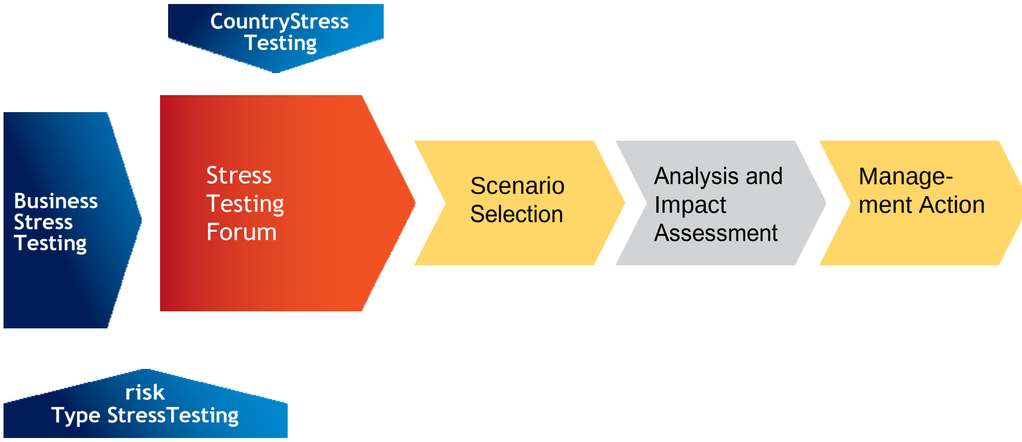
The Group deepened the Risk Embedded Performance Management Framework as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with the Bank's risk appetite. The Bank's yearly budget was built with risk appetite as an integral part of the financial target determination. Varieties of triggers were employed, and an automated process was created to efficiently track compliance and apply a risk charge to the various SBUs where there are deviations.

INTEGRATED RISK REPORTING

The Group strives to improve all in-house analytical reporting of risk management in the Bank and stimulate a culture of data-driven analytical insights for every decision impacting all risk touch points in the risk management process.

The quality of risk reporting was also enhanced by implementing an automated risk reporting system known as the Risk Management Report Portal and the subsequent inclusion of the Subsidiary Risk Management portal. This has led to easy and timely access to risk reports, provided early warning signals, better limit monitoring and better decision making for all units across risk management.

Stress testing Framework



Our stress testing framework is designed to:

- contribute to the setting and monitoring of risk appetite
- identify key risks to our strategy, financial position, and reputation
- examine the nature and dynamics of the risk profile and assess the impact of stresses on our profitability and business plans
- ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing
- inform senior management accordingly
- ensure adherence to regulatory requirements

RISK MANAGEMENT PHILOSOPHY, CULTURE, APPETITE AND OBJECTIVES

Our Risk Culture Statement:
At Access Bank, we embrace a moderate risk appetite, whilst delivering strategic objectives. We anticipate the risks in our activities and reward behaviour that aligns with our core values, controls and regulations. Challenges are discussed in an open environment of partnership and shared responsibility.

Access Bank's Risk Management philosophy and culture remain fundamental to the delivery of our strategic objectives and are at the core of the group's operating structure. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

The Bank's acclaimed risk management process has continued to achieve desired results as evidenced by improved risk ratios and independent risk ratings. In line with the bank's core value of excellence, the its Risk Management group is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, Executive Management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital as well as managing the risk portfolios.

Risk management is fundamental to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how it considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Bank's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in share- holder value and reputation.

The Bank believes that enterprise risk management provides superior capabilities to identify and assess the full spectrum of risks and enables staff at all levels to better understand and manage risks. This will ensure that:

- Risk acceptance is done in a responsible manner;
- The Executives and the Board of the Bank have adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and
- Stewardship is enhanced.

The Bank identifies the following attributes as guiding principles for its risk culture.

a) Management and staff:
    - Consider all forms of risk in decision-making;
    - Create and evaluate business-unit and Bank-wide risk profiles to consider what is best for their individual business units/department and what is best for the bank as a whole;
    - Adopt a portfolio view of risk in addition to understanding individual risk elements;
    - Retain ownership and accountability for risk and risk management at the business unit or other points of influence level;
    - Risk Appreciation Program to promote risk awareness and serve as a corrective measure for behaviours not aligned with the Bank's moderate risk appetite.
    - Accept that enterprise-wide risk management is mandatory and not optional;
    - Strive to achieve best practices in enterprise-wide risk management;
    - Document and report all significant risks and enterprise-wide risk management deficiencies;
    - Adopt a holistic and integrated approach to risk management and bring all risks together under one or a limited number of oversight functions;
    - Empower risk officers to perform their duties professionally and independently without undue interference;
    - Ensure a clearly defined risk management governance structure;
    - Ensure clear segregation of duties between market facing business units and risk management/control functions;
    - Strive to maintain a conservative balance between risk and profit considerations; and
    - Continue to demonstrate appropriate standards of behaviour in the development of strategy and pursuit of objectives.
b) Risk officers partner with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.
c) The Bank partners with its customers to improve their attitude to risk management and encourage them to build corporate governance culture into their business management

d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.
e) Equal attention is paid to both quantifiable and non-quantifiable risks.
f) The Bank avoids products and businesses it does not understand.

GROUP RISK OVERSIGHT APPROACH

Managing risk is a fundamental part of banking. Access Bank manages risk as part of a long-term strategy of resilience. The risk management function is embedded in all levels of Access Bank's organization and is part of the daily business activities and strategic planning to have a sustainable competitive advantage.

To achieve its risk management objectives, the bank relies on a risk management framework that comprises risk policies and procedures formulated for the assessment, measurement, monitoring and reporting of risks including limits set to manage the exposure to quantifiable risks. The Bank recognizes that effective risk management is based on a sound risk culture, which is characterized, amongst others, by a high level of awareness concerning risk and risk management in the organisation.

Our risk governance framework, of which risk appetite framework is a significant element, ensures the appropriate oversight of and accountability for the effective management of risk. Our oversight starts with the strategy setting and business planning process. These plans help us articulate our appetite for risk, which is then set as risk appetite limits for each business unit to work within.

We actively promote a strong risk culture where employees are encouraged to take accountability for identifying and escalating risks.
Expectations on risk culture are regularly communicated by senior management, reinforced through policies and training, and considered in the performance assessment and compensation processes.

The Executive Director for Risk Management coordinates the process of monitoring and reporting risks across the Bank.

Internal Audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Audit also tests the adequacy of internal control and makes appropriate recommendations where necessary.

STRATEGY AND BUSINESS PLANNING

Our risk management function is aligned with our strategy of building the gateway to a sustainable Africa. Consistent with the objective of delivering long-term sustainable value for our stakeholders, we continue to pursue a prudent risk policy, bringing balance and focus to our activities.

Underpinning that ambition is the delivery of excellent customer service through all of our business segments. Our business model and strategy are built on capturing the opportunities inherent in our business by developing deep relationships with clients in the markets and communities we serve. Each business function proactively identifies and assesses its operational risks and the controls put in place to manage those risks.

The Bank has multiple initiatives underway to improve infrastructure for risk management, data quality, stress testing and reporting.

Our integrated Governance, Risk and Compliance (GRC) system (Processmaker) was launched during the year as a tool for the Credit Risk, Compliance, Operational Risk and Audit functions to sharpen risk management oversight of the Bank's businesses across the markets in which we operate. The integration of key activities and synchronization of information enhances our decision-making process across these functions. This in turn improves our business agility and competitive advantage which allows us to offer differentiated products to our customers across all touchpoints.

We continue to focus on early identification of emerging risks so that we can manage any areas of weakness on a proactive basis.

RISK APPETITE

Taking all relevant risks and stakeholders into consideration. Access Bank's risk appetite, which is approved by the Board of Directors, expresses the aggregate level of risk that we are willing to assume in the context of achieving our strategic objectives.
Risk appetite is derived using both quantitative and qualitative criteria. Risk appetite in relation to the major risks to which the Bank is exposed is regulated by limits and thresholds. These metrics aid in reaching our financial targets and guiding the Bank's profitability profile.
In accordance with the bank's risk appetite, we are strongly committed to maintaining a moderate risk profile. The risk profile is managed based on an integrated risk management framework. In this framework, all types of risks are identified to provide one integrated view on the risk profile for the Bank as a whole.

RISK MANAGEMENT OBJECTIVES

The broad risk management objectives of the Bank are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimal disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To maximize share price and stakeholder protection;
- To enhance credit ratings, depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities as well as to respond to them with cost effective actions.

SCOPE OF RISKS

Within its risk management framework, Access Bank identifies the following key risk categories:

- Credit risk
- Operational risk
- Market and liquidity risk
- Legal and compliance risk
- Strategic risk
- Reputational risk
- Capital risk

These risks and the framework for their management are detailed in the enterprise-wide risk management frame- work.

RESPONSIBILITIES AND FUNCTIONS

The responsibilities of the Risk Management Division, the Financial Control and Strategy Group, and other key stake- holders with respect to risk management are highlighted below:

RISK MANAGEMENT DIVISION

A. Champion the implementation of the ERM Framework across the Bank and its subsidiaries.

B. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.

C. Develop risk policies, principles, processes and reporting standards that define the Bank's risk strategy and appetite in line with the Bank's overall business objectives.

D. Ensure that controls, skills and systems are in place to enable compliance with the Bank's policies and standards.

E. Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank.

F. Embed risk culture in the Bank to ensure that everyone takes into consideration the Bank's risk appetite in whatever they do.

G. Collect, process, verify, monitor and distribute risk information across the Bank and other material risk issues to senior management, the Board and regulators.

H. Monitor compliance with bank-wide risk policies and limits.

I. Empower business unit risk champions to identify, monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence as related to day to day activities in the unit.

J. Ensure that laws, regulations and supervisory requirements are complied with including consequence management.

K. Champion the implementation of Basel II and III.

L. Promote risk awareness and provide education on risk.

M. Provide assurance on compliance with internal and external policies with respect to risk management.

FINANCIAL CONTROL AND STRATEGY

A. Prepare and monitor the implementation of the Bank's strategic plan.

B. Conduct strategic and operational review of the Bank's activities.

C. Regularly scan the Bank's operating environment.

D. Coordinate and monitor the Bank's rating exercises by external rating agencies.

E. Prepare business intelligence reports for the Bank's management.

F. Prepare periodic management reports on subsidiaries and associates.

G. Perform competitive analysis on industry peers.

H. Conduct strategic and operational review of branches.

RISK MANAGEMENT GOVERNANCE FRAMEWORK

The framework details Access Bank's risk universe and governance structure comprising of three distinct layers:

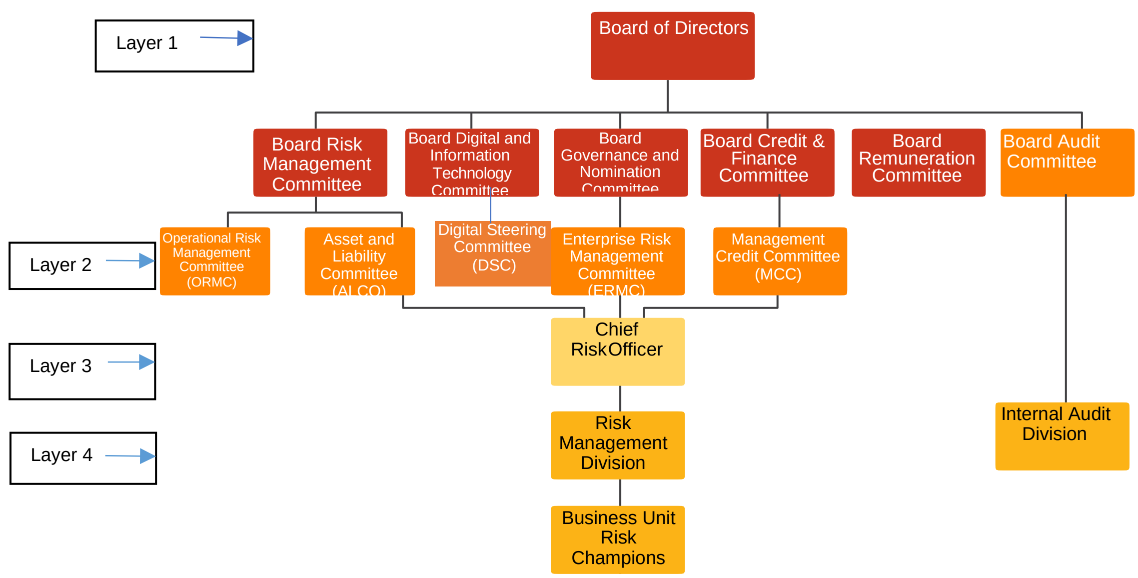
A. Prepare and monitor the implementation of the Bank's strategic plan.

B. Conduct strategic and operational review of the Bank's activities.

C. Regularly scan the Bank's operating environment.

RISK MANAGEMENT GOVERNANCE STRUCTURE

Access Bank's Risk Management Governance Structure is depicted below.



ROLES OF THE BOARD OF DIRECTORS

The Board of Directors' specific roles as it relates to risk management, credit, market, compliance, operational, reputational and strategic risks are defined below:

GENERAL

a. Develop a formal enterprise-wide risk management framework;

b. Review and approve the establishment of a risk management function that would independently identify, measure, monitor and control risks inherent in all risk-taking units of the Bank;

c. Ratify the appointment of qualified officers to manage the risk management function;

d. Approve and periodically review the Bank's risk strategy and policies;

e. Approve the Bank's risk appetite and monitor the Bank's risk profile against this appetite;

f. Ensure that the management of the Bank has an effective ongoing process to identify risk, measure its potential impact and proactively manage these risks;

g. Ensure that the Bank maintains a sound system of risk management and internal control with respect to:

- Efficiency and effectiveness of operations
- Safeguarding of the Bank's assets (including information)
- Compliance with applicable laws, regulations and supervisory requirements
- Reliability of reporting
- Behaving responsibly towards all stakeholders

h. Ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually;

i. Ensure that management maintains an appropriate system of internal control and review its effectiveness;

j. Ensure risk strategy reflects the Bank's tolerance for risk;

k. Review and approve changes/amendments to the risk management framework;

l. Review and approve risk management procedures and control for new products and activities; and

m. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial actions taken by management.

CREDIT RISK

a. Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the Chief Risk Officer;

b. Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through deliberate regular review of various types of credit exposures;

c. Ensure that top management as well as individuals responsible for credit risk management possess the requisite expertise and knowledge to accomplish the risk management function;

d. Ensure that the Bank implements a sound methodology that facilitates the identification, measurement, monitoring and control of credit risk;

e. Put in place effective internal policies, systems and controls to identify, measure monitor, and control credit risk concentrations.

f. Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place; and

g. Appoint credit officers and delegate approval authorities to individuals and committees.

h. Employ the use of technology to ensure the various processes are automated to allow for prompt identification and mitigation of various risks.

MARKET RISK

a. Define the Bank's overall risk appetite in relation to market risk;

b. Ensure that the Bank's overall market risk exposure is maintained at levels consistent with the available capital;

c. Ensure that top management as well as individuals responsible for market risk management possess sound expertise and knowledge to accomplish the risk management function;

d. Approve the Bank's strategic direction and tolerance level for liquidity risk;

e. Ensure that the Bank's senior management has the ability and required authority to manage liquidity risk;

f. Approve the Bank's liquidity risk management framework;

g. Ensure that liquidity risk is identified, measured, monitored and controlled.

COMPLIANCE RISK

a. Approve the Bank's code of conduct and ethics;

b. Monitor the Bank's compliance with laws and regulations, its code of conduct and ethics and corporate governance practices;

c. Ensure new and changed legal and regulatory requirements are identified, monitored and reflected in the Bank's processes;

d. Approve the compliance structure, mechanisms and processes established by management to ensure compliance with current laws, regulations and supervisory requirement;

e. Ensure the Bank has a compliance culture that contributes to the overall objective of risk management.

OPERATIONAL RISK

a. Oversee the overall governance of the Bank's operational risk management process;

b. Set the Bank's operational risk strategy and direction in line with the Bank's corporate strategy;

c. Approve the Bank's operational risk management framework;

d. Periodically review the framework to ensure its relevance and effectiveness;

e. Ensure that senior management is performing their risk management responsibilities; and

f. Ensure that the Bank's operational risk management framework is subject to effective and comprehensive internal audit by operationally independent, appropriately trained and competent staff.

REPUTATIONAL RISK

a. Set an appropriate tone and guideline regarding the development and implementation of effective reputational risk management practices, including an explicit statement of a zero tolerance policy for all unethical behaviour;

b. Approve the Bank's framework for the identification, measurement, control and management of reputational risk;

c. Monitor the Bank's compliance with its reputational risk management policies and recommend sanctions for material breaches of internal policies;

d. Review all exception reports by external parties such as regulators and auditors; ensure that appropriate sanctions are applied to erring officers;

e. Demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and provides progress to the Board on an on-going basis;

f. Ensure that Board members do not compromise their fit and proper status with regulators.

g. They shall ensure that only Board members who do not tarnish the Bank's image and reputation remain as members; and

h. Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

STRATEGIC RISK

a. Oversee the strategic risk management process.

b. Ensure that the Bank has in place an appropriate strategic risk management framework which suits its own circumstances and needs;

c. Ensure that the strategic goals and objectives are set in line with its corporate mission and values, culture, business direction and risk tolerance;

d. Approve the strategic plan (including strategies contained therein) and any subsequent changes, and review the plan (at least annually) to ensure its appropriateness;

e. Ensure the organization's structure, culture, infrastructure, financial means, managerial resources and capabilities, as well as systems and controls are appropriate and adequate to support the implementation of its strategies.

f. Review high-level reports periodically submitted to the Board on the overall strategic risk profile, and ensure that any material risks and strategic implications identified from those reports are properly addressed; and

g. Ensure that senior management is competent in implementing strategic decisions approved by the Board, and supervising such performances on a continuing basis

THE BOARD AND MANAGEMENT COMMITTEES

The Board has ultimate responsibility for the Bank's risk organisation and for ensuring satisfactory internal control. It carries out its oversight function through its standing committees. Each has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

In line with best practice, the Chairman of the Board does not sit on any of the Committees. The Board has six standing committees: The Board Risk Management Committee, the Board Audit Committee, the Board Remuneration Committee, the Board Governance and Nomination Committee, the Board Credit and Finance Committee and the Board Digital and IT Committee.

The management committees which exist in the Bank include: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Group Asset & Liability Committee (Group ALCO), Digital Steering Committee (DSC) and Operational Risk Management Committee (ORMC).

Without prejudice to the roles of these committees, the full Board retains ultimate responsibility for risk management.

COMPLIANCE RISK MANAGEMENT

The Bank's compliance function organizes and sets priorities for the management of its compliance risk in a way that is consistent with risk management strategy and structures.

The compliance function transformation which commenced in 2015 and had continued through to 2018 has now been concluded with the Assessment of our Compliance Maturity and benchmark against 2013 COSO principles. The integrated compliance function working closely with Internal Audit, Risk Management and Operational Risk to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

The compliance function has continued to redefine and finetune its approach from the traditional inspectorate function into an advisory role with intense focus on regulatory intelligence gathering, Compliance monitoring, Compliance testing and closer cooperation with business units within the Bank. The Group on the other hand acts as a contact point for compliance inquiries from staff members.
We enhanced the monitoring to online real time to catch up with the current digital banking environment. We receive alerts of transactions on a risk-based approach by focusing on the high-risk areas thereby spotting non-conformities on time and have also improved our Compliance management standard with the completion of the ISO19600 project.

MEASUREMENT, MONITORING AND MANAGEMENT OF COMPLIANCE RISK

In Access Bank, compliance risk is continually:

- Measured by reference to identified metrics, incident assessments (whether affecting Access Bank or the wider industry), regulatory feedback and the judgment of our external assessors as it relates to AML/CFT and other compliance vulnerabilities;

- Monitored against our compliance risk assessments and metrics, the results of the continuous monitoring and reporting activities of the compliance function and the results of internal and external audits and regulatory inspections; and

- Managed by establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to assure their observance.

The Bank continues to recognize its accountability to all its stakeholders under the legal and regulatory requirements applicable to its business. The Conduct and Compliance function, including all staff of Access Bank Plc and its subsidiaries are committed to high standards of integrity and fair dealing in the conduct of business. The Bank's compliance risk management philosophy is deepened by the effective convergence of risk management through the 'Three Lines of Defense' model.

Effective Compliance Risk Management in Access Bank and its subsidiaries will continuously be coordinated in the following manner:

- Where a business unit is subject to regulatory requirements, it will comply with those requirements. The business unit will further establish and maintain systems of internal control to monitor and report the extent of compliance with those requirements with the support of the Conduct & Compliance function.

- In the absence of regulatory requirements for all or part of a business unit, certain minimum standards of conduct is established and maintained by that business unit to the extent required as determined by the management of that business unit.

Accountability for ensuring compliance with regulatory requirements and minimum standards rests with the Group Managing Director and the Board of Access Bank Group, while the enforcement thereof is the responsibility of the respective Group Heads (1st line of defense).

To assist in the discharge of this obligation, Access Bank Plc maintains an independent Conduct & Compliance function. The Conduct & Compliance function develops systems of control that are required to ensure there is adequate protection of the Bank, empowers the first line of defense and ensures timely reporting of breaches and other regulatory non-compliances to the Board and Executive Management of the Access Bank Group.

For independent assurance, the Conduct & Compliance function collaborate with other Risk Management functions, the Group Internal Audit and Strategic Business Units to ensure that the necessary synergies are achieved in the management of the Bank's compliance risk.

OUR COMPLIANCE RISK APPETITE

Access Bank Plc aims to be compliant with all applicable laws and regulations, internal company rules and policies governing its operations and established good business practices. The bank ensures that this requirement is embedded in the culture of its business operations.
Enhanced global AML and sanctions policies, incorporating the Bank's risk appetite, are effectively in use in the Bank. The policies adopt and seek to enforce the highest or most effective standards globally, including a globally consistent approach to knowing our customers.

With respect to Compliance Risk, the Bank's appetite for Compliance Risk continues to be defined as follows; Zero tolerance for payment of fines and other penalties associated with regulatory infractions and non-compliance with laws, standards and rules. The primary compliance objective is to the most compliant banks in all the jurisdictions we have our business operations. The Bank shall continuously aim to minimize the following compliance risk indicators:

- Reported exceptions by auditors, regulators and external rating agencies.
- Frequent litigations.
- Payment of fines and other regulatory penalties; and
- Unresolved customer complaints.

The Bank shall not compromise its reputation through un-ethical, illegal and unprofessional conduct in the marketplace. The Bank shall also maintain a zero appetite for association with disreputable persons and/or entities.

OUR ANTI-MONEY LAUNDERING PROGRAMME

Access Bank Plc has a Board approved AML/CFT programme. This is contained in the Bank's Compliance Manual which is reviewed and updated on an annual basis. Our Compliance Manual contains the policies approved by the Board. Some of these are the Politically Exposed Persons (PEP) Policy, Compliance Risk Management Policy, Compliance Charter etc. We also introduced the Committee of Chief Compliance officers of the Group to further harmonize compliance practices and share ideas on resolution of compliance related issues.

Board members and all levels of staff are trained at least once every financial year on Anti-Money Laundering Combating Financing of Terrorism Know your Customer and Anti-Bribery and Corruption ('AML/CFT/KYC') and Ethics as stated in the Bank's policy. New employees inclusive of experience hires also undergo the same training as induction course. The Bank organizes and ensures that staff attend webinars, conferences, workshops and trainings as part of its bank wide awareness program. Tests are conducted during such trainings to ensure employees understand the content and scope of the trainings.

All Access Bank staff sign the Annual Compliance Attestation message to affirm that they have read and understood the policies and procedures of the Bank relating to ethics, code of conduct, AML/CFT, Anti-Bribery and Corruption etc.

The Bank designated Executive Director (Executive Compliance Officer) is responsible for the Access Bank Plc Anti Money Laundering/ Combating Financing of Terrorism (AML/CFT) program. The Executive Compliance Officer, escalation protocol for compliance risk, the Enterprise-wide Risk Management Committee (ERMC) and the Board via the Board Risk Management Committee (BRMC) all continue to serve as channels for reporting compliance risk.

ANTI-BRIBERY AND CORRUPTION IMPLEMENTATION

Access Bank continues to adopt a zero-tolerance approach to bribery and corruption. The Bank conducts business affairs in a manner that shuns the use of corrupt practices or acts of bribery to obtain unfair advantage in our dealings within the markets and the communities we operate.

While the Bank and all its subsidiaries have a Board approved policy which sets out the general rules and principles we adhere to, we continue to communicate to all employees, directors, business associates as well as relevant partners, suppliers, vendors and other stakeholders the need to maintain high ethical and professional conduct while doing the Bank's business. The bank also carries out ABC Risk Assessment of all the Groups and Divisions in the bank using an automated tool.

CONDUCT RISK IMPLEMENTATION

Conduct Risk is the detriment caused to our customers, clients, counterparties, or the Bank and its employees through in- appropriate judgment in execution of business activities. We continue to review and improve how conduct risk is assessed and reported throughout our business. The Bank is committed to putting customers at the heart of the decisions, treating customers fairly and resolving customer complaints within the shortest possible time.

STRATEGIC ALLIANCE & PARTNERSHIPS

As part of our contribution towards the enhancement of the financial industry's existing framework and initiatives to combat financial crimes and terrorist financing, the Conduct and Compliance Group continues to partner with DATAPRO Ltd, Financial Institutions Training Centre (FITC), CIBN and NIBBS to organize training sessions on compliance risk management where compliance issues such as emerging risk regulations and standards, new international and regulatory landscape are discussed.

While the bank continues to train its staff through the Compliance Institute of Nigeria (CIN) and other Compliance related professional bodies, it plays active role in International Organizations inclusive of Inter-Governmental Action Group against Money Laundering in West Africa (GIABA).

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events. Our definition of operational risk excludes regulatory risks, strategic risks and potential losses related solely to judgments with regard to taking credit, market, interest rate, liquidity, or insurance risks.

It also includes the reputation and franchise risk associated with business practices or market conduct in which the Bank is involved. Operational risk is inherent in Access Bank's global business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

This framework includes:

- Recognized ownership of the risk by the businesses;
- Oversight by independent risk management; and
- Independent review by Corporate Audit.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank incurs operational losses.

Our operational risk strategy seeks to minimise the impact that operational risk can have on shareholders' value. The Bank's strategy is to:

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;

- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that would support the Bank's long-term growth, cash flow management and balance sheet protection;

- Eliminate bureaucracy, improve productivity, reduce capital requirements and improve overall performance through the institution of well designed and implemented internal controls.

In order to create and promote a culture that emphasizes effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Access Bank Plc.

Level 1 refers to the oversight function carried out by the Board of Directors, Board Risk Management Committee and the Executive Management. Responsibilities at this level include ensuring effective management of operational risk and adherence to the approved operational risk policies.

Level 2 refers to the management function carried out by operational risk management group. It has direct responsibility for formulating and implementing the Bank's operational risk management framework including methodologies, policies and procedures approved by the Board.

Level 3 refers to the operational function carried out by all business units and support functions in the Bank. These units/functions are fully responsible and accountable for the management of operational risk in their units. They work in liaison with operational risk management to define and review controls to mitigate identified risks. Internal Audit provides independent assessment and evaluation of the Bank's operational risk management framework. This periodic confirmation of the existence and utilisation of controls in compliance with approved policies and procedures, provides assurance as to the effectiveness of the Bank's operational risk management framework. Some of the tools being used to assess, measure and monitor operational risks in the Bank include; a loss database of operational risk events; an effective risk and control self-assessment process that helps to analyse business activities and identify operational risks that could affect the achievement of business objectives; and key risk indicators which are used to monitor operational risks on an ongoing basis.

The GROUP'S OPERATIONAL RISK MANAGEMENT FRAMEWORK

The Group's current operational risk framework was implemented in 2007 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service and process efficiencies, as well as to minimise operating losses. The Group recognises the fact that it is neither cost-effective nor possible to attempt to eliminate all operational risks. Events of small significance are thus expected to occur and are accepted as inevitable with relevant budgeting for these losses where appropriate. Events of material significance are limited and the Group seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor the management and future mitigation of such events.

The role of the Operational Risk function is to establish, implement and maintain the operational risk framework for the modelling and managing of the Group's operational risk, while reinforcing and enabling operational risk management culture throughout the Group. The aim is to integrate, based on international norms and best practices, all operational risk activities and to compile a reliable operational risk profile contributing to the Group's risk- reward profile. The key advantage of this framework is the financial quantification and modelling of operational risks. This functionality has significantly improved the Group's operational risk measurement and management capabilities.

MANAGEMENT AND CONTROL RESPONSIBILITIES

The first line of governance for managing operational risk rests with business and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff report any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. Among others, business management is responsible for ensuring that processes for identifying and addressing ineffective controls and the mitigation of risk events are implemented and executed. Operational Risk teams form the secondary line of governance by ensuring that processes to identify weaknesses are effective and that identified weaknesses are acted upon. The Group operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the ERMC and at the Board; this multi-layered system of defences ensures pro-active operational risk management.

MEASURING AND MANAGING OPERATIONAL RISK

The Group recognizes the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Group's operational risk framework, qualitative and quantitative methodologies and tools are applied (Group-wide) to identify and assess operational risks as well as providing management information for determining appropriate mitigating measures.

RISK EVENT DATA COLLECTION AND REPORTING

A standard process is used Group-wide for the recognition, capture, assessment, analysis and reporting of risk events. This process is used to help identify where process and control requirements are needed to reduce the recurrence of risk events. Risk events are loaded onto a central database and reported monthly to the ERMC. The Group also uses a database of external public risk events to assist in risk identification, assessment, modelling and benchmarking.

RISK AND CONTROL SELF ASSESSMENTS (RCSA)

In order to pro-actively identify and actively mitigate risks, the operational risk framework utilises RCSAs. RCSA is used at a granular level to identify relevant material risks and key controls mitigating these risks. The risks and controls are assessed on a quarterly basis and relevant action plans are put in place to treat, tolerate, terminate or transfer the risks, taking into account the relevant business risk appetites. The RCSA programme is extensive and covers the entire Group. The Internal Audit further tests the effectiveness of the RCSAs within the normal course of auditing and relevant metrics are monitored and actioned where relevant.

KEY RISK INDICATORS (KRIS)

A comprehensive set of KRIs are in place across the Group, with relevant and agreed thresholds set by the business. KRIs are monitored on a Group as well as business unit level, based on significance. Threshold breaches are managed in accordance with an agreed process across the Group.

REPORTING

Business units are required to report on both regular and event-driven basis. The reports include a profile of the key risks to their business objectives, RCSA and KRI results, and operational risk events. Risk reports are presented to executive management and risk committees.

ALLOCATING CAPITAL TO BUSINESS UNITS

An allocation methodology is applied for allocating capital to business units. For each business unit, the allocation takes into consideration not only the size of the business unit, but also measures the business unit's control environment, namely; open audit findings, RCSA results, and loss experience. This translates to a risk-sensitive allocation with the opportunity afforded to business units to identify actions to positively impact on their respective allocated operational risk capital.

INSURANCE MITIGATION

Insurance policies are used as a way to mitigate operational risks. These policies are current and remain applicable in the Group operating environment. Insurance coverage is purchased at Group or cluster level to discharge statutory and regulatory duties, or to meet counterparty commitments and stakeholder expectations. The primary insurance policies managed by the Group are:

- Comprehensive crime and electronic crime;
- Directors' and officers' liability; and
- Professional indemnity.

In terms of the Advance Measurement Approach (AMA), the Group may adjust its operational risk exposure result by no more than 20% to reflect the impact of operational risk mitigants. Globally, the use of insurance and other risk transfer mechanisms for operational risk is in a state of rapid development and pioneering work is being done across the industry. While the Group has developed a methodology for the modelling of insurance, the Group will not apply risk mitigation in the calculation of its operational risk exposure until such time as insurance policies are compliant to regulatory minimum requirements.

INFORMATION SECURITY, DIGITAL BANKING AND CONTINUITY OF BUSINESS

In response to the increased cyber security threat to businesses globally, we have a Cyber Security Framework and adopted a defense in-depth approach to cover Cyber security practices, information security processes and infrastructure which includes: Cyber Security Governance, Operations and Infrastructure.

We have a holistic view of all the major risks facing the Bank and we remain vigilant with regard to both known and emerging global risks. We also ensure that we are strong enough to withstand any exogenous shocks by putting in place a 24/7 monitoring and analysis of security logs and external intelligence of the Bank's information and technology assets.

The continuous advancement and innovations in technology and the endless need to improve services have made digital banking a direction that the Bank must tap into with adequate mitigating approach to handle the inherent risks involved in the business. In response to the digitization needs, we have a Digital Banking Framework that enables the Bank at maintaining an overall risk appetite of "moderate risk" while adopting digitization processes in meeting the needs of our customers.

The Bank's Business Continuity Management ('BCM') practices are governed by a robust BCM framework that clearly identifies critical assets and the vulnerabilities that those assets are subject to. It involves the analysis of the identified assets for business impact disruption, the development of mitigation, recovery and business continuity plan, processes for plan implementation, and includes training and awareness. Finally, the plan is continually reviewed for improvements.

The Board and Management are committed to the Business Continuity Management objectives of the Bank. The Board has the ultimate responsibility and oversight over the Business Continuity Management activities and is responsible for the approval and implementation of the bank's Business Continuity Policy. The Management provides the required resources and designates a Business Continuity Management ('BCM') Team which co-ordinates the Business Continuity activities of the Bank and provides regular updates to the Management Committees.

The Incident Response Protocol consists of five key components: Incident Detection and Preliminary Assessment, Activation of the Incident Management Team, Evaluation and Containment of disaster impact, Invocation of Recovery Plan/ Corrective Measures, Tracking recovery progress and status of incident.

STRATEGIC RISK MANAGEMENT

In Access Bank, we define Strategic Risk as the process for identifying, assessing and managing risks and uncertainties affected by internal and external events or scenarios that could inhibit the Bank's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value. It is a primary component and necessary foundation of our Enterprise Risk Management.

Strategic risk management, therefore, is defined as current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. It can also be defined as the risk associated with future business plans and strategies, including plans for entering new business lines, expanding existing services through mergers and acquisitions, and enhancing infrastructure.

A well-defined structure and automated process for managing strategic risk exists in Access Bank. It provides a process for the Bank to identify and assess potential risks posed by its strategic plan, and consider whether they have adequate capacity to withstand the risks. Strategic risk management involves various organisational functions within the Bank.

The following principles govern the Bank's strategic risk management:

The Board and Senior Management are responsible for Strategic Risk Management and oversee the effective functioning of the strategic risk management framework.
The functional units (i.e. the units which carry out business or operational functions) assist the Board and Senior management in formulating and implementing strategies, providing input to the strategic planning and management processes; and as well as implementing the strategic risk management framework.

The strategic risk management function supports the Board and senior management in managing strategic risks and other related processes in the Bank.

Access Bank, in compliance with the Base l II principles, uses Internal Capital Adequacy Assessment Process in assessing its Strategic Risk. To this end, it sees Strategic Risk as material risk that could result when the Bank fails to meet its performance targets or lacks sufficient cash flow to maintain its operations that may result in a negative impact on the Bank's operating result and financial condition.
This strategic risk could stem from adverse global economy, regulatory actions, improper analysis that can impact the implementation of decisions, lack of responsiveness to industry changes, inability to respond promptly to business opportunities, ineffective change management and communication process as well as the nature and activities of competitors.

The measures and controls it has put in place include the following:

- Strategic plans are approved and monitored by the Board.
- Regular environmental scan, business strategy session and workshops are set up to discuss business decisions.
- Close monitoring to ensure that strategic plans are properly aligned with the business model,
- Regular performance review by Executive Management and business plans are approved by the Board.

The Bank also maintains a well-defined succession plan, proper monitoring and well-defined structures to align its activities to international best practices.

REPUTATIONAL RISK MANAGEMENT

Reputational risk arises when the Bank's reputation is damaged by one or more reputational events from negative publicity about the organization's business practices, conduct or financial condition. The Bank's Strategic and Reputational Risk Management is mandated to protect the Bank from potential threats to its reputation. The team continuously uses proactive means in minimizing the effects of reputational events, thereby averting the likelihood of major reputational crises with the view of ultimately ensuring the survival of the organization. The Bank has put in place a framework to properly articulate, analyze and manage reputational risk factors.

Access Bank takes the management of reputational risks seriously because of its far-reaching implications, which are buttressed by the fact that the Bank operates under:

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises);

- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and

- Given the financing nature of products and services they provide, banks are not only exposed to their own reputation, but also to the reputation of their clients.

With banks operating and competing in a global environment, risks emerging from a host of different sources and locations is difficult to keep up with and to know how best to respond if they occur. The effects of the occurrence of a reputational risk event include but are not limited to the following:

- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased costs due to government regulations, fines, or other penalties; and
- Loss of banking license.

The Group policy provides for the protection of the Group's reputation and should at all times take priority over all other activities, including revenue generation. Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risk. It may also arise from the failure to comply with social, environmental and ethical standards. All employees are responsible for day-to-day identification and management of reputational risk.

The desired risk appetite for reputation is low risk (1). The Bank will ensure that highest ethical standards are followed at all times and the code of conduct policy will be strictly implemented.

In identifying reputational risk factors, the Bank makes use of the output of a risk identification process. At the end of the risk identification sessions, risk profiles are derived and analyzed and risk events identified with possible negative reputational Impact on the Bank.

This analysis is performed against the background of the Bank's corporate objectives, its corporate social responsibility agenda and external factors. Access Bank seeks to leverage existing information from audit findings, risk and control self-assessments, environmental scanning and scenario planning processes in mitigating reputational risk issues

COMPILATION OF TRIGGER EVENTS

In order to assist in the identification of key reputational risk events, triggers that would set off the risk drivers should be compiled through workshops with participants from relevant business units. The following table illustrates few trigger events for relevant risk drivers.

Risk Drivers	Trigger Events
Corporate governance and leadership	• Corporate frauds and scandals; • Association with dishonest and disreputable characters as directors, management • Association with politically exposed persons • Incidence of shareholders conflict and Board Instability.
Regulatory Compliance	• Non - Compliance with laws and regulation; • Non submission of Regulatory returns
Delivering customer promise	• Security Failure • Shortfall in quality of service/fair treatment; • Bad behavior by employees
Workplace talent and culture	• Unfair employment practices • Not addressing employee grievances • Uncompetitive remuneration
Corporate social responsibility	• Lack of community development initiatives
Corporate Culture	• Lack of appropriate culture to support the achievement of business objective. • Ineffective risk management practices. • Unethical behaviors on the part of staff and management. • Lack of appropriate structure for employees to voice their concerns
Risk Management and Control Environment	• Inadequate Risk Management and Control environment • Continuous violations of existing policies and procedures
Financial Soundness and Business viability	• Consistent poor financial performance • Substantial losses from unsuccessful Investment
Crisis Management	• Inadequate response to a crisis or even a minor incident

EVENTS DATA ANALYSIS

Events data analysis is conducted to assess the gap between performance of the Bank and the expectation of stakeholders. The nature of the gap and the reasons for the gap is analyzed for ensuing corrective action. Example of events data analyzed is furnished below:

- Evaluating types of marketing efforts and implications for Reputational Risk;
- Analysis of number of accounts opened

Vs. closed;

- Calling effort analysis;
- Complaint log analysis; and
- Error resolution review.

APPROACH TO MANAGING REPUTATION RISK EVENTS

The Bank's approach to managing reputation events, including any relevant strategy and policies, is approved by the Board or its delegated committee and subject to periodic review and update by senior management to ensure that it remains appropriate over time. In addition, the approach is well documented and communicated to all relevant personnel.

POST REPUTATION EVENT REVIEWS

After a reputation event, the post-event review will be conducted by Internal Audit and Risk Management Division to identify any lessons learnt, or problems and weaknesses revealed, from the event. Such reviews will be useful for providing feedback and recommendations for enhancing the Bank's reputation risk management process and should at least be conducted on any major event affecting Access Bank. The Board and senior management will be promptly informed of the results of any such review conducted in order to take appropriate actions to improve their capacity to manage reputational risk.

CAPITAL RISK MANAGEMENT

Capital risk is the risk of an erosion of the Bank's capital base as a result of poor capital management.

Capital management objectives:

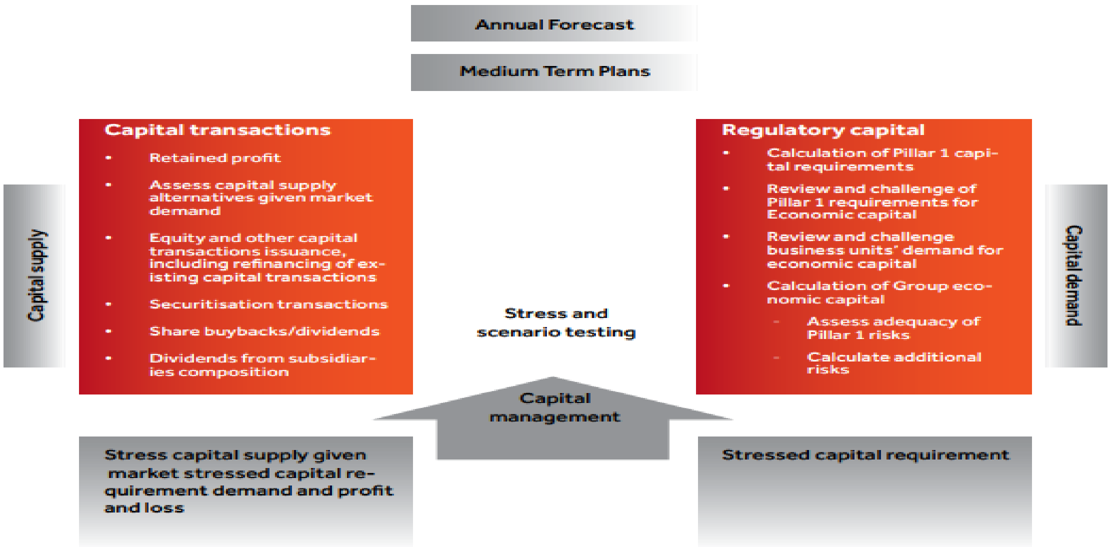
The Group has a number of capital management objectives:

- To meet the capital ratios required by its regulators and the Group's Board;
- To maintain an adequate level of available capital resources as cover for the economic capital (EC) requirements calculated at a 99.95% confidence level;
- To generate sufficient capital to support asset growth;
- To maintain an investment grade credit rating; and achieve a return above the cost of equity.

CAPITAL MANAGEMENT STRATEGY:

The Group's capital management strategy is focused on maximizing shareholder value by optimizing the level and mix of capital resources. Decisions on the allocation of capital resources are based on a number of factors including return on economic capital (EC) and on regulatory capital (RC), and are part of the internal capital adequacy assessment process (ICAAP).

Capital Management Process



IMPORTANCE OF CAPITAL MANAGEMENT

Capital management is critical to the Bank's survival. Hence, capital is managed as a Board level priority in the Group. The Board is responsible for assessing and approving the Group's capital management policy, capital target levels and capital strategy. A capital management framework provides effective capital planning, capital issuance, alignment to Basel accord, EC utilisation and economic profit (EP) performance measurement criteria. The diagram above illustrates the process the Group follows to ensure end-to-end integration of the Group's strategy, risk management and financial processes into the capital management process. The purpose is to ensure that capital consumption in the business divisions has an impact on performance measurement, which in turn translates into management performance assessment, product pricing requirements and achievement of the overall strategy within the Group's risk appetite.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

At Access Bank, we have put in place governance measures that were carefully designed to manage the inherent environmental and social (E&S) issues in our direct business operations (i.e. use of: energy, waste, travel, etc.) and indirectly the E&S issues in our obligors' business operations/activities. The underpinning import of our E&S risk management strategy is to reduce potential impacts of our direct and indirect environmental and social risks. We are also putting structures in place to set-off any residual E&S risks that remain after the application of our environmental and social risk management policies, processes and procedures.

E&S risks are the potential negative costs to a business that result from its impacts (or perceived impacts) on the natural environment (i.e. air, water, soil) or communities of people (e.g. employees, customers, local residents). The attendant E&S risks can result into dire consequences to the lending banks and also its customers. This resultant effect include but not limited to production postponements, reputational damages, threats to operating licences, unforeseen expenditures, weak cash flow, business liquidation and huge non-performing loans.

As a result, Access Bank has incorporated E&S risk considerations into our strategic decision-making processes. We have developed a state-of-the-art Environmental and Social Risk Management (ESRM)

Policy, duly approved by the Board.

The ESRM policy is the overarching blueprint based on the preservation and protection of the people, planet and profitability approach. This structured approach is based on effective operational and lending decisions that impact the Bank's sustainability goals and meet the objectives of multiple stakeholders.

ESRM POLICY

Consistent with the Bank's mission statement to setting standards for sustainable business practices, E&S risks are considered in all lending decisions with the aim to ensure that the Bank's position is protected against unseen negative E&S risks and losses. The ESRM Policy outlines the Bank's approach for responsible client engagement and provision of responsible financing, ensuring our risk management process remains in alignment with international best practices.

The objectives of the ESRM Policy are to:

- Integrate ESRM considerations into the Bank's Credit risk architecture and Investment process;
- Provide clear guidance on the Bank's position on ESRM in our business activities;
- Implement and comply with the IFC Performance Standards, Equator Principles for all Project Finance related facilities and the Nigerian Sustainable Banking Principles;
- Apply the E&S requirements of Development Finance Institutions where facilities include DFI financing;
- Establish an effective reporting framework to track and report (on a periodic and ad-hoc basis) E&S issues in relevant products and services offered by the Bank.

ENVIRONMENTAL AND SOCIAL RISK STRATEGY

Central to an effective ESRM is developing and understanding of our clients' approach to E&S risk management relevant to their business activities. While the Bank accepts limitations in our ability to influence client behaviour, we nonetheless usually engage with our clients on these issues and endeavour to work with clients whose business practices are in alignment with our E&S standards and policies.

Clients that demonstrate best practice, and those who are willing to align with our E&S requirements, are our business partners of choice with whom we seek to continue and expand our relationships.

For all financing activities where material risks are identified through our ESRM approach, Access Bank will seek to identify mitigation measures and recommendations for the client to address these risks. Where appropriate, these mitigation measures and/or recommendations are usually included in loan covenants or other lending documentation and monitored periodically.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT PROCEDURE

The Access Bank ESRM procedure enables a seamless implementation of the ESRM policy and supplementary sector-specific policies through their integration into Access Bank's existing decision-making processes. The ESRM Procedures provide a clear step-by-step guidance for the application of the ESRM Policy and identify the relevant functions and individuals involved in the implementation and governance of the Policy.

In addition to compliance with applicable laws and regulations, Access Bank favours good industry practice and minimising, where practicable, the impact on the environment and communities. Performance commitments are formalised in loan covenants where deemed necessary and ongoing monitoring evaluates client progress over the tenor of the loan. The system also provides a mechanism to consider exiting relationships with clients who continually fail to improve or have egregious E&S issues.

Access Bank's ESRM Procedures are made up of five distinct phases for the management of E&S risks that emerge in our Credit/Investment cycle. Each phase represents a critical step of Access Bank's integrated ESRM approach in the products and services we offer.

These phases are:

1. E&S Screening:

The first step of the Screening process begins as soon as Access Bank identifies a potential new client or transaction opportunity. At the preliminary or initial prospecting stage, the applicable Account Officer or Relationship Manager, will conduct an initial screening to identify initial risk alerts and ensure that the client or transaction does not fall within the Access Bank's Exclusion List.

2. E&S Risk Assessment:

Upon completion of the initial screening, if the client or transaction remains eligible for financing but requires further evaluation, an E&S risk assessment is conducted to evaluate the level of risk associated with the client or transaction. Where necessary, Access Bank conducts further E&S due diligence commensurate with the type of transaction and risks associated with the transaction under assessment.

3. Decision and Documentation:

Following the appropriate level and type of E&S due diligence, the Bank forms a decision on proceeding with the client or transaction, and where relevant, identifies potential mitigation measures to include in loan documentation.

Where mitigation measures or performance improvement commitments are required in order to meet the Bank's E&S standards, these will be communicated to the client and may be formalized in the corresponding loan documentation.

The Bank may also choose to decline a relationship or transaction where the E&S issues are egregious or where the client repeatedly fails to improve its E&S performance and meet the Bank's ESRM standards.

4. E&S Monitoring:

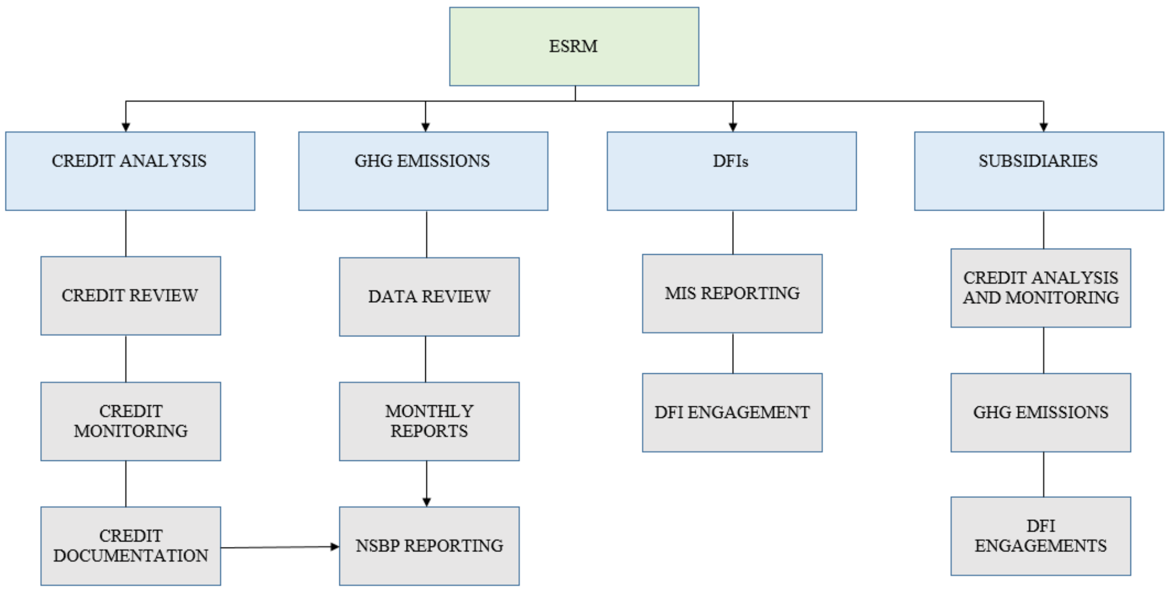
Access Bank's approach to ESRM contains procedures to monitor and measure client compliance with, and progress in, meeting the Bank's E&S standards. The main objective of this section is to clearly identify procedures for managing post-loan disbursement compliance with agreed E&S conditions

5. E&S Reporting:

The Bank reports on ESRM activities in accordance with both the CBNs Nigerian Sustainable Banking Principles, Equator Principles obligations, GRI sustainability reporting guidelines and the requirements of DFIs and other investors. We seek to incorporate such reporting into our external annual publications. In addition to formal reporting to our regulators and partners, Access Bank's senior management receive periodic assessments of the effectiveness of the ESRM policies based on systematic data collection and analysis.

ACCESS BANK's E&S RISK MANAGEMENT PROGRESS

The Environmental and Social Risk Management Team's numerical strength has grown from **4** to **13** (inclusive of the Ghana desk) within 3 years. The team has also explored further opportunities thereby splitting into sub units.



Green Bond

Access Bank has a commitment to supporting its clients and the environment where it operates in attaining a low carbon economy. This is in line with Nigeria's commitment in COP 21 as well as the strategy as detailed in the Nationally Determined Contribution. The Bank has evolved from environmental and social risks into environmental and social opportunities. This has led to issuance of the first climate certified corporate Green Bond in Africa. The N15Billion Bond issued in March 2019 with a tenor of 5 years was verified and certified in line with the Bank's approved Green Bond framework and the prospectus.
Proceeds of the Bond was applied to finance/refinance the following verified identified eligible green projects and assets.

Use of Proceed	Status	Lookback	Amount (N)	%	Timeframe
Project A: Flood Defence	Re-financing	24 months	12,845,114,325.79	85.63	Immediate
Project B: Solar Energy	Re-financing	17 months	1,674,600,042.00	11.16	Immediate
Project C: Solar Energy	New Financing	N/A	103,722,982.85	0.69	12 months
Project D: Agriculture (Water	Re-financing	24 months	192,413,649.35	1.28	Immediate

management)					
Offer Cost			184,149,000.00	1.23	
Total			15,000,000,000.00	100	

The Green Bond impact report shall be published on the anniversaries of the bond issuance throughout the life of the bond.

Taskforce for Climate-related Financial Disclosures (TCFD)

In 2019, Access Bank became a member of a 30-Bank consortium in the phase 2 pilot stage of the TCFD project. This phase involves introduction of methodologies developed in phase 1 and also focus on physically and transitionally related risks and opportunities. Access Bank has been an integral part of the workshops and webinars with the aim of developing a methodology of understanding the impact of physical and transitional climate-related risks on the portfolio of the Bank.

CBN Awards 2019

Access Bank continued to blaze the trail in sustainability both locally and internationally. This recently led to another recognition of the Bank's Environmental and Social Risk Management System by the Central Bank of Nigeria. With an entry for 5 categories under the CBN annual sustainability awards, the Bank shined through as always. Below is a breakdown of the results of the Awards:

- Most Sustainable Transaction of the Year (Power Sector) – 1st Runner up
- Most Sustainable Transaction of the Year (Oil and Gas Sector) – Winner
- Most Sustainable Transaction of the Year (Agriculture) – Winner
- Excellence in Women Economic Empowerment – 1st Runner up
- Most Sustainable Bank of the Year – Winner

The Bank has consecutively won the Most Sustainable Bank of the year since 2017 which was the maiden edition.

Impact Investing

As part of the drive to support sustainable opportunities, there was a collaboration with the Netherlands Development Finance Company (FMO). In 2019, FMO announced the signing of a $10million senior unsecured loan with Access Bank in the Democratic republic of Congo (DRC). The investment is geared towards environmental and social risk issues especially Human Rights. The Bank is committed to grow its environmental and social footprint across all of its subsidiaries.
Impact investing refers to investments "made into companies, organizations, and funds with the intention to generate a measurable, beneficial social or environmental impact alongside a financial return".
The Bank also concluded a $35million targeted investment contract with the French Development Agency (AfD) aimed at environmentally friendly financing.

Independent auditor's report

To the Members of Access Bank Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Plc ("the bank") and its subsidiaries (together "the group") as at 31 December 2019, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Access Bank Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of comprehensive income for the year ended 31 December 2019;
- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combination (refer to notes 3.3b and 44) The Group acquired 100% of the share capital of Diamond Bank Plc on 19 March 2019 for a purchase consideration of N 62.5 billion resulting in a provisional goodwill of N 50.6 billion. We have determined this to be a key audit matter based on the materiality of the acquisition and the significance of the transaction to the Group. This transaction falls within the scope of IFRS 3 Business Combinations which requires significant judgement in determining the acquisition date and fair value of the identifiable net assets acquired which are inherently judgemental. The directors have not concluded the Purchase Price Allocation (PPA) for the acquisition and have elected to record the acquisition related entries as provisional as at 31 December 2019 as permitted under IFRS 3. The directors' intend to conclude this and present the results in the interim 30 June 2020 financial statements.. This is considered a key audit matter in the consolidated and separate financial statements.	We performed the following procedures in response to the key audit matter identified: • reviewed the scheme of merger between Access Bank Plc and Diamond Bank Plc to obtain an understanding of the transaction; • evaluated the reasonableness of the directors' determination of the acquisition date by comparing to the date the transaction was sanctioned by the Courts; • checked the reasonableness of the directors' determination of the fair value of purchase consideration; • assessed the reasonableness of the Diamond Bank Plc closing balances as at the date of acquisition by comparing with the audited financial statements as of the same date; and • reviewed the disclosures in the financial statements.
Impairment on loans and advances to customers – N191.4 billion (refer to notes 3.9, 4.0 and 23) We focused on this area because the directors exercise significant judgement, using subjective assumptions when determining both the timing and the amounts to recognise as impairment. The IFRS 9 'Financial Instruments' impairment methodology requires significant judgement in measuring expected credit loss (ECL). Areas where significant judgement was exercised includes:	We adopted a substantive approach in assessing the allowance for impairment made by the directors. We performed the following procedures: • checked that the Group applied a default definition that is consistent with IFRS 9 qualitative default criteria and days past due backstop indicator;

- the definition of default adopted by the bank;
- determining the criteria for assessing significant increase in credit risk (SICR);
- determination of the key inputs used in determining the lifetime exposure at default (EAD);
- methodologies adopted by the bank in modelling the 12 month and lifetime probability of default (PD) used in the ECL model;
- estimation of Loss Given Default (LGD) by considering collateral values and the haircut adjustment as well as estimation of recoveries on unsecured exposures; and
- incorporating forward looking information and the determination of multiple economic scenarios used in the ECL model.

This is considered a key audit matter in the consolidated and separate financial statements.

- evaluated the reasonableness of the Group's determination of significant increase in credit risk by checking that a lifetime ECL is recognised when credit risk has increased significantly (Stage 2), a lifetime ECL is recognised on impaired facilities (Stage 3) and a 12-month ECL (Stage 1) is recognised for facilities in Stage 1;
- applied a risk-based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. We did this to identify quantitative and qualitative factors resulting in SICR or default per the directors' definition;
- reviewed the appropriateness of the exposure at default by checking whether relevant facility specific information have been incorporated in determining the EAD term structure. We performed independent calculation for a select sample set to assess reasonableness of the EAD estimates;
- reviewed the reasonableness of the methodology used in modelling PD to assess for consistency with acceptable modelling techniques and also testing the historical data inputs into the model for accuracy and completeness;
- evaluated the reasonableness of the Loss Given Default (LGD) by reviewing cash recoveries, collateral values along with assumptions on haircut and recovery rates; and
- evaluated that the Group factored business cycle dependencies into ECL estimates by incorporating forward-looking information into the ECL parameters and checked the reasonableness of forward-looking information and multiple economic scenarios considered. We also checked the reasonableness of the scenario probability weight by performing independent computation and benchmarking scenario weights.

We reviewed the IFRS 9 disclosures for reasonableness.

Valuation of equity securities at fair value through profit or loss – N 113.2 billion (refer to notes 3.9, 4.1 and 25)

We focused on this area because of the significant judgements involved and the higher risk of material misstatement in estimating the fair value of these

We performed the following procedures:

- assessed the competence, independence and objectivity of the directors' external consultant;

instruments. The most judgemental aspect of equity securities at fair value through profit or loss relate to the valuation of level 3 financial instruments (*N 111.6 billion - refer to note 4.1.1*), which we consider to be a key audit matter.

The following risks could lead to inaccurate fair values of level 3 equity securities at fair value through profit or loss:

- The Group uses a number of model types to value its level 3 financial instruments. Model deficiencies or inaccurate model parameters could lead to material misstatements of the financial statements; and
- Whilst some of the model inputs used for determining fair values are observable, there are unobservable inputs (such as illiquidity discount rate and hair cut) which could lead to valuation variances.

The directors employ the services of an external consultant for these valuations.

This is considered a key audit matter in the consolidated and separate financial statements.

- checked that the valuation techniques used to determine the fair values of level 3 equity securities were consistent with the market approach prescribed by the applicable standard.
- checked the inputs to the valuation and evaluated the principal assumptions of illiquidity discount rate and haircut by comparing them to independent sources for reasonableness; and
- evaluated the appropriateness of the classification and measurement basis of these investments.
- reviewed the disclosures for compliance with the relevant standards.

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Directors' report, Customer complaints and Feedback, Corporate Governance Report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee, Risk management framework, Value added Statement, Five-year financial summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Access Bank Plc 2019 Annual Report, which are expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Access Bank Plc 2019 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other

Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the bank's statement of financial position and statement of comprehensive income are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 45 to the consolidated and separate financial statements; and

v) as disclosed in Note 41 to the consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the year ended 31 December 2019.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

6 March 2020

Engagement Partner: Tola Ogundipe
FRC/2013/ICAN/00000000639

Consolidated and separate statement of comprehensive income

In thousands of Naira	Notes	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Interest income on financial assets not at FVTPL	8	453,550,213	360,307,616	391,459,009	293,590,764
Interest income on financial assets at FVTPL	8	83,296,576	20,607,306	80,009,759	19,483,392
Interest expense	8	(259,617,791)	(207,336,761)	(238,708,397)	(184,857,410)
Net interest income		277,228,998	173,578,161	232,760,371	128,216,746
Net impairment charge	9	(20,189,393)	(14,656,723)	(21,055,479)	(10,702,144)
Net interest income after impairment charges		257,039,605	158,921,438	211,704,892	117,514,602
Fee and commission income	10 (a)	91,845,403	62,095,546	75,365,238	47,584,441
Fee and commission expense	10 (b)	(17,798,050)	(9,600,893)	(17,115,894)	(9,094,470)
Net fee and commission income		74,047,353	52,494,653	58,249,344	38,489,971
Net gains on investment securities	11a,b	66,102,274	96,324,350	64,711,601	95,286,231
Net foreign exchange loss	12	(83,876,395)	(23,768,927)	(93,038,918)	(31,213,857)
Other operating income	13	55,835,529	13,178,688	53,553,485	11,012,065
Profit on disposal of subsidiaries	48 (b)	-	-	4,287,666	-
Personnel expenses	14	(76,964,138)	(57,144,039)	(60,712,847)	(40,425,816)
Rent expenses		-	(4,334,491)	-	(1,983,096)
Depreciation	28	(21,232,914)	(13,535,345)	(17,113,619)	(11,383,886)
Amortization and impairment	29	(4,474,622)	(2,799,133)	(3,988,055)	(2,327,510)
Other operating expenses	15	(151,098,113)	(116,149,491)	(134,986,773)	(99,720,558)
Profit before tax		115,378,579	103,187,703	82,666,776	75,248,146
Income tax	16	(17,868,920)	(8,206,617)	(9,097,722)	(1,651,851)
Profit for the year		**97,509,659**	**94,981,086**	**73,569,054**	**73,596,295**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		(621,039)	338,661	(621,039)	338,661
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries:					
- Unrealised losses during the year		(4,155,945)	(11,226,803)		-
Net changes in fair value of financial instruments		6,586,645	(5,659,791)	7,436,898	(5,794,964)
Other comprehensive gain/(loss), net of related tax effects		1,809,661	(16,547,933)	6,815,859	(5,456,303)
Total comprehensive income for the year		**99,319,320**	**78,433,153**	**80,384,913**	**68,139,992**
Profit attributable to:					
Owners of the bank		96,501,925	94,018,241	73,569,054	73,596,295
Non-controlling interest	38	1,007,734	962,845	-	-
Profit for the year		**97,509,659**	**94,981,086**	**73,569,054**	**73,596,295**
Total comprehensive income attributable to:					
Owners of the bank		98,660,847	77,470,308	80,384,913	68,139,992
Non-controlling interest	38	658,473	962,845	-	-
Total comprehensive income for the year		**99,319,320**	**78,433,153**	**80,384,913**	**68,139,992**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	290	331	217	254
Diluted (kobo)	17	285	325	217	254

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

Consolidated and separate statement of financial position
As at 31 December 2019

In thousands of Naira	*Notes*	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Assets					
Cash and balances with banks	18	723,064,003	740,926,362	575,906,273	338,289,912
Investment under management	19	28,291,959	23,839,394	28,291,959	23,839,394
Non pledged trading assets	20	129,819,239	38,817,147	76,971,761	36,581,058
Derivative financial assets	21	143,520,553	128,440,342	143,480,073	128,133,789
Loans and advances to banks	22	152,825,081	142,489,543	164,413,001	100,993,116
Loans and advances to customers	23	2,911,579,708	1,993,606,233	2,481,623,671	1,681,761,862
Pledged assets	24	605,555,891	554,052,956	605,555,891	554,052,956
Investment securities	25	1,084,604,185	501,072,480	813,706,953	258,580,286
Investment properties	31a	927,000	-	727,000	-
Restricted deposit and other assets	26	1,055,510,452	704,326,780	1,004,310,286	625,813,176
Investment in subsidiaries	27b	-	-	131,458,709	111,203,496
Property and equipment	28	211,214,238	103,668,719	188,634,458	88,392,543
Intangible assets	29	65,932,754	9,752,498	71,003,729	8,231,197
Deferred tax assets	30	8,807,563	922,660	-	-
		7,121,652,626	4,941,915,114	6,286,083,763	3,955,872,785
Asset classified as held for sale	31b	24,957,519	12,241,824	24,957,518	12,241,824
Total assets		**7,146,610,145**	**4,954,156,938**	**6,311,041,282**	**3,968,114,609**
Liabilities					
Deposits from financial institutions	32	1,186,356,314	994,572,845	1,079,284,418	616,644,611
Deposits from customers	33	4,255,837,303	2,564,908,384	3,668,339,811	2,058,738,930
Derivative financial liabilities	21	6,885,680	5,206,001	6,827,293	5,185,870
Current tax liabilities	16	3,531,410	4,057,862	1,409,436	2,939,801
Other liabilities	34	324,333,873	246,438,951	302,261,951	222,046,143
Deferred tax liabilities	30	11,272,928	6,456,840	4,507,110	4,505,966
Debt securities issued	35	157,987,877	251,251,383	157,987,877	251,251,383
Interest-bearing borrowings	36	586,602,830	388,416,734	544,064,226	363,682,441
Retirement benefit obligation	37	3,609,037	2,336,183	3,418,060	2,319,707
Total liabilities		**6,536,417,252**	**4,463,645,183**	**5,768,100,182**	**3,527,314,852**
Equity					
Share capital and share premium	38	251,811,463	212,438,802	251,811,463	212,438,802
Retained earnings		225,118,812	155,592,892	192,378,618	148,238,575
Other components of equity	38	124,733,785	114,609,701	98,751,019	80,122,380
Total equity attributable to owners of the Bank		**601,664,060**	**482,641,395**	**542,941,100**	**440,799,757**
Non controlling interest	38	8,528,833	7,870,360	-	-
Total equity		**610,192,893**	**490,511,755**	**542,941,100**	**440,799,757**
Total liabilities and equity		**7,146,610,145**	**4,954,156,938**	**6,311,041,282**	**3,968,114,609**

Signed on behalf of the Board of Directors on 10 February, 2020 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**	**1,725,385**	**(3,401,302)**	**3,489,080**	**(5,622,402)**	**15,586,697**	**155,592,893**	**482,641,395**	**7,870,360**	**490,511,755**
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	96,501,925	96,501,925	1,007,734	97,509,659
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(3,806,684)	-	(3,806,684)	(349,261)	(4,155,945)
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	(621,039)	(621,039)	-	(621,039)
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	6,586,645	-	-	6,586,645	-	6,586,645
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-		-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**6,586,645**	**(3,806,684)**	**(621,039)**	**2,158,922**	(349,261)	**1,809,661**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,586,645**	**(3,806,684)**	**95,880,886**	**98,660,847**	**658,473**	**99,319,320**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	(1,850,355)	10,432,708	-	-	-	-	-	(8,582,353)	-		-
Transfers under the scheme of merger	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued under scheme of merger	3,308,627	36,064,034		-	-	-	-	-	-	-	39,372,661	-	39,372,661
Additional shares	-	-	-	-	106,999	(2,330,544)	-	-	-	-	(2,223,545)	-	(2,223,545)
Scheme shares	-	-		-	985,315		-	-	-	-	985,315	-	985,315
Vested shares	-	-	-	-	(935,932)	935,932	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(17,772,613)	(17,772,613)	-	(17,772,613)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**(1,850,355)**	**10,432,708**	**156,382**	**(1,394,612)**	**-**	**-**	**-**	**(26,354,966)**	**20,361,818**	**-**	**20,361,818**
Balance at 31 December 2019	**17,772,613**	**234,038,850**	**18,091,941**	**93,322,654**	**1,881,767**	**(4,795,913)**	**3,489,080**	**964,243**	**11,780,013**	**225,118,812**	**601,664,060**	**8,528,833**	**610,192,893**

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**	**2,031,977**	**(4,028,909)**	**3,489,080**	**36,111,322**	**26,813,500**	**113,449,307**	**504,287,522**	**6,907,515**	**511,195,037**
Changes on initial application of IFRS 9	-	-	-	-	-	-	-		-	(80,634,271)	(80,634,271)	-	(80,634,271)
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**	**2,031,977**	**(4,028,909)**	**3,489,080**	**37,389**	**26,813,500**	**103,947,235**	**423,653,251**	**6,907,515**	**430,560,766**
Total comprehensive income for the year:													
Profit for the year	-	-	-	-	-	-	-	-	-	94,018,241	94,018,241	962,845	94,981,086
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-		(11,226,803)	-	(11,226,803)		(11,226,803)
Actuarial gain on remeasurement of retirement benefit (net of tax)	-	-	-	-	-	-	-	-	-	338,661	338,661	-	338,661
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	(5,659,791)	-	-	(5,659,791)	-	(5,659,791)
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-		-	-		-	
Total other comprehensive income	-	-	-	-	-	-	-	(5,659,791)	(11,226,803)	338,661	(16,547,933)	-	(16,547,933)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,659,791)**	**(11,226,803)**	**94,356,902**	**77,470,308**	**962,845**	**78,433,153**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	11,580,275	12,327,790	-	-	-	-		(23,908,065)	-	-	-
Scheme shares	-	-		-	836,160	(515,144)	-	-		-	321,016	-	321,016
Vested shares	-	-	-	-	(1,142,752)	1,142,752	-	-	-	-	-	-	-
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(18,803,180)	(18,803,180)	-	(18,803,180)
Total contributions by and distributions to equity holders	**-**	**-**	**11,580,275**	**12,327,790**	**(306,592)**	**627,608**	**-**	**-**	**-**	**(42,711,245)**	**(18,482,164)**	**-**	**(18,482,164)**
Balance at 31 December 2018	**14,463,986**	**197,974,816**	**19,942,296**	**82,889,946**	**1,725,385**	**(3,401,301)**	**3,489,080**	**(5,622,402)**	**15,586,697**	**155,592,892**	**482,641,395**	**7,870,360**	**490,511,755**

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 year:									
Profit for the year	-	-	-	-	-	-	-	73,569,054	73,569,054
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	(621,039)	(621,039)
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	7,436,898	-	7,436,898
Net changes in allowance on FVOCI financial instruments				-				-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**7,436,898**	**(621,039)**	**6,815,859**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**7,436,898**	**72,948,015**	**80,384,913**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	-	11,035,359	-	-	-	(11,035,359)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(17,772,613)	(17,772,613)
Shares issued under scheme of merger	3,308,627	36,064,034	-	-	-	-	-	-	39,372,661
Additional shares	-	-	-	-	106,999	-	-	-	106,999
Scheme shares	-	-	-	-	985,315	-	-	-	985,315
Vested shares	-	-	-	-	(935,932)	-	-	-	(935,932)
Total contributions by and distributions to equity holders	**3,308,627**	**36,064,034**	**-**	**11,035,359**	**156,382**	**-**	**-**	**(28,807,972)**	**21,756,430**
Balance at 31 December 2019	**17,772,613**	**234,038,850**	**9,483,000**	**83,061,699**	**1,881,767**	**3,489,081**	**835,472**	**192,378,618**	**542,941,100**

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**	**115,966,230**	**465,238,724**
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)	113,629,243	391,769,538
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	73,596,295	73,596,295
Other comprehensive income, net of tax									
Actuarial gain on remeasurement of retirement benefit	-	-	-	-	-	-	-	338,661	338,661
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	(5,794,964)	-	(5,794,964)
Net changes in allowance on FVOCI financial instruments									
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(5,794,964)**	**338,661**	**(5,456,303)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(5,794,964)**	**73,934,956**	**68,139,992**
Transactions with equity holders, recorded directly in equity:									
Transfers for the year	-	-	9,483,000	11,039,444		-	-	(20,522,444)	-
Dividend paid to equity holders	-	-	-	-	-	-	-	(18,803,180)	(18,803,180)
Scheme shares	-	-	-	-	836,160	-	-	-	836,160
Vested shares	-	-	-	-	(1,142,753)	-	-	-	(1,142,753)
Total contributions by and distributions to equity holders	**-**	**-**	**9,483,000**	**11,039,444**	**(306,593)**	**-**	**-**	**(39,325,624)**	**(19,109,773)**
Balance at 31 December 2018	**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**

Consolidated statement of cash flows

In thousands of Naira	Note	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Cash flows from operating activities					
Profit before income tax		115,378,579	103,187,703	82,666,776	75,248,146
Adjustments for:					
Depreciation	28	21,232,914	13,535,345	17,113,619	11,383,886
Amortization	29	4,474,622	2,799,133	3,988,055	2,325,311
Fair value gain on investment property	13	(25,000)		-	
Gain on disposal of property and equipment	13	(594,872)	(81,797)	(183,049)	(237,210)
Loss on lease modification		63,329	-	63,329	-
Profit on disposal of investment securities		(2,265,686)	-	(2,265,686)	-
Impairment on financial assets	9	20,164,358	14,656,724	21,055,479	10,702,144
Additional gratuity provision		774,562	624,711	600,060	621,593
Profit on disposal of subsidiaries		-	-	(4,287,666)	-
Restricted share performance plan expense		1,092,314	836,160	985,315	836,160
Property and equipment written off	28	167,405	-	103,516	-
Fair value loss on financial assets at FVPL		(11,237,409)	(35,706,212)	(11,237,409)	(35,706,212)
Net interest income	8	(278,116,647)	(173,578,161)	(232,760,371)	(128,216,746)
Unrealised foreign exchange loss on revaluation	12	19,053,227	39,496,189	17,029,703	37,472,664
(Loss)/Profit on disposal of asset held for sale		198,850	-	198,850	-
Loss/(Profit) on disposal of of investment in subidiaries and associates		-	-	-	(430,019)
Loss on disposal of Investment property		153,946	-	153,946	-
Dividend income	13	(2,576,171)	(2,729,525)	(3,151,485)	(2,747,925)
		(112,061,679)	(36,959,732)	(109,927,018)	(28,748,209)
Changes in operating assets					
Non-pledged trading assets		(71,289,759)	7,770,674	(20,678,371)	6,169,695
Fair value of derivative financial instruments		(13,082,716)	(35,147,225)	(13,387,046)	(35,864,150)
Pledged assets		476,528,234	76,688,020	476,452,942	70,076,943
Restricted deposits		(44,514,019)	(181,515,384)	(5,813,506)	(164,959,177)
Loans and advances to banks and customers		(280,491,556)	(170,356,871)	(237,771,116)	12,273,604
Other assets		(62,624,567)	(41,277,822)	(81,739,297)	(37,615,847)
Changes in operating liabilities					
Deposits from financial institutions		129,334,795	535,994,500	409,815,330	332,514,925
Deposits from customers		653,011,639	313,228,097	570,748,593	140,102,442
Other liabilities		18,523,510	(13,618,740)	12,356,179	(22,852,957)
Interest paid on deposits to banks and customers		(226,142,999)	(149,031,157)	(211,969,418)	(126,741,012)
Interest received on loans and advances and non-pledged trading assets		247,082,946	261,809,814	232,654,477	228,693,792
Interest received on non-pledged trading assets		84,395,835	-	81,109,018	-
Payment to gratuity benefit holders		(415,000)	-	(415,000)	-
Lease payments		(1,556,558)	-	(1,184,674)	-
		796,698,106	567,284,175	1,100,251,093	372,750,051
Income tax paid		(14,686,580)	(14,961,654)	(5,677,827)	(6,747,660)
Net cash generated from/(used in) operating activities		782,011,525	552,322,520	1,094,573,265	366,002,390
Cash flows from investing activities					
Acquisition of investment securities		(6,043,119,994)	(1,555,681,602)	(6,014,899,148)	(1,459,070,853)
Interest received on investment securities		89,682,585	102,907,875	70,648,399	65,395,705
Investment under management		(1,362,890)	(785,965.09)	(1,362,890)	(785,965)
Dividend received	13	2,576,171	2,729,525	3,151,485	2,747,925
Acquisition of property and equipment	28	(37,505,576)	(19,011,517)	(32,259,378)	(16,658,515)
Proceeds from the sale of property and equipment and intangible assets		994,122	348,743	661,290	796,018
Acquisition of intangible assets	29	(7,792,913)	(5,097,415)	(7,270,576)	(4,574,605)
Proceeds from disposal of asset held for sale		14,368,799	-	1,746,150	-
Proceeds from sale of investment properties		200,000	-	200,000	-
Capital expenditure on investment property		(2,435)	-	(2,435)	-
Proceeds from matured/disposed investment securities		449,279,227	106,791,789	449,279,227	83,366,456
Proceeds from sale of investment securities		5,212,067,179	1,250,484,663	5,212,067,179	(24,087,345)
Additional investment in subsidiaries		-	-	(17,582,261)	-
Proceeds from disposal of subsidiary		-	-	12,263,926	-
Cash and cash equivalents acquired from business Combination		30,262,457	-	30,258,805	1,271,178,639
Net cash generated from investing activities		**(290,353,267)**	**(117,313,903)**	**(293,100,226)**	**(81,240,117)**
Cash flows from financing activities					
Interest paid on interest bearing borrowings and debt securities issued		(44,940,125)	(47,130,258)	(43,712,811)	(42,209,504)
Net proceeds from interest bearing borrowings		103,231,346	72,857,911	85,539,189	76,046,143
Net proceeds of debt securities issued	35	(216,208,000)	(118,691,111)	(216,208,000)	(118,691,111)
Purchase of own shares		(2,330,544)	(515,144)	(1,501,886)	-
Dividends paid to owners		(17,772,613)	(18,803,180)	(17,772,613)	(18,803,180)
Debt securities issued	35	45,000,000	51,289,056	45,000,000	51,289,056
Net cash (used in)/generated from financing activities		**(133,019,936)**	**(60,992,726)**	**(148,656,121)**	**(52,368,596)**
Net increase/(decrease) in cash and cash equivalents		358,638,320	374,015,889	652,816,916	232,393,674
Cash and cash equivalents at beginning of year	40	864,564,911	493,424,299	424,360,569	198,811,517
Net increase/ (decrease) in cash and cash equivalents		358,638,320	374,015,890	652,816,916	232,393,679
Effect of exchange rate fluctuations on cash held		2,827,789	(2,875,278)	2,827,789	(6,844,628)
Cash and cash equivalents at end of year	40	1,226,031,019	864,564,912	1,080,005,274	424,360,569

1.0 General information

Access Bank Plc ("the Bank") is a bank domiciled in Nigeria. The address of the Bank's registered office is No 14/15, Prince Alaba Oniru Road, Oniru, Lagos (formerly Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos). The consolidated and separate financial statements of the Bank for the year ended 31 December 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 10 February 2020. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

The 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 International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. This consolidated and separate financial statement 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: non current assets held for sale and investment properties 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 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 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 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.
- Investment properties are measured at fair value.

(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 year 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 year 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 year 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 year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.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 year 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 years 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 the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of N6.65 billion.

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 year, 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	*Remeasurement*	*As at 1 Jan 2019*
	N'000	N'000	N'000	N'000
Assets				
Right-of-use assets	-	3,396,640	2,312,629	5,709,269
Prepayment	65,189,797	(3,396,640)	-	61,793,157
	65,189,797	**-**	**2,312,629**	**67,502,426**
Liabilities				
Non-current				
Lease liabilities	-	-	2,290,416	2,290,416
Current				
Lease liabilities	-	-	22,213	22,213
	-	**-**	**22,213**	**22,213**

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 31 December 2019 is shown below:

IFRS 16 Leases (effective 1 January 2019)	N'000
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. The group has adopted the short cut approach for the sale of Diamond Bank UK acquired during the year
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

Based on the provisions of The Finance Act, minimum tax will be applicable at 0.5% of gross turnover less franked investment income.

(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.

3.8 (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

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.

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.

Financial assets	Financial assets at fair value through profit or loss
	Financial assets at amortised cost
	Fair value through other comprehensive income
Financial liabilities	Financial liabilities at fair value through profit or loss
	Financial liabilities at amortised cost

[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.

Reclassification

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
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 year 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 year 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 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 changes in lifetime ECLs since initial recognition,
• 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 year 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 year used to derive the PDs. The scalars calculated were applied to the lifetime PDs. This process results in forward-looking best-estimate, optimistic and downturn lifetime PD curves, which are used in the ECL calculations.

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 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.

[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 similar to repurchase transactions as the Group

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) for performing the servicing.
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.

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. The ECL on restricted deposits and other assets have is calculated using the simplified model approach.

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 year 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 other operating income or other operating expenses dependent on whether a loss or gain is recognized after the measurement

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 the fair value of investment property is recognised in income statement for the year in which it arise.

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) Post employment defined benefit

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 180 days
Doubtful	50%	Interest and/or principal overdue by 180 days but less than 365 days
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 period 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 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.

The standard requires recognition of an impairment allowance on financial instruments, based on 12 months or lifetime expected credit losses. The ECL calculations are based on the components discussed in the previous sections.

IFRS 9 requires the calculation of probability-weighted ECL impairments. Three ECL figures were therefore calculated for each account (optimistic, best-estimate and downturn ECLs) and probability-weighted to arrive at a single ECL impairment for each account. The likelihood of the best-estimate, downturn and optimistic scenarios were assumed to be 75%, 13.9% and 11% respectively.

The EIR, as provided by the Bank, is used to discount all ECLs to the reporting date. For accounts with no EIR information, the balance-weighted average EIR across all accounts, split by portfolio, is used as a proxy. The method followed for accounts classified as Stage 1, Stage 2 or Stage 3 are set out below;

Stage 1
Account-level ECL figures are calculated projecting monthly expected losses for the next 12-months of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and EAD or the collateral adjusted EAD (if secured) at the start of each month.

Stage 2
Account-level ECL figures are calculated projecting monthly expected losses for the remaining lifetime of each account. The forward, macro-adjusted monthly PDs are applied to the applicable LGD estimate and the EAD or collateral adjusted EAD (if secured) at the start of each month.

Stage 3
For the purposes of this model, account-level ECL figures are calculated by applying the applicable LGD estimate to the balance as at the reporting date

The final ECL impairment is calculated as the probability-weighted average of the ECLs produced for the three macro-economic scenarios.

The Bank reviews its loan portfolios to assess impairment at least on a half yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating a significant increase in credit risk followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a bank, or national or local economic conditions that correlate with defaults on assets in the Bank.

The Bank makes use of estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The specific component of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based upon management’s best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor’s financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently reviewed by the Credit Risk Management Department (CRMD).

A collective component of the total allowance is established for:
- Groups of homogeneous loans that are not considered individually significant and
- Groups of assets that are individually significant but were not found to be individually impaired

Collective allowance for groups of homogeneous loans is established using statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Collective allowance for group of assets that are individually significant but that were not found to be individually impaired cover credit losses inherent in portfolios of loans and advances and held to maturity investment securities with similar credit characteristics when there is objective evidence to suggest that they contain impaired loans and advances and held to maturity investment securities, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on estimates of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are estimated.

(ii) ***Sensitivity of Exposure at default - Probability of Default (PD) & Loss Given Default (LGD)***

Corporate Loans
In establishing sensitivity to ECL estimates for corporate loans, four variables (GDP growth rate, Crude Oil Price, Inflation and US exchange rate were considered). Of this variables, the bank's corporate loans reflects greater responsiveness to GDP growth rate and crude oil price

On balance Sheet Exposure
GDP growth rate : Given the signficant impact on companies performance and collateral valuations
Oil price : Given it impacts on purchasing power, demand as well as overall health of the economy

The table below outlines the total ECL for wholesale portfolios as at 31 December 2019, if the assumptions used to measure ECL remain as expected (amount as presented in the statement of financial position), as well as if each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs.

	-10%	+10%
P & L Impact of change in	5,100,496	(4,936,292)

Sensitivity of Exposure at default - Probability of Default (PD) & Loss Given Default (LGD)

Had there been a 20% reduction in expected cashflows from all the stage 2 & 3 facilities, there would have been an additional impairment of N7.8bn in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, impairment charge would have further increased by N4.4BN but if the PDs and LGDs were decreased by 2%, there would have been a write back of impairment of N2.5BN.

	Group December 2019	Group December 2018	Group December 2019	Group December 2018
	Loans and advances to individuals		Loans and advances to corporates	
Impact on Profit before tax				
20% reduction in expected cashflows from stage 2 loans	(7,788,290)	(14,757,060)	(6,831,833)	(14,529,752)
Increase in LGD and PD by 2%	(4,538,702)	(727,376)	(3,814,035)	(716,172)
Decrease in LGDs and PD by 2%	2,571,839	647,444	2,296,284	637,471
Increase in LGDs and PD by 10%	(9,906,466)	(3,477,014)	(8,743,571)	(3,423,456)
Decrease in LGDs and PD by 10%	17,737,650	3,397,082	14,247,109	3,344,756

	-10%	+10%
P & L Impact of change in Macroeconomic variables	149,783	(150,582)

Statement of prudential adjustments
Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

a) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a

"regulatory risk reserve".
• Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

The Bank has complied with the requirements of the guidelines as follows:

Statement of prudential adjustments *In thousands of Naira*	Note	**December 2019**	**December 2018**
Bank			
Loans & advances:			
Expected credit loss (ECL) on loans to customers and banks			
- Loans to banks	23(b)	1,361,987	80,205
- Loans to individuals	23(b)	4,776,944	5,266,200
- Loans to corporate	23(b)	176,222,477	72,009,750

Total impairment allowances on loans per IFRS	**182,361,408**	**77,275,951**
Total regulatory impairment based on prudential guidelines	**217,419,674**	**112,334,217**
Balance, beginning of the year	35,058,266	35,058,266
Additional transfers to/(from) regulatory risk reserve	-	-
Balance, end of the year	**35,058,266**	**35,058,266**

The Central Bank of Nigeria (CBN) via its circular BSD/DIR/GEN/LAB/08/052 issued on 11 November 2015, directed banks in Nigeria to increase the general provision on performing loans from 1 percent to 2 percent for prudential review of credit portfolios in order to ensure adequate buffer against unexpected loan losses.

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
December 2019

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	2,054,650	-	-	2,054,650
Placements	-	-	9,779,427	9,779,427
Commercial paper	-	6,849,720	-	6,849,720
Treasury bills	4,280,814	-	-	4,280,814
Mutual funds	-	2,889,702	-	2,889,702
Eurobonds	-	2,437,646	-	2,437,646
Non pledged trading assets				
Treasury bills	89,797,961	-	-	89,797,961
Government Bonds	40,021,277	-	-	40,021,277
Eurobonds	-	-	-	-
Equity	-	-	-	-
Derivative financial instrument	-	143,520,553	-	143,520,553
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	30,388,532	-	-	30,388,532
Government Bonds	-	-	-	-
-Financial instruments at FVPL				
Treasury bills	39,881,494	-	-	39,881,494
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	232,813,374	-	-	232,813,374
Government Bonds	64,989,934	-	-	64,989,934
State government bonds	-	6,311,454	-	6,311,454
Corporate bonds	-	7,815,595	-	7,815,595
Eurobonds	-	2,860,694	-	2,860,694
Promissory notes	-	807,619	-	807,619
-Financial assets at FVPL				-
Equity	598,936	990,127	111,569,257	113,158,320
Assets held for sale	-	-	24,957,519	24,957,519
	504,826,973	174,483,109	146,306,203	825,616,285
Liabilities				
Derivative financial instrument	-	6,885,680	-	6,885,680
	-	6,885,680	-	6,885,680

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
	493,720,735	148,877,546	109,980,209	752,578,490
Liabilities				
Derivative financial instrument	-	5,206,001	-	5,206,001
	-	5,206,001	-	5,206,001

Bank
December 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	2,054,650	-	-	2,054,650
Placements	-	-	9,779,427	9,779,427
Commercial paper	-	6,849,720	-	6,849,720
Nigerian Treasury bills	4,280,814	-	-	4,280,814
Mutual funds	-	2,889,702	-	2,889,702
Eurobonds	-	2,437,646	-	2,437,646
Non pledged trading assets				
Treasury bills	74,749,344	-	-	74,749,344
Government Bonds	2,222,417	-	-	2,222,417
Eurobonds	-	-		-
Equity	-	-	-	-
Derivative financial instrument	-	143,480,073	-	143,480,073
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	30,388,532	-	-	30,388,532
Government Bonds	-	-	-	-
-Financial instruments at FVPL				
Treasury bills	39,881,494	-	-	39,881,494
Government Bonds	-	-	-	-
Investment securities				
-Financial assets at FVOCI				
Treasury bills	77,897,548	-	-	77,897,548
Government Bonds	4,823,398	-	-	4,823,398
State government bonds	-	6,311,454	-	6,311,453
Corporate bonds	-	7,815,595	-	7,815,595
Eurobonds	-	-	-	-
Promissory notes	-	807,619	-	807,619
-Financial assets at FVPL				
Equity	598,936	990,127	111,537,560	113,126,623
Asset held for sale	-	-	24,957,518	24,957,518
	236,897,134	171,581,936	146,274,505	554,753,575
Liabilities				
Derivative financial instrument	-	6,827,293	-	6,827,293

-	6,827,293	-	6,827,293

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	-	5,306,450	-	5,306,450
	-	5,306,450	-	5,306,450

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

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	723,064,003	723,064,003
Loans and advances to banks	-	-	152,825,081	152,825,081
Loans and advances to customers	-	-	2,911,579,708	2,911,579,708
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	452,686,281	-	-	452,686,281
Bonds	82,599,583	-	-	82,599,583
Investment securities				
-Financial assets at amortised cost				
Treasury bills	379,283,381	-	-	379,283,381
Bonds	256,532,576	9,746,421		266,278,995
Other assets	-	-	1,016,582,843	1,016,582,843
	1,171,101,820	9,746,421	4,804,051,634	5,984,899,874
Liabilities				
Deposits from financial institutions	-	-	1,186,356,314	1,186,356,314
Deposits from customers	-	-	4,255,837,303	4,255,837,303
Other liabilities	-	-	315,626,032	315,626,032
Debt securities issued	126,360,001	-	-	126,360,001
Interest-bearing borrowings	-	-	586,602,830	586,602,830
	126,360,001	-	6,344,422,479	6,470,782,480

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	**7,380,130**	**3,561,013,992**	**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
December 2019
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	-	575,906,273	575,906,273
Loans and advances to banks	-	-	164,413,001	164,413,001
Loans and advances to customers	-	-	2,481,623,671	2,481,623,671
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	452,686,281	-	-	452,686,281
Bonds	82,599,583	-	-	82,599,583
Investment securities				
Financial assets at amortised cost				
Treasury bills	341,786,029	-	-	341,786,029
Bonds	241,082,412	9,746,421	-	250,828,832
Other Assets	-	-	968,698,629	968,698,629
	1,118,154,306	9,746,421	4,190,641,574	5,318,542,300
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	295,184,124	295,184,124
Debt securities issued	126,360,001		-	126,360,001
Interest-bearing borrowings	-	-	544,064,226	544,064,226
	126,360,001	-	839,248,350	965,608,351

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	7,380,128	2,731,949,190	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 31 December 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	143,480,073	Forward and swap: Fair value through market rate from a quoted market	Market rates from quoted market	136,380,720	136,925,579	The higher the market rate, the higher the fair value of the derivative financial instrument
Derivative financial liabilities	6,827,293	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 31 December 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	89,805,806	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	94,296,097	85,315,516	94,296,097	85,315,516	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System Limited	6,732,958	Adjusted fair value comparison approach	Average P/E ratios of comparable companies	7,069,606	6,396,310	7,069,606	6,396,310	The higher the illiquidity ratio and the size adjustments/haircut, the lower the fair value
Investment in CSCS	4,312,500	Adjusted fair value comparison approach	Prices as obtained from NASD (National Association of Securities Dealers)	4,528,125	4,096,875	4,528,125	4,096,875	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	5,205,008	4,709,293	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	34,396	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	36,116	32,676	36,116	32,676	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	684,900	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	719,145	650,655	719,145	650,655	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC Bureau	391,854	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	411,447	372,262	323,077	292,308	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	Prices as obtained from NASD (National Association of Securities Dealers)	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	4,982,794	Adjusted fair value comparison approach	Fair values as obtained from the company	5,231,934	4,733,655	5,231,934	4,733,655	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
NG Clearing	227,491	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	238,866	216,117	238,866	216,117	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 presents the changes in Level 3 instruments for the year ended 31 December 2019

Financial assets at fair value through profit or loss	**Group December 2019**	**Group December 2018**	**Bank December 2019**	**Bank December 2018**
Opening balance	98,287,042	55,180,818	97,738,061	54,929,512
Acquired from business combination	6,058,135	34,196,186	6,058,135	-
Total unrealised gains in P/L	19,799,137	3,997,915	19,799,137	34,196,186
Cost of Asset (Additions)	50,000	4,912,123	50,000	3,997,915
Sales	(11,634,930)	-	(11,117,647)	4,614,448
Balance, year end	**112,559,384**	**98,287,042**	**112,527,686**	**97,738,061**

Assets Held for Sale	**Group December 2019**	**Group December 2018**	**Bank December 2019**	**Bank December 2018**
Opening balance	12,241,822	9,479,967	12,241,822	9,479,967
Acquired from business combination	-	-	-	-
Additions	14,660,695	3,826,834	14,660,695	3,826,834
Disposals	(1,945,000)	(1,064,979)	(1,945,000)	(1,064,979)
Balance, year end	**24,957,517**	**12,241,822**	**24,957,517**	**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 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 size adjustment/haircut 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. 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 23.3% (Dec. 2018: 17.90%) and a cash flow growth rate of 7.095% (Dec. 2018: 9.6%) over a period of ten years. The Group determined the appropriate discount rate at the end of the year using the adjusted weighted average cost of capital method. 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 Financial assets and liabilities
Fair value measurement
Accounting classification measurement basis and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values.

Group **In thousands of Naira** December 2019	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	723,064,003	-	-	-	723,064,003	723,064,003
Investment under management	-	-	28,291,959	-	-	28,291,959	28,291,959
Non pledged trading assets							
Treasury bills	89,797,961	-	-	-	-	89,797,961	89,797,961
Bonds	40,021,277	-	-	-	-	40,021,277	40,021,277
Equity	-	-	-	-	-	-	-
Derivative financial instruments	143,520,553	-	-	-	-	143,520,553	143,520,553
Loans and advances to banks	-	152,825,081	-	-	-	152,825,081	152,825,081
Loans and advances to customers	-	2,911,579,708	-	-	-	2,911,579,708	2,911,579,708
Pledged assets							
Treasury bills	39,881,494	452,686,281	30,388,532	-	-	522,956,307	522,956,307
Bonds	-	82,599,583	-	-	-	82,599,583	82,599,584
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	232,813,374	-	-	232,813,374	232,813,374
Bonds	-	-	81,977,676	-	-	81,977,676	81,977,676
Promissory Notes	-	-	807,619	-	-	807,619	807,619
- Financial assets at FVPL							
Equity	113,158,320	-	-	-	-	113,158,320	108,602,428
- Financial assets at amortised cost							
Treasury bills	-	379,283,381	-	-	-	379,283,381	272,687,967
Bonds	-	266,278,996	-	-	-	266,278,996	78,096,004
Promissory Notes	-	10,844,042	-	-	-	10,844,042	20,260,865
Other assets	-	1,022,592,166	-	-	-	1,022,592,166	881,457,493
	426,379,605	**6,001,753,239**	**374,279,160**	**-**	**-**	**6,802,412,006**	**6,371,359,860**
Deposits from financial institutions	-	-	-	-	1,186,356,314	1,186,356,314	1,201,095,342
Deposits from customers	-	-	-	-	4,255,837,303	4,255,837,303	4,308,710,881
Other liabilities	-	-	-	-	4,526,457	4,526,457	4,526,457
Derivative financial instruments	-	-	-	6,885,680	-	6,885,680	4,749,615
Debt securities issued	-	-	-	-	157,987,877	157,987,877	124,883,327
Interest bearing borrowings	-	-	-	-	586,602,830	586,602,830	611,846,270
	-	**-**	**-**	**6,885,680**	**6,191,310,780**	**6,198,196,459**	**6,255,811,891**

Group
In thousands of Naira
December 2018

	Financial assets measured through FVPL	Financial assets measured at amortized cost	Financial assets measured at FVOCI	Financial liabilities measured through FVPL	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
Cash and balances with banks	-	788,410,135	-	-	-	788,410,135	788,410,135
Investment under management	-	-	23,839,395	-	-	23,839,395	23,839,395
Non pledged trading assets							
Treasury bills	38,465,116	-	-	-	-	38,465,116	38,465,116
Bonds	292,684	-	-	-	-	292,684	292,684
Equity	59,348	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	128,440,342	-	128,440,342	128,440,342
Loans and advances to banks	-	142,489,543	-	-	-	142,489,543	142,489,543
Loans and advances to customers	-	1,993,606,233	-	-	-	1,993,606,233	1,993,606,233
Pledged assets							
Treasury bills	18,361,112	192,208,928	170,118,776	-	-	380,688,816	380,688,816
Bonds	1,330,944	162,033,050	10,000,146	-	-	173,364,140	173,364,139
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	150,883,819	-	-	150,883,819	150,883,819
Bonds	-	-	44,791,006	-	-	44,791,006	44,791,006
- Financial assets at FVPL							
Equity	-	-	-	109,419,574	-	109,419,574	109,419,574
- Financial assets at amortised cost							
Treasury bills	-	103,729,306	-	-	-	103,729,306	103,729,306
Bonds	-	49,096,996	-	-	-	49,096,996	49,096,996
Other assets	-	714,243,468	-	-	-	714,243,468	714,243,468
	58,509,203	**4,145,817,658**	**399,633,143**	**237,859,916**	**-**	**4,841,819,921**	**4,841,819,921**
Deposits from financial institutions	-	-	-	-	994,572,845	994,572,845	994,572,845
Deposits from customers	-	-	-	-	2,652,515,699	2,652,515,699	2,652,515,699
Other liabilities	-	-	-	-	1,482,931	1,482,931	1,482,931
Derivative financial instruments	-	-	-	5,206,001	-	5,206,001	5,206,001
Debt securities issued	-	-	-	-	251,251,383	251,251,383	251,251,383
Interest bearing borrowings	-	-	-	-	388,416,734	388,416,734	388,416,734
	-	**-**	**-**	**5,206,001**	**4,288,239,592**	**4,293,445,593**	**4,293,445,593**

The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

Bank *In thousands of Naira* **December 2019**	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	575,906,273	-	-	-	575,906,273	575,906,273
Investment under management	-	-	28,291,959	-	-	28,291,959	28,291,959
Non pledged trading assets							
Treasury bills	74,749,344	-	-	-	-	74,749,344	74,749,344
Bonds	2,222,417	-	-	-	-	2,222,417	2,222,417
Equity	-	-	-	-	-	-	-
Derivative financial instruments	143,480,073	-	-	-	-	143,480,073	143,480,073
Loans and advances to banks	-	164,413,001	-	-	-	164,413,001	164,413,001
Loans and advances to customers	-	2,481,623,671	-	-	-	2,481,623,671	2,481,623,671
Pledged assets							
Treasury bills	39,881,494	452,686,281	30,388,532	-	-	522,956,307	522,956,307
Bonds	-	82,599,583	-	-	-	82,599,583	82,599,583
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	77,897,548	-	-	77,897,548	77,897,548
Bonds	-	-	18,950,446	-	-	18,950,446	18,950,446
Promissory Notes	-	-	807,619	-	-	807,619	807,619
- Financial assets at FVPL							
Equity	-	-	-	113,126,623	-	113,126,623	113,126,623
- Financial assets at amortised cost							
Treasury bills	-	341,786,029	-	-	-	341,786,029	341,786,029
Bonds	-	250,828,832	-	-	-	250,828,832	250,828,832
Promissory Notes	-	10,844,043	-	-	-	10,844,043	10,844,043
Other assets	-	974,543,393	-	-	-	974,543,393	974,543,393
	260,333,329	**5,335,231,106**	**156,336,104**	**113,126,623**	**-**	**5,865,027,162**	**5,865,027,162**
Deposits from financial institutions	-	-	-	-	1,079,284,417	1,079,284,417	1,092,693,207
Deposits from customers	-	-	-	-	3,668,339,812	3,668,339,812	3,713,914,452
Other liabilities	-	-	-	-	4,353,070	4,353,070	4,353,070
Derivative financial instruments	-	-	-	6,827,293	-	6,827,293	5,206,001
Debt securities issued	-	-	-	-	157,987,877	157,987,877	251,251,383
Interest bearing borrowings	-	-	-	-	544,064,226	544,064,226	388,416,734
	-	**-**	**-**	**6,827,293**	**5,454,029,401**	**5,460,856,694**	**5,455,834,848**

Bank *In thousands of Naira* **December 2018**	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	338,289,912	-	-	-	338,289,912	338,289,912
Investment under management	-	-	23,839,394	-	-	23,839,394	23,839,394
Non pledged trading assets							
Treasury bills	36,230,640	-	-	-	-	36,230,640	36,230,640
Bonds	291,070	-	-	-	-	291,070	291,070
Equity	59,348	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	128,133,789	-	128,133,789	128,133,789
Loans and advances to banks	-	100,993,116	-	-	-	100,993,116	100,993,116
Loans and advances to customers	-	1,681,761,862	-	-	-	1,681,761,862	1,681,761,862
Pledged assets							
Treasury bills	18,361,112	192,208,928	170,118,776	-	-	380,688,816	380,688,816
Bonds	1,330,944	162,033,050	10,000,146	-	-	173,364,139	173,364,139
Investment securities							
- Financial assets at FVOCI							
Treasury bills	-	-	47,716,445	-	-	47,716,445	47,716,445
Bonds	-	-	15,090,313	-	-	15,090,313	15,090,313
Equity	-	-	-	-	-	-	-
- Financial assets at FVPL							
Equity	-	-	-	108,870,593	-	108,870,593	108,870,593
- Financial assets at amortised cost	-	-	-	-	-		-
Treasury bills	-	61,331,479	-	-	-	61,331,479	61,331,479
Bonds	-	25,588,825	-	-	-	25,588,825	25,588,825
Other assets	-	592,560,716	-	-	-	592,560,716	592,560,716
	56,273,114	**3,154,767,888**	**266,765,075**	**237,004,382**	**-**	**3,714,810,459**	**3,714,810,457**
Deposits from financial institutions	-	-	-	-	616,644,610	616,644,610	616,644,610
Deposits from customers	-	-	-	-	2,146,346,247	2,146,346,247	2,146,346,247
Other liabilities	-	-	-	5,185,870	-	5,185,870	5,185,870
Derivative financial instruments	-	-	-	-	1,482,931	1,482,931	1,482,931
Debt securities issued	-	-	-	-	251,251,383	251,251,383	251,251,383
Interest bearing borrowings	-	-	-	-	363,682,441	363,682,441	363,682,441
	-	**-**	**-**	**5,185,870**	**3,379,407,612**	**3,384,593,482**	**3,384,593,482**

2 Interest bearing borrowings
The Group reclassified Cash reserve requirement, classified as restricted deposits with Central banks and special reserve intervention funds, from Cash and cash equivalents to Other assets for financial reporting purposes.

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.

CREDIT RISK MANAGEMENT

Credit risk arises from the failure of an obligor of the Bank to repay principal or interest at the stipulated time or failure otherwise to perform as agreed. This risk is compounded if the assigned collateral only partly covers the claims made to the borrower, or if its valuation is exposed to frequent changes due to changing market conditions (i.e. market risk).

The Bank's Risk Management philosophy is that a moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation. Extension of credit in Access Bank is guided by its Credit Risk and Portfolio Management Plan, which sets out specific rules for risk origination and management of the loan portfolio. The Plan also sets out the roles and responsibilities of different individuals and committees involved in the credit process.

We recognise the fact that our main asset is our loan portfolio. Therefore, we actively safeguard and strive to continually improve the health of our loan portfolio. We scrutinize all applications and decline potential problematic loans during the loan application phase, as well as constantly monitor the existing loan portfolio.

The goal of the Bank is to apply sophisticated but realistic credit models and systems to monitor and manage credit risk. Ultimately these credit models and systems are the foundation for the application of internal rating-based approach to calculation of capital requirements. The development, implementation and application of these models are guided by the Bank's Basel II strategy.

The pricing of each credit granted reflects the level of risks inherent in the credit. Subject to competitive forces, Access Bank implements a consistent pricing model for loans to its different target markets. The client's interest is guarded at all times, and collateral quality is never the sole reason for a positive credit decision.

Provisions for credit losses meet IFRS and prudential guidelines set forth by the Central Bank of the countries we operate, both for loans for which specific provisions exist as well as for the portfolio of performing loans. Access Bank's credit process requires rigorous proactive and periodic review of the quality of the loan portfolio. This helps us to proactively identify and remediate credit issues.

The Criticized Assets Committee performs a quarterly review of loans with emerging signs of weakness; the Management Credit Committee and the Board Credit and Finance Committee also review the quality of our loan portfolio on a quarterly basis. These are in addition to daily reviews performed by the various Heads of Risk within the Credit Risk Management Groups.

PRINCIPAL CREDIT POLICIES

The following are the principal credit policies of the Bank:

Credit Risk Management Policy: The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy. This is done by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure and risk limits, risk monitoring and control as well as reporting of credit risk in the banking book.

Credit Risk Rating Policy: The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) and to provide guidelines for risk rating for retail and non-retail exposures in the banking book covering credit and investment books of the Bank.

RESPONSIBILITIES OF BUSINESS UNITS AND INDEPENDENT CREDIT RISK MANAGEMENT

In Access Bank, Business Units and independent credit risk management have a joint responsibility for the overall accuracy of risk ratings assigned to obligors and facilities. Business Relationship Managers will be responsible for deriving the Obligor Risk Rating ('ORR') and Facility Risk Rating ('FRR') using approved methodologies. However, independent credit risk management will validate such ratings.

Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to borrowers and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with the Bank's Risk Rating Policy; ongoing appropriate application of the risk rating process and tools; review of judgmental and qualitative inputs into the risk rating process; ensuring the timeliness and thoroughness of risk rating reviews; and ensuring that the documentation of the risk rating process is complete and current.

Credit Risk Management has the final authority if there is a question about a specific rating.

CREDIT PROCESS

The Bank's credit process starts with portfolio planning and target market identification. Within identified target markets, credits are initiated by relationship managers. The proposed credits are subjected to review and approvals by applicable credit approval authorities. Further to appropriate approvals, loans are disbursed to beneficiaries.
Ongoing management of loans is undertaken by both relationship management teams and our Credit Risk Management Group. The process is applied at the Head Office and in the subsidiaries.

If a preliminary analysis of a loan request by the account manager indicates that it merits further scrutiny. It is then analyzed in greater detail by the account manager, with further detailed review by Credit Risk Management. The concurrence of Credit Risk Management must be obtained for any credit extension. If the loan application passes the detailed analysis, it is submitted to the appropriate approval authority based on the size and risk rating of facilities
The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector. These subjective factors are assessed by the analyst and all individuals involved in the credit approval process, relying not only on quantitative factors but also on extensive knowledge of the company in question and its management.

CREDIT RISK MEASUREMENT

Risk Rating Methodology

The credit rating of the counterparty plays a fundamental role in final credit decisions as well as in the terms offered for successful loan applications. Access Bank employs a robust credit rating system based on international best practices (including Basel II recommendations) in the determination of the Obligor and Facility risks and thus allows the Bank to maintain its asset quality at a desired level.

In Access Bank, the objective of the Risk Rating Policy is to ensure reliable and consistent Obligor Risk Ratings ('ORRs') and Facility Risk Ratings ('FRRs') throughout the Bank and to provide guidelines for risk rating for retail and non – retail exposures in the Bank.

The Risk Rating Policy incorporates credit risk rating models which estimate risk of obligor default and facility risks (covering both recovery as well as exposure risk). These models are currently based on expert judgment for retail and non-retail exposures

All Access Bank businesses that extend credit are subject to the Risk Rating Policy.

RISK RATING PROCESS

In Access Bank, all businesses must have a documented and approved risk rating process for deriving risk ratings for all obligors and facilities (including those covered un- der Credit Programs). The Risk Rating Process is the end-to-end process for deriving ORRs and FRRs and includes models, guidelines, support adjustments, collateral adjustments, process controls, as well as other defined processes that a business undertakes in order to arrive at ORRs and FRRs. Risk rating process of each business must be in compliance with the Bank's Risk Rating Policy and deviations must be exceptionally approved.

Establishing the risk rating process is the joint responsibility of the Business Manager and the Credit Risk Manager assigned to each business. The process must be documented and must be approved by the Management Credit Committee.

Risk Rating Scale and external rating equivalent

Access Bank operates a 12-grade numeric risk rating scale. The risk rating scale runs from 1 to 8. Rating 1 represents the best obligors and facilities,while rating 8 represents the worst obligors and facilities. The risk rating scale incorporates sub-grades and full grades reflective of realistic credit migration patterns.

The risk rating scale and the external rating equivalent is detailed below:

Access Bank risk Rating	External Rating Equivalent	Grade
1	AAA	Investment Grade
2+	AA	
2	A	
2-	BBB	
3+	BB+	Standard Grade
3	BB	
3-	BB-	
4	B	Non-Investment Grade
5	B-	
6	CCC	
7	C	
8	D	

TRAINING / CERTIFICATION

In line with the CBN's competency framework, members of the Group have consistently upgraded their competency level by passing necessary certification examinations like Certified Risk Manager (Risk Managers Association of Nigeria), ACIB (CIBN), ICAN, ACCA, CFA and other relevant professional certifications. The Bank has also entered a partnership with well renowned international firms like Dun and Bradstreet, KPMG, Moody's Analytics for trainings in Credit Risk Analysis and Financial Risk Management for the first and second line of defense. These are outside regular trainings conducted within the Group to enhance staff capacities in handling transactions in the dynamic business environment and ever-evolving banking industry.

CREDIT OFFICER RISK RATING

To reshape the understanding of risk, the bank has a Credit Officer Risk Rating model which assigns rating to credit officers based on the quality and performance of risk asset portfolio managed by the individual officer. This puts the bank in a more disciplined position in the credit appraisal and approval processes.

RISK CULTURE

To strive towards imbibing a better risk culture and ultimately a strong institution, all stakeholders act proactively, diligently and courageously to manage risk regardless of which line of defense they are located. The bank is migrating towards a mature risk culture in its vision to be the world's most respected African Bank.

CREDIT RISK CONTROL AND MITIGATION POLICY

AUTHORITY LIMITS ON CREDIT
The highest credit approval authority is the Board of Directors, supported by the Board Credit and Finance Committee and followed by the Management Credit Committee. Individuals are also assigned credit approval authorities in line with the Bank's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan. The principle of central management of risk and decision authority is maintained by the Bank. The maximum amount of credit that may be approved at each subsidiary is limited, with amounts above such limit being approved at the Head Office.

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor. Where appropriate, credit derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, such derivatives are used in a controlled manner with reference to their expected volatility.

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. This structure gives Access Bank the opportunity to incorporate much needed local expertise, but at the same time manage risk on a global level. Local Credit Committees of the Bank's subsidiaries are thus able to grant credits, but the sum total of the exposure of the applicant and financially related counterparties is limited, most commonly by the subsidiary's capital. All applications that would lead to exposures exceeding the set limit are referred to the appropriate approval authority in the Head Office.

The credit approval limits of the principal officers of the Group are shown in the table below

In addition, approval and exposure limits based on internal Obligor Risk Ratings have been approved by the Board for the relevant credit committees as shown in the second table below:

APPROVING AUTHORITY	APPROVED LIMIT (New Credits) (NgN)	APPROVED LIMIT (Renewals of Existing Credits) (NgN)
Executive Director	150 million	200 million
Group Deputy Managing Director	400 million	500 million
Group Managing Director/CEO	500 million	600 million

S/N	APPROVING AUTHORITY	COUNTRIES	APPROVAL LIMIT (NGN)
1	Head African Subsidiaries	All	150,000,000
2	MD, Rwanda	Rwanda	20,000,000
4	MD, Zambia	Zambia	10,000,000
5	MD, Congo	Dr Congo	10,000,000

6	MD, Ghana	Ghana	TBA
7	MD, Sierra Leone	Sierra Leone	TBA
8	MD, Gambia	Gambia	TBA
7	Country MCC	All	N/A
8	Country BCC (Ghana)	Ghana	300,000,000
9	Country BCC (Zambia, Rwanda, Gambia, Sierra Leone, DR Congo)	All	250,000,000

SUBSIDIARIES

Access Bank Risk Rating	Exposure Limit (ORR-based LLL) for New credits (NGN)	Management Credit Committee Approval Limit (NGN)	Board Credit & Finance Committee Approval Limit (NGN)	Board of Directors Limit
1	41 billion	20 billion	40 billion	Legal lending limit
2+	33 billion	15 billion	30 billion	
2	25 billion	5 billion	15 billion	
2-	16 billion	2 billion	10 billion	
3+	3 billion	1 billion	10 billion	
3	1.7 billion	0.8 billion	10 billion	
3-	.8 billion	0.5 billion	2 billion	
4		Above 0.1 billion		
5				

COLLATERAL POLICIES

It is the Group's policy that all credit exposures are adequately collateralized. Credit risk mitigation is an activity of reducing credit risk in an exposure or transferring it to counterparty, at facility level, by a safety net of tangible and realizable securities including approved third-party guarantees/ insurance.

In Access Bank, strategies for risk reduction at the transaction level differ from that at the portfolio level. At transaction level, the most common technique used by the Bank is the collateralization of the exposures, by first priority claims or obtaining a third-party guarantee. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly

Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; moveable assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit.

Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc., are used to mitigate risks in the portfolio.
However, the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of Basel Committee on Banking Supervision ('BCBS') on "Principles for the Management of

Credit Risk" are to be taken into consideration while using a credit risk mitigant to control credit risk.

The Bank utilizes transaction structure, collateral and guarantees to help mitigate risks (both identified and inherent) in individual credits but transactions should be entered into primarily on the strength of the borrower's repayment capacity. Collateral cannot be a substitute for a comprehensive assessment of the borrower or the counterparty, nor can it compensate for insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, we are mindful that the value of collateral may well be impaired by the same factors that have led to the diminished recoverability of the credit.

The range of collaterals acceptable to the Bank include:

- Cash / Deposit (domestic and foreign currency) with the Bank including certificates of deposit or comparable instruments issued by the Bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue-chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating)
    - Premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers' Acceptance
- Life Assurance Policies

MASTER NETTING ARRANGEMENTS – TRADED PRODUCTS

Credit risk from traded products is managed within the overall credit risk appetite for corporates and financial institutions.

The credit risk exposure from traded products is derived from the positive mark-to-market value of the underlying instruments, and an additional component to cater for potential market movements.

For derivative contracts, we limit our exposure to credit losses in the event of default by entering into master netting agreements with certain counterparties. As required by IAS 32, exposures are only presented net in the financial statement if there is a legal right to offset and the assets/ liabilities will be settled simultaneously.

It is the Group's policy that all credit exposures are adequately collateralized. Credit risk mitigation is an activity of reducing credit risk in an exposure

MARKET RISK MANAGEMENT

DEFINITION

The Bank's capital and earnings are exposed to risk due to changes in market prices, as a result a robust market risk management framework is in place to reduce exposure to changes in interest rate, foreign exchange and equity prices.

The objective is not to completely avoid these risks but to ensure exposure to these risks through our trading and banking book positions are kept within the Bank's defined risk appetite and tolerance.

RECENT DEVELOPMENTS IN MARKET RISK MANAGEMENT

Within the year, the bank embarked on projects/activities to further strengthen its risk management process to minimize exposure to Market and Liquidity risk.

Continuous Improvement is necessary to thrive and excel in the dynamic banking industry by maintaining an effective Risk Management Framework that is adaptive to change and aimed at ensuring that the Bank is resilient by being more proactive in managing not only risks but taking opportunities as well. During the year

Highlighted below as some of these projects/activities:

- Given the growth of the Banks foreign currency balance sheet, it became necessary to review the banks adopted strategy for managing foreign currency exposures in line with the banks risk appetite. The scope of the review by Dunn and Bradstreet included
    - ✓ Design of a framework for stress testing of foreign currency open exposure of the Bank
    - ✓ Design of a foreign exchange limit management framework which would ultimately monitor the currency, liquidity and interest risk arising from foreign currency open exposure
- The Bank's Treasury application for the management of its trading portfolio was upgraded for enhancement of operational security; real-time dashboard to ensure effective monitoring; improved efficiency to minimize errors associated with manual postings etc.

- A real-time reporting application that offers data warehouse capabilities was initiated within the year with an objective to provide business intelligence by connecting different data set, transforming the data into data models and providing visuals of the data to users. Information is presented in its most current form with live dashboards and reports for management and other users to make quality decisions.

- In line with Basel III regulations, Access Bank has adopted a proactive and planned approach to liquidity management considering the institution's specific risk appetite and business model. We have documented our Internal Liquidity Adequacy Assessment Process (ILAAP) incorporating a comprehensive analysis of scenarios for assessing liquidity position from various perspectives and over various time horizons.

MARKET RISK POLICY MANAGEMENT AND CONTROL

Over the years, the Nigerian financial market has witnessed a dramatic expansion in the array of financial services and products. This tremendous growth in scale and scope has also generated new risks with global consequences, especially market risk, necessitating an assessment of exposures to the volatility of the underlying risk drivers.

This has prompted the upgrading of the Market Risk Policy; Asset and Liability Management Policy; Liquidity Policy; Stress Testing Policy, and so on, to ensure the risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices and CBN regulations.

The Board approves the risk appetite for trading and non-trading activities and risk limits are set within the context of the approved market risk appetite. Limits are set based on the approved risk appetite, underlying liquidity as well as legal limitations on individual positions imposed by the regulatory authorities in Nigeria. The specific limits are proposed by the Group Head, Market Risk Management and the Bank's Group Chief Risk Officer and approved by the Bank's Executive Management, relevant management committees, and ultimately by the Board.

The Bank runs a state-of-the-art integrated and straight through processing treasury system for enabling efficient, monitoring and management of interest rate and foreign exchange risks in the Bank.

Liquidity, Exchange Rate, and Interest Rate risks are managed through various metrics, viz. Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR) and Sensitivity Analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing.

The risk reporting mechanism in the Bank comprises disclosures and reporting to the various management committees viz. Enterprise Risk Management Committee, Asset and Liability Committee and the Board Risk Management Committee. The Risk Committees receive daily and weekly risk dashboard; monthly and quarterly reports which are presented at the committee meetings. Depending on the market conditions and risk outlook, recommendations are made to the risk management committees in respect of the market risk profile, risk appetite appraisal, as well as review of limits against actual position.

The Bank regularly conducts stress testing to monitor its vulnerability to unfavorable shocks. It monitors and controls its risk, using various internal and regulatory risk limits for trading book and banking book which are set according to several criteria including economic scenario, business strategy, management experience, peer analysis and the Bank's risk appetite.

In line with the CBN's circular on new capital adequacy framework, Access Bank has adopted the standardized approach for market risk which is used in the annual computation of the Internal Capital Adequacy Assessment Process (ICAAP) which involves the identification, measurement and assessment of all material risks and resultant capital requirements.

NON-TRADING PORTFOLIO

The principal objective of market risk management of non-trading portfolios is to optimize net interest income. Due to the size of the Bank's holdings in rate-sensitive assets and liabilities, a major area of market risk exposures in the Bank is the interest rate on the banking book. This risk arises from the mismatch between the future yield on assets and their funding cost, due to interest rate changes. The Bank uses a variety of tools to track and manage this risk:

- Re-pricing gap analysis
- Liquidity gap analysis
- Earnings-at-Risk (EAR) using various interest rate forecasts
- Sensitivity Analysis

INTERESTRATERISK

Interest rate risk is the exposure of the Bank's financial condition to adverse movements in interest rates, yield curves and credit spreads. The Bank is exposed to interest rate risk through the interest-bearing assets and liabilities in its trading and banking books.

RE-PRICING AND LIQUIDITY GAP ANALYSIS

Access Bank's objective for management of interest rate risk in the banking book is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle. This is achieved by hedging material exposures with the external market.

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is exposed to basis risk, which is the difference in re-pricing characteristics of the various floating rate indices, such as the savings rate and 90-day NIBOR and different types of interest.

Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the Groups balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equities. These risks impact both the earnings and the economic value of the Group. Overall, non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Group's non-trading activities.

EARNINGS-AT-RISK APPROACH

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is the open position limits using the Earnings at Risk approach. Specified limits have been set for open positions limits, which are the expected maximum exposure the Group is to be exposed to. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in the treasuries of the Bank's African subsidiaries during balance sheet management and facilitation of customers' activities. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

SENSITIVITY ANALYSIS AND STRESS TESTING

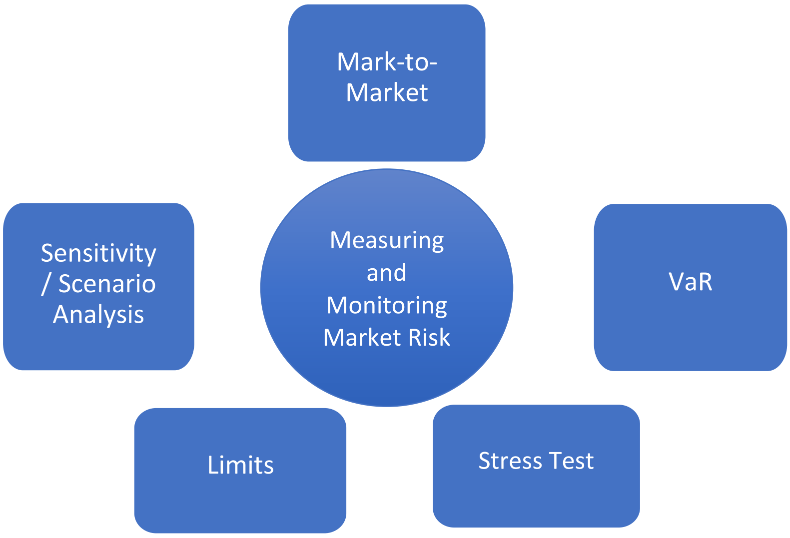
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in many risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks to check the Bank's resilience level in the event of these occurrences.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing programme utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This programme uses macroeconomic projections and applies them as stress impacts on the organization viz-a- viz the various risk types.

TRADING PORTFOLIO

The measurement and control techniques used to measure, and control traded market risk (interest rate and foreign exchange risk) include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, Value at Risk, stress testing, etc.



LIMITS

Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the Market Risk Management Group ensures that these limits and triggers are adhered to by the Bank. The following limits currently exist;

1. **Fixed income and FX Open Position Limits (NOPL):** The Bank, in keeping with the prudency concept, sets its policy limit for Open Position at a level lower than the maximum NOPL approved by the regulatory authority. In setting the internal NOPL, the following considerations are imperative:

    - The Regulatory NOPL;
    - The Bank's tolerance and appetite for FX risk;
    - The size and depth of the FX market in Nigeria;
    - The degree of volatility of traded currencies; and
    - The Bank's desired positioning in the relevant FX market with requirements for international business support.

Inter-bank placement and takings Limit: In line with the Bank's drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorization, to reduce the risks that come with huge interbank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, considers actual cumulative profit/loss as well as potential losses and the loss tolerance is defined as a percentage of Gross Earnings.

Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date which will trigger the closing or reduction of a position to avoid any further loss based on existing exposures.

Positions are liquidated uniformly when stop loss limits are breached.

Dealer Limits: This limit sets a maximum transaction limit by a dealer. It is based on experience and knowledge.

Value-at-Risk Limit: The normal VaR of the portfolio will be the Naira loss that will be exceeded 1% of the time over a one-day horizon. The VaR limits are linked to the Bank's risk appetite and Treasury' Budget. To quantify the risk appetite with respect to trading intentions we set the VaR LIMIT as a percentage of this value.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Trading risk limits are set at an aggregate, risk category and lower levels and are expressed in terms of VaR. This is further supported by a comprehensive set of non-VaR limits, including foreign exchange position limits, stop loss limits and Management Action Triggers. Appropriate performance triggers are also used as part of the risk management process.

MARK TO MARKET (MTM)

The marking-to-market technique establishes historical profit and loss by revaluing money market exposures to prevailing market prices. When no market prices are available for a specific contract period, mark-to-model is used to derive the relevant market prices. It is the Bank's policy to revalue all exposures categorized under the securities trading portfolio daily. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

VALUE AT RISK (VaR)

Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value that will not be exceeded in a set time and at a set statistical confidence level.

VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

Access Bank uses an internal VaR model based on the historical simulation method. 252 days of historical price and rate data is applied and updated daily. This internal model is used for measuring value at risk over a one-day holding period at a 99% confidence level. This model covers general market (position) risk across all approved interest rate and foreign exchange products.

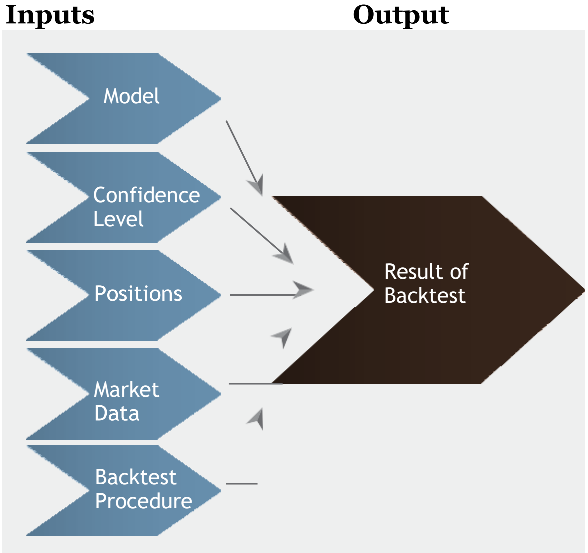
There are several considerations that should be taken into account when reviewing the VaR numbers including.

- Historical simulation assumes that the past is a good representation of the future. This may not always be the case.
- The assumed time horizon will not fully capture the market risk of positions that cannot be closed out or hedged within this time horizon.
- VaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the VaR calculation when there is difficulty obtaining rate and price information.
- To complement VaR, stress testing and other sensitivity measures are used.

BACK TESTING

The VaR model is an important market risk measurement and control tool and consequently the performance of the model is regularly assessed for continued suitability. The main approach employed is a technique known as back testing, which counts the number of days when daily trading losses exceed the corresponding VaR estimate.

The standard for back testing is to measure daily losses against the VaR measurement assuming a one-day holding period and a 99% level of confidence. The green zone of four or less exceptions over a 12-month period is consistent with a good working VaR model. Back testing reports are produced regularly.



DURATION

The Bank utilizes duration to measure the sensitivity of the price of assets in its portfolio to changes in interest rate.

The Bank has duration limits for the varying asset class in its investment/trading portfolio.

STRESS TESTING

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that the scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs.

Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. Market Risk complements the VaR measurement by regular stress testing of market risk exposures to highlight the potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both historical market events and forward-looking scenarios. Stress testing provides an indication of the potential size of losses that could arise in extreme conditions. It helps to identify risk concentrations across business lines and assist senior management in capital planning decisions.

The Bank performs two main types of stress and scenario testing.

First, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories. This includes interest rate, equity, foreign ex- change, and credit spread risk.
Secondly, the trading book is subjected to multi-factor scenarios that simulate past periods of significant market disturbance and hypothetical extreme yet plausible events.

Stress scenarios are regularly updated to reflect changes in risk profile and economic events. Regular stress test

LIQUIDITY RISK MANAGEMENT

Liquidity risk arises when the Bank is unable to meet expected or unexpected current or future cash flows and collateral needs without affecting its daily operations or its financial condition. The Bank is managed to preserve a high degree of liquidity so that it can meet the requirements of its customers always, including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions about cash inflows and the liquidity of liabilities. In addition, liquidity stress tests assuming extreme withdrawal scenarios are performed. These stress tests specify additional liquidity requirements to be met by holdings of liquid assets.

The Bank's liquidity has consistently been materially above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximize access to funding sources, minimize borrowing costs and facilitate timely responses to liquidity events.

The Board approves the Bank's Liquidity Policy and Contingency Funding Plan, including establishing liquidity risk tolerance levels. The Group ALCO, in conjunction with the Board and its committees, monitors our liquidity position and reviews the impact of strategic decisions on our liquidity. Liquidity positions are measured by calculating the Bank's net liquidity gap and by comparing selected ratios with targets as specified in the Liquidity Risk Management Manual.

MEASUREMENT

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

- Funding and Liquidity plan;
- Gap Analysis; and
- Ratio Analysis.

The Funding and Liquidity plan defines the Bank's sources and channels of utilization of funds. The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between our assets and liabilities. The Liquidity Gap Analysis quantifies the daily and cumulative gap in a business as usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the market required to replace maturing liabilities or assets. The Bank monitors the cumulative gap as $\pm$ 20% of the total risk assets and the gap as $\pm$ 20% of total deposit liabilities.

LIMIT MANAGEMENT AND MONITORING

Active management of liquidity through the framework of limits and control presented above is possible only with proper monitoring capabilities. The monitoring process focuses on funding portfolios, the forward balance sheet and general indicators; where relevant information and data are compared against limits that have been established. The Bank's Group Treasury is responsible for maintaining sufficient liquidity by maintaining a sufficiently high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by risk management. Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Liquidity risk is reported to the Board of Directors on a quarterly basis.

CONTINGENCY FUNDING PLAN

Access Bank has a contingency funding plan which incorporates early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan annually.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet that projects' sources and uses of funds. The worksheet incorporates the impact of moderate risk and crisis situations. The worksheet is an integral component of the contingency funding plan. Although it is unlikely that a funding crisis of any significant degree could materialize, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow short- ages; the lead times to obtain such funding; the roles and responsibilities of those involved in the contingency plans; and the communication and escalation requirements when early warning indicators signal deteriorating market conditions. Both short term and long-term funding crises are addressed in the contingency funding plan.

ECONOMIC INTELLIGENCE

Economic Intelligence (EI) is in the business of positioning economic, business and financial information/intelligence as tools for helping the Bank achieve its long-term strategic objectives. Its value propositions include supporting the Bank in achieving its moderate risk posturing, price competitiveness, improvement to business intelligence and brand enhancement. It also makes high quality contributions to the Bank's strategy evolution process. It conducts policy-relevant research to support the Bank's goals and strategic objectives. It is the key research arm of the Bank and it activities influence the strategic plans of the various market-facing and non-market-facing business units and other stakeholders.

Some of the Unit's Roles and Responsibilities include:

- Monitoring and interpreting current economic developments/trends wherever the Bank have subsidiary office, preparing projections of the economic outlook and developing reports on economic issues for the Bank.
- Proactively providing industry analysis, identifying investment trends and opportunities for the Bank; monitoring, interpreting and conducting policy-relevant research in the areas of utmost importance to our stakeholders especially our body-corporate
- Leading quantitative and qualitative research projects
- Ensuring proactive and effective dissemination of relevant information such as short- and long-term forecasts to relevant functional units within the Group

- Championing contacts with communications media regarding press releases, public statements and news conferences on economic topics/issues
- Developing contact and collaborative economic/business and financial information research institutes/bodies within the country and outside.

Given the Bank's strategic intent to expand its retail footprint through the combination with the erstwhile Diamond Bank, the Economic Intelligence Unit, during the year, also broadened its functions by creating a dedicated unit called the **Retail Intelligence and Analytics**. This team is specifically focused on developing product offerings that provide insights into developments in the economic, financial and business space as it affects retail, small and medium-sized enterprises. Some responsibilities of the team include:

- Disseminating retail intelligence focused reports to customers in this business segmentation.
- Provide retail opportunities research in support of the bank's retail strategy. This entails sector-specific research that unravels retail business opportunities the bank should exploit.
- Develop in-depth report on changing consumer behavior and consumption patterns, and how this is shaping retail banking using big data, machine learning and artificial intelligence tools.

5.1 Credit risk management

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Cash and balances with banks				
- Current balances with banks	483,040,381	282,044,974	321,270,808	111,750,907
- Unrestricted balances with central banks	117,883,814	29,366,693	97,734,073	6,759,948
- Money market placements	48,838,459	220,309,727	32,822,516	46,392,634
- Other deposits with central banks	99,347,553	77,024,474	99,347,553	77,024,474
Investment under management	28,291,959	23,839,394	28,291,959	23,839,394
Non pledged trading assets				
Treasury bills	89,797,961	38,465,116	74,749,344	36,230,640
Bonds	40,021,277	292,684	2,222,417	291,070
Derivative financial instruments	143,520,553	128,440,342	143,480,073	128,133,789
Loans and advances to banks	152,825,081	142,489,543	164,413,001	100,993,116
Loans and advances to customers	2,911,579,708	1,993,606,233	2,481,623,671	1,681,761,862
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	30,388,532	170,118,776	30,388,532	170,118,776
Bonds	-	10,000,146	-	10,000,146
-Financial instruments at amortized cost				
Treasury bills	452,686,281	192,208,928	452,686,281	192,208,928
Bonds	82,599,583	162,033,050	82,599,583	162,033,050
-Financial instruments at FVPL				
Treasury bills	39,881,494	18,361,112	39,881,494	18,361,112
Bonds	-	1,330,944	-	1,330,944
Treasury bills	-	-	-	-
Bonds	-	-	-	-
Investment securities				
-Financial instruments at FVOCI				
Treasury bills	232,813,374	195,218,225	77,897,548	48,881,703
Bonds	64,989,934	37,314,997	4,823,398	7,614,303
- Financial assets at amortised cost				
Treasury bills	379,283,381	102,564,048	341,786,029	60,166,222
Bonds	277,123,038	49,096,996	261,672,875	25,588,823
Restricted deposit and other assets	1,016,582,843	683,991,854	968,698,629	610,904,300
Total	**6,691,495,204**	**4,558,118,256**	**5,706,389,784**	**3,520,386,142**
Off balance sheet exposures				
Transaction related bonds and guarantees	477,932,817	452,083,539	451,514,549	358,862,448
Guaranteed facilities	-	-	-	-
Clean line facilities for letters of credit and other commitments	419,584,999	307,761,666	324,529,363	205,997,841
Total	**897,517,816**	**759,845,205**	**776,043,912**	**564,860,289**

Balances included in other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 December 2019 and 31 December 2018, without taking account of any collateral held or other credit enhancements attached.

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position.

The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

5.1.2 Gross loans and advances to customers per sector is as analysed follows:

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Agriculture	33,345,655	17,002,168	31,591,359	15,323,959
Construction	219,709,444	174,360,808	190,749,900	144,854,266
Education	1,672,612	1,395,526	1,672,612	1,395,526
Finance and insurance	42,268,668	37,205,108	35,603,293	21,643,224
General	162,271,569	85,518,555	141,416,749	70,154,412
General commerce	360,173,840	270,266,208	301,611,261	197,537,626
Government	222,679,198	232,327,741	197,097,269	232,256,082
Information And communication	150,342,607	57,808,780	146,599,122	54,476,339
Other manufacturing (Industries)	96,217,261	90,513,883	55,346,512	60,615,580
Basic metal Products	44,740,231	4,514,437	44,740,231	4,514,437
Cement	33,722,220	23,626,887	33,722,220	23,626,887
Conglomerate	79,971,726	37,436,759	79,971,726	37,436,759
Flourmills And bakeries	13,304,974	2,566,092	13,304,974	2,566,092
Food manufacturing	145,705,898	10,175,471	61,926,991	10,175,471
Steel rolling mills	116,073,823	92,210,952	116,073,823	79,519,138
Oil And Gas - downstream	148,711,764	97,002,579	134,328,441	86,709,135
Oil And Gas - services	480,719,449	247,438,565	438,926,952	247,438,565
Oil And Gas - upstream	240,938,354	142,558,744	239,917,864	142,558,744
Crude oil refining	45,851,377	42,072,991	45,851,377	32,670,296
Real estate activities	241,219,354	224,231,495	223,961,036	197,389,258
Transportation and storage	99,158,890	114,408,739	79,289,024	69,536,404
Power and energy	25,424,378	9,169,591	24,135,507	8,818,148
Professional, scientific and technical activities	2,710,129	45,200,891	2,710,129	8,357,661
Others	96,037,024	22,758,056	22,074,716	9,463,802
	3,102,970,446	**2,081,771,026**	**2,662,623,088**	**1,759,037,811**

5.1.3(a) Group
December 2019
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	197,511,320	1,643,278	-	199,154,597	712,723	642,546	-	1,355,269	197,799,328
Non-Investment	-	4,711,282	5,980,095	10,691,378	-	581,220	3,239,997	3,821,217	6,870,161

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	715,600,782	274,134,832	-	989,735,613	1,918,337	27,033,881	-	28,952,217	960,783,395
Standard grade	1,050,827,640	405,723,677	-	1,456,551,315	18,790,398	32,848,728	-	51,639,126	1,404,912,189
Non-Investment	-	266,522,021	180,315,519	446,837,541	-	50,032,238	55,590,669	105,622,907	341,214,633

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	152,283,368	-	-	152,283,368	6,986	-	-	6,986	152,276,382
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	2,166,836	2,166,836	-	-	1,618,137	1,618,137	548,699

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	435,168,300	1,322,678	-	436,490,978	505,168	327	-	505,495	435,985,483
Standard grade	310,740,727	18,033,882	1,124,576	329,899,185	2,262,578	80,113	244,233	2,586,924	327,312,261
Non-Investment	211,023	5,778,001	3,664,726	9,653,750	1,889	220,619	1,038,129	1,260,636	8,393,112

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	948,383,896		-	948,383,896	1,800	-	-	1,800	948,382,096
Standard grade	11,950,956	-	-	11,950,956	117,946	-	-	117,946	11,833,010
Sub-standard grade	932,242	47,632	462,530	1,442,404	71,625	-	-	71,625	1,370,779
Non-Investment	10,227,833	-	-	10,227,833	14,541	1,879	462,530	478,950	9,748,883

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	48,838,459	-	-	48,838,459	91,447	-	-	91,447	48,747,010
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

All restricted deposits have been classified as investment grade with a gross carrying amount of N1.06 trilliion and a Stage 1 ECL of N5.98 billion.

5.1.3(b) Bank
December 2019
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	84,319,032	1,643,278	-	85,962,310	632,815	642,546	-	1,275,361	84,686,950
Non-Investment	-	4,529,152	5,524,770	10,053,922	-	474,675	3,026,908	3,501,583	6,552,339

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	595,909,009	274,134,832	-	870,043,841	1,454,224	27,033,881	-	28,488,104	841,555,736
Standard grade	865,647,361	405,723,677	-	1,271,371,038	16,933,943	32,848,728	-	49,782,672	1,221,588,366
Non-Investment	-	260,337,575	164,854,403	425,191,978	-	47,475,169	50,476,532	97,951,701	327,240,277

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	163,608,152	-	-	163,608,152	6,986	-	-	6,986	163,601,166
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	2,166,836	2,166,836	-	-	1,355,001	1,355,001	811,835

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	435,168,300	1,322,678	-	436,490,978	505,168	327	-	505,495	435,985,483
Standard grade	310,740,727	18,033,882	1,124,576	329,899,185	2,262,578	80,113	244,233	2,586,924	327,312,261
Non-Investment	211,023	5,778,001	3,664,726	9,653,750	1,889	220,619	1,038,129	1,260,636	8,393,112

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	680,815,819			680,815,819	133,492			133,492	680,682,327
Standard grade	4,862,794	-	-	4,862,794		1,879		1,879	4,860,915
Non-Investment	932,242			932,242			462,530	462,530	469,712

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	32,822,516	-	-	32,822,516	1,275	-	-	1,275	32,821,240
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

All restricted deposits have been classified as investment grade with a gross carrying amount of N1.01 trilliion and a Stage 1 ECL of N5.82 billion.

5.1.3(a) Group
December 2018
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	122,184,042	2,802,087	647,780	125,633,909	526,454	381,447	571,051	1,478,952	124,154,957
Non-Investment	928,735	239,938	4,549,777	5,718,450	16,052	108,893	4,070,636	4,195,581	1,522,869

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	610,100,166	17,461,207	-	627,561,373	1,834,632	32,660	-	1,867,292	625,694,082
Standard grade	856,979,287	355,139,355	346,325	1,212,464,967	24,323,693	28,849,910	82,357	53,255,960	1,159,209,007
Non-Investment	-	60,589,165	49,803,163	110,392,328	-	11,420,758	15,946,251	27,367,009	83,025,319

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
Standard grade	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
Non-Investment	-	-	102,463	102,463	-	-	45,026	45,026	57,437

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	389,819,103	-	-	389,819,103	139,302	-	-	139,302	389,679,802
Standard grade	320,204,678	-	-	320,204,678	1,010,598	-	-	1,010,598	319,194,080
Non-Investment	48,078,696	590,794	1,151,934	49,821,424	102,560	-	230,471	333,031	49,488,393

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	455,794,640	-	-	455,794,640	2,939	-	-	2,939	455,791,701
Standard grade	-	2,127,737	-	2,127,737	-	16,105	-	16,105	2,111,631
Non-Investment	-	-	-	-	-	-	-	-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	220,312,933	-	-	220,312,933	3,206	-	-	3,206	220,309,728
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(b) Bank
December 2018
Credit quality by class

Loans to retail customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	28,580,675	2,802,087	647,780	32,030,542	444,787	381,447	571,051	1,397,285	30,633,257
Non-Investment	928,735	677	4,370,332	5,299,744	16,052	4	3,852,859	3,868,915	1,430,829

Loans to corporate customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	528,756,212	17,461,207	-	546,217,419	1,306,523	32,660	-	1,339,183	544,878,236
Standard grade	735,334,488	355,139,355	346,325	1,090,820,168	22,211,258	28,849,910	82,357	51,143,525	1,039,676,643
Non-Investment	-	45,890,657	38,779,283	84,669,940	-	8,807,436	10,719,606	19,527,042	65,142,898

Loans and advances to banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	99,847,929	-	-	99,847,929	5,054	-	-	5,054	99,842,875
Standard grade	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
Non-Investment	-	-	102,463	102,463	-	-	45,026	45,026	57,437

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	312,215,107	-	-	312,215,107	139,302	-	-	139,302	312,075,805
Standard grade	242,600,681	-	-	242,600,681	1,010,598	-	-	1,010,598	241,590,083
Non-Investment	9,276,698	103,332	664,471	10,044,501	102,560	-	230,471	333,031	9,711,470

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	256,471,594	-	-	256,471,594	2,939	-	-	2,939	256,468,655
Standard grade	-	2,127,737	-	2,127,737	-	16,105	-	16,105	2,111,632
Non-Investment	-	-	-	-	-	-	-	-	-

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	46,393,374	-	-	46,393,374	741	-	-	741	46,392,633
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3 Credit quality
(c) Credit quality by risk rating class

Group

In thousands of Naira
December 2019

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	971,147	-	-	971,147	5,395	-	-	5,395	965,752
BB	Standard	3	194,644,869	1,343,585	-	195,988,453	640,016	479,342	-	1,119,358	194,869,095
BB-	Standard	3-	1,895,304	299,693	-	2,194,998	67,312	163,204	-	230,517	1,964,481
B	Non-Investment	4	-	3,861,882	-	3,861,882	-	234,704	-	234,703	3,627,179
B-	Non-Investment	5	-	849,401	455,325	1,304,726	-	346,516	-	346,515	958,211
CCC	Non-Investment	6	-	-	3,364,354	3,364,354	-	-	2,040,908	2,040,908	1,323,445
C	Non-Investment	7	-	-	907,961	907,961	-	-	487,296	487,296	420,665
D	Non-Investment	8	-	-	1,252,455	1,252,455	-	-	711,793	711,793	540,662
Carrying amount			**197,511,320**	**6,354,560**	**5,980,094**	**209,845,976**	**712,723**	**1,223,766**	**3,239,997**	**5,176,485**	**204,669,490**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,904,070	-	-	141,904,070	18,603	-	-	18,603	141,885,468
AA	Investment	2+	283,074,454	37,790,380	-	320,864,834	1,181,275	1,932,467	-	3,113,742	317,751,091
A	Investment	2	245,094,727	38,680,332	-	283,775,059	1,917,123	1,464,687	-	3,381,809	280,393,249
BBB	Investment	2-	45,527,531	197,664,120	-	243,191,651	193,679	23,636,727	-	23,830,405	219,361,245
BB+	Standard	3+	250,663,351	63,236,897	-	313,900,248	1,215,134	2,543,566	-	3,758,700	310,141,548
BB	Standard	3	716,020,141	236,380,353	-	952,400,494	14,462,844	15,952,726	-	30,415,570	921,984,924
BB-	Standard	3-	84,144,148	106,106,427	-	190,250,574	1,720,078	14,352,436	-	16,072,515	174,178,060
B	Non-Investment	4	-	168,487,181	-	168,487,181	-	23,151,499	-	23,151,499	145,335,682
B-	Non-Investment	5	-	98,034,841	15,461,116	113,495,958	-	26,880,739	-	26,880,738	86,615,220
CCC	Non-Investment	6	-	-	33,482,272	33,482,271	-	-	16,906,199	16,906,200	16,576,072
C	Non-Investment	7	-	-	106,052,309	106,052,309	-	-	28,891,972	28,891,972	77,160,337
D	Non-Investment	8	-	-	25,319,822	25,319,822	-	-	9,792,498	9,792,498	15,527,323
			1,766,428,423	**946,380,528**	**180,315,519**	**2,893,124,469**	**20,708,736**	**109,914,847**	**55,590,670**	**186,214,252**	**2,706,910,220**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	151,461,374	-	-	151,461,374	269,668	-	-	269,668	151,191,705
A	Investment	2	821,994	-	-	821,994	454	-	-	454	821,540
BB	Standard	3	-	-	-	-	-	-	-	-	-
BB-	Standard	3-	-	-	-	-	-	-	-	-	-
CCC	Non-Investment	6	-	-	2,062,143	2,062,143	-	-	1,309,460	1,309,460	752,682
D	Non-Investment	8	-	-	104,694	104,694	-	-	45,541	45,541	59,153
			152,283,368	**-**	**2,166,836**	**154,450,204**	**270,122**	**-**	**1,355,001**	**1,625,123**	**152,825,081**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	943,876,884	-	-	943,876,884	-	-	-	-	943,876,884
A	Investment	2	4,507,012	-	-	4,507,012	1,800	-	-	1,800	4,505,212
BB	Standard	3	11,950,956	-	-	11,950,956	117,945	-	-	117,945	11,833,010
B	Non-Investment	4	10,227,833	-	-	10,227,833	71,625	-	-	71,625	10,156,208
CCC	Non-Investment	6	932,242	47,632	462,530	1,442,404	14,541	1,879	462,530	478,950	963,453
			971,494,926	**47,632**	**462,530**	**972,005,088**	**205,911**	**1,879**	**462,530**	**670,320**	**971,334,768**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2019	Fair Value December 2019
AAA	Investment	1	1,086,591,425	142,234,073
AA	Investment	2+	99,268,238	(708,705)
A	Investment	2	19,997,458	(440,107)
BBB	Investment	2-	44,251,600	(2,559,453)
BB+	Standard	3+	12,453,222	(210,513)
BB	Standard	3	19,386,411	(1,611,405)
BB-	Standard	3-	1,133,245	(67,118)
B	Non-Investment	4	25,529	(1,901)
Gross amount			**1,283,107,128**	**136,634,872**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Bank
December 2019
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	971,147	-	-	971,147	5,395	-	-	5,395	965,752
BB	Standard	3	81,452,581	1,343,585	-	82,796,166	560,107	479,342	-	1,039,450	81,756,716
BB-	Standard	3-	1,895,304	299,693	-	2,194,998	67,312	163,204	-	230,517	1,964,481
B	Non-Investment	4	-	3,861,882	-	3,861,882	-	128,159	-	128,158	3,733,723
B-	Non-Investment	5	-	667,271	-	667,271	-	346,516	-	346,516	320,755
CCC	Non-Investment	6	-	-	3,364,354	3,364,354	-	-	1,827,819	1,827,819	1,536,535
C	Non-Investment	7	-	-	907,961	907,961	-	-	487,296	487,296	420,665
D	Non-Investment	8	-	-	1,252,455	1,252,455	-	-	711,793	711,793	540,662
Carrying amount			**84,319,031**	**6,172,430**	**5,524,769**	**96,016,230**	**632,815**	**1,117,221**	**3,026,908**	**4,776,945**	**91,239,288**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,904,070	-	-	141,904,070	18,603	-	-	18,603	141,885,468
AA	Investment	2+	283,074,454	37,790,380	-	320,864,834	1,181,275	1,932,467	-	3,113,742	317,751,091
A	Investment	2	125,402,954	38,680,332	-	164,083,286	60,667	1,464,687	-	1,525,354	162,557,931
BBB	Investment	2-	45,527,531	197,664,120	-	243,191,651	193,679	23,636,727	-	23,830,405	219,361,245
BB+	Standard	3+	250,663,351	63,236,897	-	313,900,248	1,215,134	2,543,566	-	3,758,700	310,141,548
BB	Standard	3	530,839,862	236,380,353	-	767,220,216	13,998,730	15,952,726	-	29,951,456	737,268,760
BB-	Standard	3-	84,144,148	106,106,427	-	190,250,574	1,720,078	14,352,436	-	16,072,515	174,178,060
B	Non-Investment	4	-	168,487,181	-	168,487,181	-	20,594,430	-	20,594,430	147,892,751
B-	Non-Investment	5	-	91,850,394	-	91,850,394	-	26,880,739	-	26,880,739	64,969,655
CCC	Non-Investment	6	-	-	33,482,272	33,482,271	-	-	11,792,061	11,792,061	21,690,210
C	Non-Investment	7	-	-	106,052,309	106,052,309	-	-	28,891,972	28,891,972	77,160,337
D	Non-Investment	8	-	-	25,319,822	25,319,822	-	-	9,792,498	9,792,498	15,527,323
			1,461,556,371	**940,196,081**	**164,854,403**	**2,566,606,855**	**18,388,168**	**107,357,780**	**50,476,533**	**176,222,477**	**2,390,384,381**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	162,786,158	-	-	162,786,158	6,532	-	-	6,532	162,779,626
A	Investment	2	821,994	-	-	821,994	454	-	-	454	821,540
CCC	Non-Investment	6	-	-	2,062,143	2,062,143	-	-	1,309,460	1,309,460	752,682
D	Non-Investment	8	-	-	104,694	104,694	-	-	45,541	45,541	59,152.89
			163,608,152	**-**	**2,166,836**	**165,774,986**	**6,986**	**-**	**1,355,001**	**1,361,986**	**164,413,000**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	676,308,807	-	-	676,308,807			-	-	676,308,807
A	Investment	2	4,507,012	-	-	4,507,012	1,800		-	1,800	4,505,212
BB	Standard	3	8,628,462	-	-	8,628,462	45,525	-	-	45,525	8,582,937
B	Non-Investment	4	10,227,833	-	-	10,227,833	71,625	-	-	71,625	10,156,208
CCC	Non-Investment	6	932,242	47,632	462,530	1,442,404	14,541	1,879	462,530	478,950	963,453.24
			700,604,356	**47,632**	**462,530**	**701,114,518**	**133,491**	**1,879**	**462,530**	**597,900**	**700,516,618**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2019	Fair Value December 2019
AAA-A	Investment	1	986,475,815	123,561,874
A	Investment	2	133,011,795	(548,924)
AA	Investment	2+	58,724,417	(349,160)
BBB	Investment	2-	31,367,334	(1,987,313)
BBB-B	Non-Investment	5	-	-
Gross amount			**1,209,579,362**	**120,676,476**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

5.1.3 Credit quality
(c) Credit quality by risk rating class

Group

In thousands of Naira
December 2018

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	431,105	-	-	431,105	12,222	-	-	12,222	418,883
BB	Standard	3	121,752,937	2,475,680	647,780	124,876,397	514,231	327,959	571,051	1,413,241	123,463,156
BB-	Standard	3-	-	326,408	-	326,408	-	53,488	-	53,488	272,920
B-	Non-Investment	5	-	239,261	179,446	418,707	-	108,888	217,777	326,665	92,042
CCC	Non-Investment	6	640,584	677	1,264,134	1,905,394	10,771	4	1,114,453	1,125,228	780,166
C	Non-Investment	7	4,856	-	247,783	252,639	57	-	218,444	218,501	34,138
D	Non-Investment	8	283,295	-	2,858,415	3,141,710	5,224	-	2,519,962	2,525,187	616,524
Carrying amount			**123,112,777**	**3,042,026**	**5,197,557**	**131,352,360**	**542,505**	**490,339**	**4,641,687**	**5,674,532**	**125,677,827**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	146,195,755	-	-	146,195,755	64,698	-	-	64,698	146,131,056
AA	Investment	2+	140,567,445	1,272,921	-	141,840,366	415,078	5,889	-	420,966	141,419,400
A	Investment	2	263,257,218	14,982,391	-	278,239,610	961,852	12,182	-	974,033	277,265,576
BBB	Investment	2-	60,079,747	1,205,895	-	61,285,642	393,005	14,590	-	407,595	60,878,047
BB+	Standard	3+	270,753,260	22,845,236	11,102	293,609,598	4,069,315	867,806	4,453	4,941,574	288,668,024
BB	Standard	3	534,527,347	145,590,344	305,092	680,422,783	16,313,434	8,939,063	65,167	25,317,664	655,105,119
BB-	Standard	3-	51,698,680	186,703,775	30,131	238,432,586	3,940,945	19,043,042	12,737	22,996,723	215,435,863
B	Non-Investment	4	-	13,245,972	-	13,245,972	-	1,838,325	-	1,838,325	11,407,647
B-	Non-Investment	5	-	47,343,193	11,023,881	58,367,074	-	9,582,433	5,226,645	14,809,078	43,557,996
CCC	Non-Investment	6	-	-	2,350,697	2,350,697	-	-	332,026	332,026	2,018,672
C	Non-Investment	7	-	-	26,301,429	26,301,429	-	-	6,962,736	6,962,736	19,338,693
D	Non-Investment	8	-	-	10,127,156	10,127,156	-	-	3,424,845	3,424,845	6,702,311
			1,467,079,452	**433,189,727**	**50,149,488**	**1,950,418,667**	**26,158,326**	**40,303,330**	**16,028,609**	**82,490,263**	**1,867,928,406**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
BB	Standard	3	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
C	Non-Investment	7	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	102,463	102,463	-	-	45,027	45,027	57,436
			142,467,284	**-**	**102,463**	**142,569,747**	**35,178**	**-**	**45,027**	**80,205**	**142,489,542**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	457,576,585	-	-	457,576,585	2,939	-	-	2,939	457,573,646
BB	Standard	3	-	345,791	-	345,791	-	16,105	-	16,105	329,686
B	Non-Investment	4	-	-	-	-	-	-	-	-	-
			457,576,585	**345,791**	**-**	**457,922,376**	**2,939**	**16,105**	**-**	**19,044**	**457,903,332**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2018	Fair Value December 2018
AAA-A	Investment	1	719,990,419	127,782,208
A	Investment	2	-	-
AA	Investment	2+	101,821,786	(1,727,969)
BBB	Investment	2-	113,437,240	(2,819,899)
Gross amount			**935,249,445**	**123,234,340**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Bank
December 2018
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	431,105	-	-	431,105	12,222	-	-	12,222	418,883
BB	Standard	3	28,149,571	2,475,680	647,780	31,273,030	432,565	327,959	571,051	1,331,575	29,941,456
BB-	Standard	3-	-	326,408	-	326,408	-	53,488	-	53,488	272,920
CCC	Non-Investment	6	640,584	677	1,264,134	1,905,394	10,771	4	1,114,453	1,125,228	780,166
C	Non-Investment	7	4,856	-	247,783	252,639	57	-	218,444	218,501	34,138
D	Non-Investment	8	283,295	-	2,858,415	3,141,710	5,224	-	2,519,962	2,525,187	616,524
Carrying amount			**29,509,411**	**2,802,765**	**5,018,112**	**37,330,286**	**460,839**	**381,451**	**4,423,910**	**5,266,201**	**32,064,085**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	146,195,755	-	-	146,195,755	64,698	-	-	64,698	146,131,056
AA	Investment	2+	140,567,445	1,272,921	-	141,840,366	415,078	5,889	-	420,966	141,419,400
A	Investment	2	181,913,265	14,982,391	-	196,895,656	433,743	12,182	-	445,924	196,449,732
BBB	Investment	2-	60,079,747	1,205,895	-	61,285,642	393,005	14,590	-	407,595	60,878,047
BB+	Standard	3+	270,753,260	22,845,236	11,102	293,609,598	4,069,315	867,806	4,453	4,941,574	288,668,024
BB	Standard	3	412,882,548	145,590,344	305,092	558,777,984	14,200,998	8,939,063	65,167	23,205,228	535,572,756
BB-	Standard	3-	51,698,680	186,703,775	30,131	238,432,586	3,940,945	19,043,042	12,737	22,996,723	215,435,863
B	Non-Investment	4	-	13,245,972	-	13,245,972	-	1,838,325	-	1,838,325	11,407,647
B-	Non-Investment	5	-	32,644,686	-	32,644,686	-	6,969,111	-	6,969,111	25,675,575
CCC	Non-Investment	6	-	-	2,350,697	2,350,697	-	-	332,026	332,026	2,018,672
C	Non-Investment	7	-	-	26,301,429	26,301,429	-	-	6,962,736	6,962,736	19,338,693
D	Non-Investment	8	-	-	10,127,156	10,127,156	-	-	3,424,845	3,424,845	6,702,311
			1,264,090,700	**418,491,220**	**39,125,607**	**1,721,707,527**	**23,517,782**	**37,690,008**	**10,801,964**	**72,009,751**	**1,649,697,777**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	99,847,929	-	-	99,847,929	-	-	-	-	99,847,929
BB	Standard	3	1,122,915	-	-	1,122,915	30,124	-	-	30,124	1,092,791
C	Non-Investment	7	-	-	-	-	-	-	-	-	-
D	Non-Investment	8	-	-	102,463	102,463	-	-	45,026	45,026	57,436.80
			100,970,844	**-**	**102,463**	**101,073,307**	**30,124**	**-**	**45,026**	**75,150**	**100,998,157**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	258,253,539	-	-	258,253,539	2,939	-	-	2,939	258,250,600
BB	Standard	3	-	345,791	-	345,791	-	16,105	-	16,105	329,686
B	Non-Investment	4	-	-	-	-	-	-	-	-	-
			258,253,539	**345,791**	**-**	**258,599,330**	**2,939**	**16,105**	**-**	**19,044**	**258,580,286**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2018	Fair Value December 2018
AAA-A	Investment	1	719,990,419	127,782,208
A	Investment	2	-	-
AA	Investment	2+	101,821,786	(1,727,969)
BBB	Investment	2-	42,734,906	(3,106,321)
Gross amount			**864,547,112**	**122,947,918**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

5.1.3 (d) **The table below summarises the risk rating for other financial assets:**

Group

In thousands of Naira

December 2019	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	483,040,381	483,040,381	-	-	-	-
Unrestricted balances with central banks	117,883,814	117,883,814	-	-	-	-
Money market placements	48,838,459	48,838,459				
Other deposits with central banks	99,347,553	99,347,553				
Investment under management	28,291,959	28,291,959	-	-	-	-
Non-pledged trading assets						
Treasury bills	89,797,961	89,797,961	-	-	-	-
Bonds	40,021,277	40,021,277	-	-	-	-
Derivative financial instruments	143,520,553	143,520,553	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-				
-Financial instruments at amortized cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
Treasury bills	232,813,374	232,813,374	-	-	-	-
Bonds	81,977,676	81,977,676	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	2,727,258	2,727,258	-	-	-	-
Bonds	6,240,386	6,240,386	-	-	-	-
Restricted deposit and other assets	1,016,582,843	1,016,582,843	-	-	-	-
	2,996,639,384	**2,996,639,382**	**-**	**-**	**-**	**-**

The rating here represents the staging for the loans. The stages are as categorized below;

Grade 1-3: Stage 1

Grade 4-5: Stage 2

Grade 6-7: Stage 3

All the financial assets as categorized above are all grouped into stage 1

Group

In thousands of Naira

December 2018	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	282,044,974	282,044,974	-	-	-	-
Unrestricted balances with central banks	29,366,693	29,366,693	-	-	-	-
Money market placements	220,309,727	220,309,727				
Other deposits with central banks	77,024,474	77,024,474				
Investment under management	23,839,395	23,839,395	-	-	-	-
Non-pledged trading assets						
Treasury bills	38,465,116	38,465,116	-	-	-	-
Bonds	292,684	292,684	-	-	-	-
Derivative financial instruments	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 amortized cost						
Treasury bills	192,208,928	192,208,928				
Bonds	162,033,050	162,033,050				
-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	44,791,006	44,791,006	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	4,812,950	4,812,950	-	-	-	-
Bonds	84,247,333	84,247,333	-	-	-	-
Restricted deposit and other assets	683,991,854	683,991,854	-	-	-	-
	2,366,897,729	**2,366,897,729**	**-**	**-**	**-**	**-**

The table below summarises the risk rating for other financial assets:

Bank
In thousands of Naira
December 2019

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	321,270,808	321,270,808	-	-	-	-
Unrestricted balances with central banks	97,734,073	97,734,073	-	-	-	-
Money market placements	32,822,516	32,822,516	-	-	-	-
Other deposits with central banks	99,347,553	99,347,553	-	-	-	-
Investment under management	28,291,959	28,291,959	-	-	-	-
Non-pledged trading assets						
Treasury bills	74,749,344	74,749,344	-	-	-	-
Bonds	2,222,417	2,222,417	-	-	-	-
Derivative financial instruments	143,480,073	143,480,073	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-				
-Financial instruments at amortized cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	77,897,548	77,897,548	-	-	-	-
Bonds	18,950,446	18,950,446	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	341,786,029	341,786,029	-	-	-	-
Bonds	250,828,832	250,828,832	-	-	-	-
Restricted deposit and other assets	968,698,629	968,698,629	-	-	-	-
	3,063,636,118	**3,063,636,118**	**-**	**-**	**-**	**-**

Bank
In thousands of Naira
December 2018

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	111,750,907	111,750,907	-	-	-	-
Unrestricted balances with central banks	6,759,948	6,759,948	-	-	-	-
Money market placements	46,392,634	46,392,634	-	-	-	-
Other deposits with central banks	77,024,474	77,024,474	-	-	-	-
Investment under management	23,839,394	23,839,394	-	-	-	-
Non-pledged trading assets						
Treasury bills	36,230,640	36,230,640	-	-	-	-
Bonds	291,070	291,070	-	-	-	-
Derivative financial instruments	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 amortized cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-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	15,090,313	15,090,313	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	60,166,222	60,166,222	-	-	-	-
Bonds	25,588,823	25,588,823	-	-	-	-
Restricted deposit and other assets	610,904,300	610,904,300	-	-	-	-
	1,745,107,172	**1,745,107,172**	**-**	**-**	**-**	**-**

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
December 2019
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	14,316,084	312,659	24,650	14,653,393	12,890	12,595	12,928	38,412	14,614,981
Credit Card	18,246,614	616,290	151,645	19,014,547	40,847	77,582	82,505	200,933	18,813,614
Finance Lease	173,316	12,214	1,366	186,896	202	399	639	1,240	185,656
Mortgage Loan	80,814,481	619,210	380,590	81,814,281	68,299	222,505	207,101	497,905	81,316,376
Overdraft	14,442,712	519,356	3,683,640	18,645,708	266,115	241,065	1,990,087	2,497,267	16,148,442
Personal Loan	51,880,685	153,300	906,662	52,940,646	140,312	28,017	499,391	667,720	52,272,926
Term Loan	12,777,477	2,719,316	239,994	15,736,788	135,264	502,383	190,850	828,497	14,908,291
Time Loan	4,859,951	1,402,215	591,548	6,853,714	48,794	139,221	256,496	444,510	6,409,203
	197,511,320	6,354,558	5,980,095	209,845,973	712,722	1,223,766	3,239,997	5,176,485	204,669,489

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,896,828	250,665	55,512	3,203,006	26,672	4,766	7,040	38,477	3,164,528
Credit Card	238,656	24,731	61,807	325,196	2,459	1,568	23,792	27,819	297,377
Finance Lease	4,357,320	340,259	262,405	4,959,983	79,685	13,288	108,492	201,465	4,758,518
Mortgage Loan	60,974,410	24,738	61,844	61,060,992	464,114	10,228	20,457	494,799	60,566,193
Overdraft	121,894,817	87,449,620	71,738,703	281,083,142	1,888,438	5,194,640	25,574,903	32,657,981	248,425,160
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,253,280,533	822,442,191	93,801,086	2,169,523,811	9,136,899	102,028,690	27,294,139	138,459,728	2,031,064,083
Time Loan	322,785,856	35,848,324	14,334,162	372,968,343	9,110,469	2,661,667	2,561,847	14,333,984	358,634,360
	1,766,428,423	946,380,529	180,315,521	2,893,124,472	20,708,735	109,914,846	55,590,668	186,214,253	2,706,910,220
							9,991,775	176,222,478	

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	821,994	-	104,694	926,688	454	-	45,541	45,995	880,693
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	151,461,374	-	2,062,143	153,523,517	269,668	-	1,309,460	1,579,128	151,944,388
	152,283,369	-	2,166,836	154,450,205	270,122	-	1,355,001	1,625,123	152,825,081

Bank
In thousands of Naira
December 2019

Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,996,855	312,477	24,195	3,333,527	4,900	12,488	12,715	30,102	3,303,425
Credit Card	16,548,729	615,926	150,734	17,315,389	39,649	77,369	82,078	199,096	17,116,293
Finance Lease	60,124	11,667	-	71,791	122	79	-	201	71,590
Mortgage Loan	1,579,880	618,482	378,768	2,577,130	12,363	222,078	206,249	440,692	2,136,439
Overdraft	13,933,346	517,535	3,679,087	18,129,969	265,755	240,000	1,987,956	2,493,711	15,636,259
Personal Loan	33,769,919	149,658	897,555	34,817,131	127,527	25,886	495,129	648,542	34,168,589
Term Loan	11,758,747	2,716,584	233,165	14,708,495	134,544	500,785	187,654	822,983	13,885,512
Time Loan	3,671,432	1,230,102	161,265	5,062,800	47,955	38,536	55,127	141,618	4,921,182
	84,319,032	6,172,430	5,524,770	96,016,233	632,816	1,117,220	3,026,907	4,776,944	91,239,289

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,896,828	250,665	55,512	3,203,006	26,672	4,766	7,040	38,477	3,164,528
Credit Card	238,351	24,731	61,807	324,891	2,457	1,568	23,792	27,817	297,074
Finance Lease	4,052,448	321,706	216,022	4,590,176	77,365	5,617	93,149	176,130	4,414,046
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	103,602,494	87,387,776	71,584,092	262,574,362	1,749,204	5,169,070	25,523,762	32,442,035	230,132,327
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,037,126,554	816,455,647	78,834,725	1,932,416,926	7,491,618	99,553,447	22,343,654	129,388,718	1,803,028,208
Time Loan	313,639,695	35,755,557	14,102,245	363,497,497	9,040,852	2,623,311	2,485,135	14,149,297	349,348,200
	1,461,556,370	940,196,085	164,854,404	2,566,606,857	18,388,166	107,357,777	50,476,531	176,222,475	2,390,384,382

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	-	-	-	-	-	-	-	-	-
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	821,994	-	104,694	926,688	454	-	45,541	45,995	880,693
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	162,786,158	-	2,062,143	164,848,300	6,532	-	1,309,460	1,315,992	163,532,308
	163,608,152	-	2,166,836	165,774,988	6,986	-	1,355,001	1,361,986	164,413,001

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
December 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	11,757,962	5,403	85,028	11,848,394	63,191	155	75,020	138,367	11,710,027
Credit Card	4,851,771	299,534	417,416	5,568,720	66,204	58,962	368,110	493,276	5,075,444
Finance Lease	94,152	718	538	95,408	84	327	653	1,064	94,344
Mortgage Loan	69,053,041	437,916	348,953	69,839,910	140,892	87,168	307,874	535,934	69,303,976
Overdraft	1,702,020	342,025	1,692,866	3,736,911	24,543	64,732	1,493,017	1,582,292	2,154,619
Personal Loan	33,242,015	1,634,898	2,309,996	37,186,909	239,180	174,058	2,037,671	2,450,909	34,736,000
Term Loan	842,923	3,589	2,755	849,267	751	1,633	3,295	5,679	843,588
Time Loan	1,568,894	317,943	340,004	2,226,840	7,661	103,304	356,047	467,012	1,759,829
	123,112,778	3,042,026	5,197,556	131,352,359	542,506	490,339	4,641,687	5,674,533	125,677,827

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,647,012	281,257	141,190	4,069,458	75,435	11,176	51,007	137,619	3,931,840
Credit Card	262,876	1,561	170,275	434,712	8,575	142	70,165	78,882	355,830
Finance Lease	802,504	96,982	306,551	1,206,037	4,691	10,773	134,227	149,690	1,056,347
Mortgage Loan	45,309,368	1,645,297	44,096	46,998,760	669,601	53,367	20,907	743,874	46,254,886
Overdraft	98,896,916	23,407,074	20,612,686	142,916,676	2,898,252	2,794,413	6,564,709	12,257,374	130,659,302
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	1,084,877,935	311,738,401	22,646,581	1,419,262,917	20,197,587	35,850,948	7,803,012	63,851,547	1,355,411,370
Time Loan	233,282,842	96,019,156	6,228,109	335,530,108	2,304,186	1,582,509	1,384,582	5,271,276	330,258,831
	1,467,079,453	433,189,727	50,149,488	1,950,418,668	26,158,326	40,303,328	16,028,609	82,490,262	1,867,928,406

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	853	-	-	853	-	-	-	-	853
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,122,062	-	102,463	1,224,526	30,124	-	45,026	75,150	1,149,375
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	141,344,369	-	-	141,344,369	5,054	-	-	5,054	141,339,315
	142,467,284	-	102,463	142,569,748	35,178	-	45,026	80,205	142,489,544

Bank
In thousands of Naira
December 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	2,397,626	5,164	84,849	2,487,639	55,025	46	74,802	129,873	2,357,765
Credit Card	3,447,720	299,055	417,057	4,163,832	64,979	58,744	367,675	491,398	3,672,435
Finance Lease	549	-	-	549	2	-	-	2	547
Mortgage Loan	3,530,684	436,959	348,236	4,315,879	83,726	86,732	307,003	477,461	3,838,418
Overdraft	1,280,804	339,633	1,691,072	3,311,509	24,176	63,643	1,490,839	1,578,658	1,732,851
Personal Loan	18,265,476	1,630,112	2,306,407	22,201,996	226,113	171,880	2,033,316	2,431,309	19,770,687
Term Loan	492	-	63	556	16	-	28	44	512
Time Loan	586,058	91,841	170,428	848,327	6,803	405	150,248	157,456	690,871
	29,509,410	2,802,764	5,018,112	37,330,286	460,840	381,450	4,423,911	5,266,200	32,064,085

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,647,012	281,257	141,190	4,069,458	75,435	11,176	51,007	137,619	3,931,840
Credit Card	262,673	1,561	170,275	434,509	8,572	142	70,165	78,879	355,629
Finance Lease	599,515	52,887	273,480	925,881	2,050	2,933	118,547	123,530	802,351
Mortgage Loan	4,711,617	1,586,503	-	6,298,120	141,492	42,913	-	184,406	6,113,715
Overdraft	86,717,590	23,260,089	20,502,448	130,480,127	2,739,819	2,768,280	6,512,442	12,020,542	118,459,585
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	940,959,113	297,510,246	11,975,464	1,250,444,823	18,325,443	33,321,252	2,743,619	54,390,315	1,196,054,508
Time Loan	227,193,180	95,798,679	6,062,751	329,054,609	2,224,969	1,543,309	1,306,182	5,074,460	323,980,149
	1,264,090,700	418,491,222	39,125,608	1,721,707,527	23,517,780	37,690,005	10,801,962	72,009,750	1,649,697,777

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	853	-	-	853	-	-	-	-	853
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,122,062	-	102,463	1,224,526	30,124	-	45,026	75,151	1,149,374
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	99,847,929	-	-	99,847,929	5,054	-	-	5,054	99,842,875
	100,970,844	-	102,463	101,073,308	35,178	-	45,026	80,205	100,993,102

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group

In thousands of Naira

	December 2019		
	Level 1	**Level 2**	**Level 3**
Stage 1			
Property	-	-	5,367,944,781
Equities	-	64,881,768	-
Cash	854,826,365	-	-
Pledged goods/receivables	-	-	-
Others	-	-	2,305,519,145
Total	**854,826,365**	**64,881,768**	**7,673,463,925**
Stage 2			
Property	-	-	1,065,271,338
Equities	-	19,845,457	-
Cash	2,268,500	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,573,540,291
Total	**2,268,500**	**19,845,457**	**2,638,811,629**
Stage 3			
Property	-	-	91,527,154
Equities	163,466	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	-
1 Others	-	-	260,045,963
	163,467	**-**	**351,573,117**
Total	**857,258,332**	**84,727,224**	**10,663,848,670**

Bank

In thousands of Naira

	December 2019		
	Level 1	**Leve1 2**	**Level 3**
Stage 1			
Property	-	-	2,933,303,159
Equities	-	38,851,358	-
Cash	743,327,274	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,921,265,954
Total	**743,327,275**	**38,851,358**	**4,854,569,112**
Stage 2			
Property	-	-	887,726,115
Equities	-	16,537,881	-
Cash	1,890,417	-	-
Pledged goods/receivables	-	-	-
Others	-	-	1,311,283,576
Total	**1,890,416**	**16,537,881**	**2,199,009,692**
Stage 3			
Property	-	-	68,817,409
Equities	121,086	-	-
Cash	-	-	-
Pledged goods/receivables	-	-	-
1 Others	-	-	203,160,909
	121,086	**-**	**271,978,318**
Total	**745,338,777**	**55,389,239**	**7,325,557,122**

[1] Collateral types included in others are All Asset debentures, Domiciliation, Counter Indemnity, Authority to collect,Irrevocable standing payment order, Guarantees

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional consideration in the credit process and the Group generally requests that corporate borrowers provide collateral. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The Bank will sell or repossess a pledged collateral only in the event of a default and after exploring other means of repayment. In addition to the Group's focus on creditworthiness, the Group aligns with its Credit Policy Guide to periodically review the valuations of collaterals held against all loans to customers. This is done in line with the approved Framework for valuing various categories of collateral accepted by the Bank.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neighborhood. The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instruments.

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group — **December 2018**
In thousands of Naira

	Level 1	Level 2	Level 3
Stage 1			
Property	-	-	1,311,767,967
Equities	11,002,620	2,750,655	-
Cash	241,577,956	-	-
Pledged goods/receivables	-	-	114,327,462
Others	-	-	1,136,455,337
Total	**252,580,576**	**2,750,655**	**2,562,550,766**
Stage 2			
Property	-	-	192,779,671
Equities	585,880	878,439	-
Cash	22,692,461	-	-
Pledged goods/receivables	-	-	6,864,420
Others	-	-	172,446,878
Total	**23,278,341**	**878,439**	**372,090,969**
Stage 3			
Property	-	-	25,623,713
Equities	240	126,400	-
Cash	6,009,337	-	-
Pledged goods/receivables	-	-	467,076
Others	-	-	15,799,898
	6,009,577	**126,400**	**41,890,687**
Total	**281,868,494**	**3,755,494**	**2,976,532,422**

Bank — **December 2018**
In thousands of Naira

	Level 1	Level 2	Level 3
Stage 1			
Property	-	-	1,061,929,679
Equities	2,417,806	6,138,043	-
Cash	199,298,100	-	-
Pledged goods/receivables	-	-	114,327,462
Others	-	-	1,012,262,723
Total	**201,715,906**	**6,138,043**	**2,188,519,864**
Stage 2			
Property	-	-	185,864,975
Equities	585,880	878,439	-
Cash	22,692,461	-	-
Pledged goods/receivables	-	-	6,864,420
Others	-	-	171,750,065
Total	**23,278,341**	**878,439**	**364,479,460**
Stage 3			
Property	-	-	25,623,713
Equities	240	126,400	-
Cash	6,009,337	-	-
Pledged goods/receivables	-	-	467,076
[1] Others	-	-	15,799,898
	6,009,577	**126,400**	**41,890,687**
Total	**231,003,824**	**7,142,882**	**2,594,890,011**

[1] Collateral types included in others are All Asset debentures, Domiciliation, Counter Indemnity, Authority to collect,Irrevocable standing payment order, Guarantees

Collateral held and other credit enhancements, and their financial effect
The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional consideration in the credit process and the Group generally requests that corporate borrowers provide collateral. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The Bank will sell or repossess a pledged collateral only in the event of a default and after exploring other means of repayment. In addition to the Group's focus on creditworthiness, the Group aligns with its Credit Policy Guide to periodically review the valuations of collaterals held against all loans to customers. This is done in line with the approved Framework for valuing various categories of collateral accepted by the Bank.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neighborhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at December 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	152,825,081	-	152,825,081
Total	**152,825,081**	**-**	**152,825,081**

As at December 2019

Financial liabilities			
Interest bearing borrowing	586,602,830	-	586,602,830
Total	**586,602,830**	**-**	**586,602,830**

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	-	388,416,734
Total	**388,416,735**	**-**	**388,416,734**

5.1.5 (a) Credit concentration

The Group's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group

By Sector

December 2019

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	688,825,534	-	-	-	688,825,534
Investment under management	4,280,814	-	9,287,366	-	14,723,779	-	28,291,960
Non pledged trading assets							
Treasury bills	-	-	-	-	38,465,116	-	38,465,116
Bonds	-	-	-	-	292,684	-	292,684
Equity	-	-	-	-	-	-	-
Derivative financial instruments	5,369,777	6,966,273	418,058	979,371	122,901,393	-	136,634,872
Loans and advances to banks	-	-	152,825,081	-	-	-	152,825,081
Loans and advances to customers							
Auto Loan	315,262	2,849,266	-	14,614,980	-	-	17,779,508
Credit Card	32,444	264,932	-	18,813,614	-	-	19,110,990
Finance Lease	249,572	4,508,948	-	185,656	-	-	4,944,175
Mortgage Loan	-	60,566,194	-	81,316,376	-	-	141,882,570
Overdraft	39,758,235	208,666,924	-	16,148,442	-	-	264,573,601
Personal Loan	-	-	-	52,272,927	-	-	52,272,927
Term Loan	927,007,334	881,799,066	-	14,908,291	222,257,683	-	2,045,972,373
Time Loan	165,427,684	193,206,676	-	6,409,203	-	-	365,043,563
Pledged assets							
Treasury bills	-	-	-	-	522,956,307	-	522,956,307
Bonds	-	-	-	-	82,599,583	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	232,814,072	-	232,814,072
Bonds	7,815,595	-	2,860,694	-	71,301,387	-	81,977,676
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	379,283,381	-	379,283,381
Bonds	510,162	-	1,394,042	-	264,374,793	-	266,278,995
Promissory Notes	-	-	-	-	10,844,042	-	10,844,041
Restricted deposit and other assets	51,233,895	4,735,470	90,894,147	9,521,376	4,310,294	6,301,150	166,996,334
Total	**1,202,000,773**	**1,363,563,749**	**946,504,921**	**215,170,237**	**1,967,124,514**	**6,301,150**	**5,700,665,344**
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	220,829,106	261,845,451	32,371,788	16,930,319	-	-	531,976,664
Clean line facilities for letters of credit and	54,219,348	251,825,740	6,145,195	20,637,274	-	-	332,827,557
other commitments	-	-	-	-	-	-	-
Total	**275,048,454**	**513,671,192**	**38,516,983**	**37,567,592**	**-**	**-**	**864,804,221**

Group
By Sector

December 2018

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	791,239,520	-	-	-	791,239,520
Investment under management	5,862,614	-	9,780,747	-	8,196,034	-	23,839,395
Non pledged trading assets							
Treasury bills	-	-	-	-	38,465,116	-	38,465,116
Bonds	-	-	-	-	292,684	-	292,684
Equity	59,348	-	-	-	-	-	59,348
Derivative financial instruments	7,700,332	7,916,079	41,407,018	368,881	65,842,031	-	123,234,341
Loans and advances to banks	-	-	142,489,543	-	-	-	142,489,543
Loans and advances to customers							
Auto Loan	585,845	3,345,995	-	11,710,027	-	-	15,641,867
Credit Card	35,254	320,576	-	5,075,444	-	-	5,431,274
Finance Lease	229,835	826,512	-	94,344	-	-	1,150,691
Mortgage Loan	2,048,253	44,206,633	-	69,303,976	-	-	115,558,862
Overdraft	53,477,867	77,181,435	-	2,154,619	-	-	132,813,921
Personal Loan	-	-	-	34,736,000	-	-	34,736,000
Term Loan	504,604,802	620,337,486	-	843,588	230,469,082	-	1,356,254,958
Time Loan	134,365,585	195,893,247	-	1,759,829	-	-	332,018,660
Pledged assets							
Treasury bills	-	-	-	-	380,688,816	-	380,688,816
Bonds	-	-	-	-	173,364,139	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	195,218,225	-	195,218,225
Bonds	6,855,934.22	-	6,791	-	37,928,280	-	44,791,006
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	102,564,048	-	102,564,048
Bonds	462,530	-	2,610,861	-	46,023,605	-	49,096,995
Restricted deposit and other assets	43,171,304	3,130,344	565,137,439	15,971,907	2,639,227	3,628,475	633,678,697
Total	**759,459,501**	**953,158,307**	**1,552,671,919**	**142,018,615**	**1,281,691,287**	**3,628,475**	**4,692,628,106**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	265,713,372	150,756,752	1,495,050	34,118,366	-	-	452,083,539
Clean line facilities for letters of credit and other	160,317,004	107,309,491	59,043	40,076,129	-	-	307,761,666
commitments	-	-	-	-	-	-	
Total	**426,030,376**	**258,066,243**	**1,554,093**	**74,194,495**	**-**	**-**	**759,845,205**

5.1.5(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

Group
December 2019
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	373,524,816	94,581,401	220,719,318	-	688,825,534
Investment under management	9,225,166	6,849,720	12,217,073	-	28,291,959
Non pledged trading assets					
Treasury bills	74,749,344	15,048,617	-	-	89,797,961
Bonds	2,222,417	37,798,860	-	-	40,021,277
Equity	-	-	-	-	-
Derivative financial instruments	126,909,010	1,585,977	6,826,720	1,313,164	136,634,872
Loans and advances to banks	695,095	-	152,129,985	-	152,825,081
Loans and advances to customers					
Auto Loan	6,467,952	11,311,556	-	-	17,779,508
Credit Card	17,413,366	1,697,624	-	-	19,110,990
Finance Lease	4,485,635	458,540	-	-	4,944,175
Mortgage Loan	2,136,440	118,972,854	20,773,276	-	141,882,570
Overdraft	245,768,584	7,217,096	-	-	252,985,681
Personal Loan	34,168,590	18,104,337	-	-	52,272,927
Term Loan	1,816,913,719	221,989,758	7,068,897	-	2,045,972,373
Time Loan	354,269,381	22,362,102	-	-	376,631,483
Pledged assets					
Treasury bills	522,956,307	-	-	-	522,956,307
Bonds	82,599,583	-	-	-	82,599,583
Investment securities					
-Financial assets at FVOCI					
Treasury bills	77,898,247	154,915,826	-	-	232,814,072
Bonds	11,134,851	67,982,131	2,860,694	-	81,977,676
Promissory Notes	807,619	-	-	-	807,619
-Financial assets at amortised cost					
Treasury bills	341,786,029	37,497,352	-	-	379,283,381
Bonds	249,386,429	15,498,526	1,394,042	-	266,278,996
Promissory Notes	10,844,042	-	-	-	10,844,042
Restricted deposit and other assets	140,893,166	22,911,937	2,205,151	986,078	166,996,333
Total	**4,507,255,789**	**856,784,214**	**426,195,156**	**2,299,243**	**5,792,534,401**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	451,514,549	80,462,115	-	-	531,976,664
Clean line facilities for letters of credit and other commitments	324,529,363	8,298,194	-	-	332,827,557
Total	**776,043,912**	**88,760,308**	**-**	**-**	**864,804,221**

By geography

Group
December 2018
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	265,507,384	246,497,311	270,780,725	8,454,101	791,239,520
Investment under management	23,839,395	-	-	-	23,839,395
Non pledged trading assets					
Treasury bills	36,230,640	2,234,476	-	-	38,465,116
Bonds	291,070	1,614	-	-	292,684
Equity	59,348	-	-	-	59,348
Derivative financial instruments	121,866,473	575,813	450,449	341,606	123,234,341
Loans and advances to banks	1,150,228	-	141,339,315	-	142,489,543
Loans and advances to customers					
Auto Loan	6,289,605	9,352,262	-	-	15,641,867
Credit Card	4,028,064	1,403,210	-	-	5,431,274
Finance Lease	802,898	347,793	-	-	1,150,691
Mortgage Loan	9,952,132	3,168,202	102,438,528	-	115,558,862
Overdraft	120,192,436	12,621,485	-	-	132,813,921
Personal Loan	19,770,687	14,965,313	-	-	34,736,000
Term Loan	1,196,055,020	160,199,938	-	-	1,356,254,958
Time Loan	324,671,020	7,347,640	-	-	332,018,660
Pledged assets					
Treasury bills	380,688,816	-	-	-	380,688,816
Bonds	173,364,139	-	-	-	173,364,139
Investment securities					
-Financial assets at FVOCI					
Treasury bills	195,218,225	-	-	-	195,218,225
Bonds	44,784,214	-	6,791	-	44,791,006
-Financial assets at amortised cost					
Treasury bills	102,564,048	-	-	-	102,564,048
Bonds	46,486,135	-	2,610,861	-	49,096,996
Restricted deposit and other assets	557,598,279	18,236,004	57,201,787	642,626	633,678,696
Total	**3,631,410,256**	**476,951,061**	**574,828,456**	**9,438,333**	**4,692,628,106**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	358,862,448	91,320,079	1,901,013	-	452,083,539
Clean line facilities for letters of credit and other commitments	205,997,841	3,625,760	98,138,065	-	307,761,666
Total	**564,860,289**	**94,945,839**	**100,039,078**	**-**	**759,845,205**

Credit risk management

5.1.5 (b) By Sector

Bank
December 2019
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	539,419,445	-	-	-	539,419,445
Investment under management	4,280,814	-	9,287,366	-	14,723,779	-	28,291,959
Non pledged trading assets							
Treasury bills	-	-	-	-	74,749,344	-	74,749,344
Bonds	-	-	-	-	2,222,417	-	2,222,417
Equity	-	-	-	-	-	-	-
Derivative financial instruments	5,387,684	6,966,273	418,058	979,371	122,901,393	-	136,652,779
Loans and advances to banks	-	-	164,413,001	-	-	-	164,413,001
Loans and advances to customers	-	-	-				
Auto Loan	315,262	2,849,266	-	3,303,424	-	-	6,467,952
Credit Card	32,444	264,629	-	17,116,293	-	-	17,413,366
Finance Lease	119,311	4,294,734	-	71,590	-	-	4,485,635
Mortgage Loan	-	-	-	2,136,440	-	-	2,136,440
Overdraft	32,840,943	197,291,384	-	15,636,258	-	-	245,768,584
Personal Loan	-	-	-	34,168,590	-	-	34,168,590
Term Loan	840,777,349	765,575,104	-	13,885,512	196,675,754	-	1,816,913,719
Time Loan	161,916,195	187,432,005	-	4,921,181	-	-	354,269,381
Pledged assets							
Treasury bills	-	-	-	-	522,956,307	-	522,956,307
Bonds	-	-	-	-	82,599,583	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	77,898,247	-	77,898,247
Bonds	7,815,595	-	-	-	11,134,851	-	18,950,446
Promissory Notes	-	-	-	-	807,619	-	807,619
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	341,786,029	-	341,786,029
Bonds	510,162	-	932,242	-	249,386,429	-	250,828,832
Promissory Notes	-	-	-	-	10,844,042	-	10,844,042
Restricted deposit and other assets	50,763,617	4,735,470	84,133,540	9,218,095	4,294,795	4,360,143	157,505,659
Total	**1,104,759,375**	**1,169,408,864**	**798,603,651**	**101,436,753**	**1,712,980,590**	**4,360,143**	**4,891,549,378**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	142,525,058	261,147,307	32,371,788	15,470,396	-	-	451,514,549
Clean line facilities for letters of credit and other commitments	54,219,348	243,527,547	6,145,195	20,637,274	-	-	324,529,363
Total	**196,744,405**	**504,674,855**	**38,516,983**	**36,107,669**	**-**	**-**	**776,043,912**

By Sector

Bank
December 2018
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	388,603,070	-	-	-	388,603,070
Investment under management	5,862,614	-	9,780,747	-	8,196,034	-	23,839,394
Non pledged trading assets							
Treasury bills	-	-	-	-	36,230,640	-	36,230,640
Bonds	-	-	-	-	291,070	-	291,070
Equity	59,348	-	-	-	-	-	59,348
Derivative financial instruments	7,616,880	7,916,079	41,204,047	368,881	65,842,031	-	122,947,919
Loans and advances to banks	-	-	100,993,103	-	-	-	100,993,103
Loans and advances to customers	-	-	-				
Auto Loan	585,845	3,345,995	-	2,357,765	-	-	6,289,605
Credit Card	35,254	320,375	-	3,672,435	-	-	4,028,064
Finance Lease	135,160	667,191	-	547	-	-	802,898
Mortgage Loan	2,048,253	4,065,462	-	3,838,418	-	-	9,952,132
Overdraft	48,930,507	69,529,078	-	1,732,851	-	-	120,192,436
Personal Loan	-	-	-	19,770,687	-	-	19,770,687
Term Loan	445,205,636	520,451,449	-	512	230,397,422	-	1,196,055,020
Time Loan	132,025,249	191,954,900	-	690,871	-	-	324,671,020
Pledged assets							
Treasury bills	-	-	-	-	380,688,816	-	380,688,816
Bonds	-	-	-	-	173,364,139	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	48,881,703	-	48,881,703
Bonds	6,855,934	-	6,791	-	8,227,587	-	15,090,313
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	60,166,222	-	60,166,222
Bonds	462,530	-	1,785,027	-	23,341,269	-	25,588,825
Restricted deposit and other assets	42,878,613	3,130,344	493,665,562	15,825,373	2,581,041	2,510,209	560,591,142
Total	**692,701,823**	**801,380,873**	**1,036,038,347**	**48,258,340**	**1,038,207,974**	**2,510,209**	**3,619,097,567**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	176,833,125	147,158,295	1,495,050	33,375,978	-	-	358,862,448
Clean line facilities for letters of credit and other commitments	77,992,782	87,869,888	59,043	40,076,129	-	-	205,997,841
							-
Total	**254,825,907**	**235,028,183**	**1,554,093**	**73,452,107**	**-**	**-**	**564,860,289**

5.1.5 (b)i By geography

Bank December 2019 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	352,972,318	20,610	186,426,517	-	539,419,445
Investment under management	9,225,166	6,849,720	12,217,073	-	28,291,959
Non pledged trading assets					
Treasury bills	74,749,344	-	-	-	74,749,344
Bonds	2,222,417	-	-	-	2,222,417
Equity	-	-	-	-	-
Derivative financial instruments	126,909,010	1,585,977	6,844,628	1,313,164	136,652,779
Loans and advances to banks	695,095	-	163,717,905	-	164,413,001
Loans and advances to customers					
Auto Loan	6,467,952	-	-	-	6,467,952
Credit Card	17,413,366	-	-	-	17,413,366
Finance Lease	4,485,635	-	-	-	4,485,635
Mortgage Loan	2,136,440	-	-	-	2,136,440
Overdraft	245,768,584	-	-	-	245,768,584
Personal Loan	34,168,590	-	-	-	34,168,590
Term Loan	1,816,913,719	-	-	-	1,816,913,719
Time Loan	354,269,381	-	-	-	354,269,381
Pledged assets					
Treasury bills	522,956,307	-	-	-	522,956,307
Bonds	82,599,583	-	-	-	82,599,583
Investment securities					
-Financial assets at FVOCI					
Treasury bills	77,898,247	-	-	-	77,898,247
Bonds	11,134,851	7,815,595	-	-	18,950,446
Promissory Notes	807,619	-	-	-	807,619
-Financial assets at amortised cost					
Treasury bills	341,786,029	-	-	-	341,786,029
Bonds	249,386,429	510,162	932,242	-	250,828,832
Promissory Notes	10,844,042	-	-	-	10,844,042
Restricted deposit and other assets	139,214,206	17,935,193	-	356,261	157,505,659
Total	**4,485,024,331**	**34,717,257**	**370,138,365**	**1,669,425**	**4,891,549,378**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	451,514,549	-	-	-	451,514,549
Clean line facilities for letters of credit and other commitments	324,529,363	-	-	-	324,529,363
Total	**776,043,912**	**-**	**-**	**-**	**776,043,912**

By geography

Bank **December 2018** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	251,830,662	46,097	134,057,173	2,669,138	388,603,070
Investment under management	23,839,395	-	-	-	23,839,395
Non pledged trading assets					
Treasury bills	36,230,640	-	-	-	36,230,640
Bonds	291,070	-	-	-	291,070
Equity	59,348	-	-	-	59,348
Derivative financial instruments	121,866,473	352,711	387,128	341,606	122,947,919
Loans and advances to banks	1,150,228	-	99,842,875	-	100,993,103
Loans and advances to customers	-				
Auto Loan	6,289,605	-	-	-	6,289,605
Credit Card	4,028,064	-	-	-	4,028,064
Finance Lease	802,898	-	-	-	802,898
Mortgage Loan	9,952,132	-	-	-	9,952,132
Overdraft	120,192,436	-	-	-	120,192,436
Personal Loan	19,770,687	-	-	-	19,770,687
Term Loan	1,196,055,020	-	-	-	1,196,055,020
Time Loan	324,671,020	-	-	-	324,671,020
Pledged assets					
Treasury bills	380,688,816	-	-	-	380,688,816
Bonds	173,364,139	-	-	-	173,364,139
Investment securities					
-Financial assets at FVOCI					
Treasury bills	48,881,703	-	-	-	48,881,703
Bonds	15,083,521	-	6,791	-	15,090,313
-Financial assets at amortised cost					
Treasury bills	60,166,222	-	-	-	60,166,222
Bonds	23,803,799	-	1,785,027	-	25,588,825
Restricted deposit and other assets	553,316,387	6,912,553	-	362,201	560,591,142
Total	**3,372,334,266**	**7,311,361**	**236,078,994**	**3,372,945**	**3,619,097,567**

Credit risk exposures relating to other credit commitments at gross amount are as follows:

Transaction related bonds and guarantees	358,862,448	-	-	-	358,862,448
Clean line facilities for letters of credit and other commitments	205,997,841	-	-	-	205,997,841
Total	**564,860,289**	**-**	**-**	**-**	**564,860,289**

5.2.1 Interest rate gap position

Repricing gap measures the difference between the Bank's interest sensitive assets and liabilities within certain maturity ranges. Differences between these assets and liabilities pose as potential losses from unexpected changes in interest rate. Negative Gaps represent situations when assets are less than liabilities and the Bank is exposed to an increase in interest rates. Where assets are more than liabilities this can be described as positive gap and the Bank is exposed to decline in interest rates.

The results above shows a negative gap of N2.9 trillion in the 'less than 3 months' time bucket, however this is as a result of the contractual nature of Non Maturity deposits. A significant portion of this gap is as a result of the contractual nature of Non Maturing Deposits.

A summary of the Group's interest rate gap position on financial instruments is as follows:

Group	**Re-pricing year**						
In thousands of Naira **December 2019**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	48,838,459	-	-	-	-	674,225,544	723,064,003
Investment under management	23,799,663	-	-	-	4,492,296	-	28,291,959
Non pledged trading assets							
Treasury bills	322,930	-	-	88,784	89,386,247	-	89,797,961
Bonds	6,119,728	18,240,051	15,661,498	-	-	-	40,021,277
Loans and advances to banks	1,574,222	-	151,250,859	-	-	-	152,825,081
Loans and advances to customers							
Auto Loan	1,367,433	2,723,298	2,250,439	11,438,338	-	-	17,779,508
Credit Card	5,224,010	4,005,074	4,832,030	5,049,876	-	-	19,110,990
Finance Lease	185,166	281,973	995,208	3,481,829	-	-	4,944,175
Mortgage Loan	14,083,082	20,961,920	7,042,857	28,829,594	70,965,117	-	141,882,570
Overdraft	191,136,170	28,721,932	33,127,579	-	-	-	252,985,681
Personal Loan	22,390,356	6,891,505	7,762,223	11,855,183	3,373,662	-	52,272,927
Term Loan	135,048,813	46,399,740	103,043,879	883,206,154	878,273,788	-	2,045,972,373
Time Loan	229,826,017	24,874,616	121,930,850	-	-	-	376,631,483
Pledged assets							-
Treasury bills	356,959,312	58,032,025	107,964,970	-	-	-	522,956,307
Bonds	4,195,563	-	-	16,962,424	61,441,596	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	203,505,343	5,506,455	23,801,576	-	-	-	232,813,374
Bonds	-	-	-	16,917,821	65,059,856	-	81,977,676
Promissory notes	-	-	18	807,601	-	-	807,619
-Financial assets at amortised cost							
Treasury bills	180,212,376	44,050,341	155,020,664	-	-	-	379,283,381
Bonds	12,916,561	987,141	2,145,796	60,395,511	189,833,987	-	266,278,996
Promissory notes	10,357,841	58,664	-	427,536	-	-	10,844,042
Restricted deposit and other assets	-	-	-	-	-	1,016,582,843	1,016,582,843
	1,448,063,042	**261,734,735**	**736,830,446**	**1,039,460,651**	**1,362,826,549**	**1,690,808,387**	**6,539,723,809**
Non-derivative liabilities							
Deposits from financial institutions	726,033,482	333,020,413	127,302,419	-	-	-	1,186,356,314
Deposits from customers	3,958,730,179	185,329,362	110,055,505	1,720,003	2,254	-	4,255,837,303
Other liabilities	-	-	-	-	-	315,626,032	315,626,032
Debt securities issued	14,691	157,931	1,046,358	44,090,302	112,678,596	-	157,987,877
Interest bearing borrowings	54,051	581,074	3,849,869	162,221,574	419,896,262	-	586,602,830
	4,684,832,403	**519,088,779**	**242,254,151**	**208,031,878**	**532,577,112**	**315,626,032**	**6,502,410,356**
Total interest re-pricing gap	(3,236,769,361)	(257,354,044)	494,576,294	831,428,773	830,249,437	1,375,182,355	37,313,453

Group	**Re-pricing year**						
In thousands of Naira **December 2018**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 years**	**More than 5 years**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	220,309,727	-	-	-	-	520,616,635	740,926,362
Investment under management	20,709,989	-	-	-	3,129,405	-	23,839,394
Non pledged trading assets							
Treasury bills	9,493,622	2,509,901	26,461,592	-	-	-	38,465,116
Bonds	-	-	-	161,251	131,433	-	292,684
Loans and advances to banks	28,107,804	68,454,016	45,927,722	-	-	-	142,489,543
Loans and advances to customers							
Auto Loan	1,046,747	2,282,114	2,174,635	10,138,372	-	-	15,641,868
Credit Card	3,874,398	28,986	1,527,890	-	-	-	5,431,274
Finance Lease	36,593	147,396	156,545	810,157	-	-	1,150,691
Mortgage Loan	10,581,592	15,842,854	5,292,899	28,576,832	55,264,684	-	115,558,862
Overdraft	89,747,084	5,652,059	37,414,777	-	-	-	132,813,921
Personal Loan	7,566,724	5,728,455	6,814,729	13,804,036	822,056	-	34,735,999
Term Loan	30,076,743	38,798,848	72,197,695	651,496,932	563,684,740	-	1,356,254,959
Time Loan	185,845,581	10,554,172	135,618,907	-	-	-	332,018,660
Pledged assets							
Treasury bills	185,257,056	11,278,949	184,152,812	-	-	-	380,688,816
Bonds	-	8,208,487	33,638,262	28,871,229	102,646,161	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	102,181,774	3,854,203	89,182,248	-	-	-	195,218,225
Bonds	-	17,837,185	981,070	700,764	25,271,986	-	44,791,006
-Financial assets at amortised cost							
Treasury bills	43,039,941	-	59,524,107	-	-	-	102,564,048
Bonds	-	700,764	3,608,935	9,588,914	35,198,382	-	49,096,996
Restricted deposit and other assets	-	-	-	-	-	683,991,853	683,991,853
	937,875,375	**191,878,389**	**704,674,825**	**744,148,487**	**786,148,847**	**1,204,608,488**	**4,569,334,416**
Non-derivative liabilities							
Deposits from financial institutions	829,405,652	165,167,193	-	-	-	-	994,572,845
Deposits from customers	2,271,460,108	180,082,659	109,007,202	4,358,414	-	-	2,564,908,383
Other liabilities	-	-	-	-	-	168,516,338	168,516,338
Debt securities issued	-	-	-	251,251,383	-	-	251,251,383
Interest bearing borrowings	75,892,298	104,512,277	57,399,839	41,525,848	109,086,473	-	388,416,734
	3,176,758,058	**449,762,129**	**166,407,041**	**297,135,645**	**109,086,473**	**168,516,338**	**4,367,665,683**
Total interest re-pricing gap	(2,238,882,683)	(257,883,740)	538,267,784	447,012,842	677,062,374	1,036,092,150	201,668,733

5.2.1 A summary of the Bank's interest rate gap position on securitty portfolios is as follows:

Bank

In thousands of Naira **December 2019**	**Re-pricing year** Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Non-derivative assets							
Cash and balances with banks	32,822,516	-	-	-	-	543,083,757	575,906,274
Investment under management	23,799,663	-	-	-	4,492,296	-	28,291,959
Non- pledged trading assets							
Treasury bills	25,811,643	15,183,327	33,754,374	-	-	-	74,749,344
Bonds	17,933	-	-	4,930	2,199,554	-	2,222,417
Loans and advances to banks	1,574,222	-	162,838,779	-	-	-	164,413,000
Loans and advances to customers							
Auto Loan	236,278	121,640	327,474	5,782,560	-	-	6,467,951
Credit Card	5,224,010	4,005,074	3,134,406	5,049,876	-	-	17,413,366
Finance Lease	139,312	121,483	807,207	3,417,633	-	-	4,485,635
Mortgage Loan	108,469	-	55,551	880,368	1,092,051	-	2,136,440
Overdraft	191,136,170	28,721,932	25,910,483	-	-	-	245,768,584
Personal Loan	19,674,705	554,987	882,575	9,682,662	3,373,662	-	34,168,590
Term Loan	112,142,947	16,622,115	52,650,975	768,676,826	866,820,855	-	1,816,913,719
Time Loan	224,438,927	22,396,554	107,433,900	-	-	-	354,269,381
Pledged assets							
Treasury bills	356,959,312	58,032,025	107,964,970	-	-	-	522,956,307
Bonds	4,195,563	-	-	16,962,424	61,441,596	-	82,599,583
Investment securities							
-Financial assets at FVOCI							
Treasury bills	68,165,575	1,844,427	7,888,450	-	-	-	77,898,452
Bonds	-	-	-	3,904,247	15,046,199	-	18,950,446
Promissory note	-	-	18	807,601	-	-	807,619
-Financial assets at amortised cost							
Treasury bills	162,585,507	39,741,705	139,458,818	-	-	-	341,786,029
Bonds	12,198,215	932,242	2,026,459	57,036,653	189,479,305	-	261,672,874
Promissory note	10,357,841	58,664	-	427,536	-	-	10,844,042
Restricted deposit and other assets	-	-	-	-	-	968,698,629	968,698,629
	1,251,588,805	**188,336,177**	**645,134,438**	**872,633,320**	**1,143,945,520**	**1,511,782,385**	**5,613,420,647**
Non-derivative liabilities							
Deposits from financial institutions	660,027,871	302,744,652	116,511,894	-	-	-	1,079,284,418
Deposits from customers	3,410,734,852	159,764,671	82,433,687	1,482,742	1,943	-	3,654,417,894
Other liabilities	-	-	-	-	-	295,184,124	295,184,124
Debt securities	-	-	-	142,561,644	15,426,233	-	157,987,877
Interest bearing borrowings	-	758,553	1,693,928	187,349,953	350,851,336	3,410,456	544,064,226
	4,070,762,723	**463,267,876**	**200,639,509**	**331,394,340**	**366,279,512**	**298,594,580**	**5,730,938,542**
Total interest re-pricing gap	(2,819,173,914)	(274,931,695)	444,494,929	541,238,980	777,666,007	1,213,187,805	(117,517,894)

Bank

In thousands of Naira **December 2018**	**Re-pricing year** Less than 3 months	4 - 6 months	7 - 12 months	1 - 5 years	More than 5 years	Non-Interest bearing	Total
Non-derivative assets							
Cash and balances with banks	46,392,634	-	-	-	-	291,897,279	338,289,913
Investment under management	20,709,989	-	-	-	3,129,405	-	23,839,394
Non- pledged trading assets							
Treasury bills	9,064,209	2,682,259	24,484,172	-	-	-	36,230,640
Bonds	-	-	-	146,540	144,530	-	291,070
Loans and advances to banks	28,107,804	26,957,576	45,927,735	-	-	-	100,993,116
Loans and advances to customers							
Auto Loan	111,520	131,093	584,750	5,462,241	-	-	6,289,604
Credit Card	3,874,398	28,986	124,680	-	-	-	4,028,063
Finance Lease	1,814	25,668	13,950	761,466	-	-	802,898
Mortgage Loan	20,919	1,845	12,563	7,455,486	2,461,320	-	9,952,132
Overdraft	89,747,084	5,652,059	24,793,293	-	-	-	120,192,436
Personal Loan	5,321,927	490,595	1,127,910	12,008,199	822,056	-	19,770,687
Term Loan	14,056,749	17,972,856	36,953,709	571,396,963	555,674,743	-	1,196,055,020
Time Loan	182,171,761	8,864,215	133,635,044	-	-	-	324,671,020
Pledged assets							
Treasury bills	187,048,313	5,661,025	187,979,478	-	-	-	380,688,816
Bonds	-	8,208,487	39,202,601	28,871,229	97,081,822	-	173,364,139
Investment securities							
-Financial assets at FVOCI							
Treasury bills	27,027,186	2,179,969	19,674,548	-	-	-	48,881,703
Bonds	-	4,966,935	554,901	396,358	9,172,119	-	15,090,313
-Financial assets at amortised cost							
Treasury bills	24,090,654	-	36,075,568	-	-	-	60,166,222
Bonds	-	396,358	2,041,243	4,438,270	18,712,954	-	25,588,825
Restricted deposit and other assets	-	-	-	-	-	560,591,142	560,591,142
	637,746,961	**84,219,927**	**553,186,145**	**630,936,752**	**687,198,949**	**852,488,421**	**3,445,777,154**
Non-derivative liabilities							
Deposits from financial institutions	513,992,208	102,652,401	-	-	-	-	616,644,610
Deposits from customers	1,823,689,135	143,149,426	86,036,288	5,864,082	-	-	2,058,738,931
Other liabilities	-	-	-	-	-	145,106,507	145,106,507
Debt securities	-	-	-	251,251,383	-	-	251,251,383
Interest bearing borrowings	71,059,493	97,856,958	53,744,628	38,881,491	102,139,870	-	363,682,440
	2,408,740,836	**343,658,787**	**139,780,917**	**295,996,955**	**102,139,870**	**145,106,507**	**3,435,423,871**
Total interest re-pricing gap	(1,770,993,871)	(259,438,856)	413,405,228	334,939,797	585,059,079	707,381,914	10,353,283

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

December 2019	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	48,838,459	-	674,316,991	723,155,450
Non pledged trading assets	129,819,238	-	-	129,819,238
Derivative financial instruments	-	-	143,520,553	143,520,553
Loans and advances to banks	152,825,081	-	-	152,825,081
Loans and advances to customers	14,009,421	2,897,570,286	-	2,911,579,708
Pledged assets		-	-	-
Treasury bills	522,956,307	-	-	522,956,307
Bonds	82,599,583	-	-	82,599,583
Investment securities:				
-Financial assets at FVOCI	-	-	-	-
Treasury bills	232,813,374	-	-	232,813,374
Bonds	82,785,297	-	-	82,785,297
Promissory notes	807,619	-	-	807,619
-Financial assets at amortised cost				
Treasury bills	379,283,381	-	-	379,283,381
Bonds	276,563,815	-	-	276,563,815
Promissory notes	-	-	10,844,042	10,844,042
TOTAL	**1,923,301,574**	**2,897,570,286**	**828,681,585**	**5,649,553,446**
LIABILITIES				
Deposits from financial institutions	1,186,356,314	-	-	1,186,356,314
Deposits from customers	1,784,924,350	2,470,912,953	-	4,255,837,304
Derivative financial instruments	-	-	6,885,680	6,885,680
Debt securities issued	157,987,877	-	-	157,987,877
Interest-bearing borrowings	308,692,956	277,909,874	-	586,602,830
TOTAL	**3,437,961,497**	**2,748,822,828**	**6,885,680**	**6,193,670,003**

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

December 2019	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	32,822,516	-	543,085,033	575,907,549
Non pledged trading assets	76,971,760	-	-	76,971,760
Derivative financial instruments	-	-	143,480,073	143,480,073
Loans and advances to banks	164,413,001	-	-	164,413,001
Loans and advances to customers	13,346,263	2,468,277,408	-	2,481,623,671
Pledged assets				
'Treasury bills	522,956,307	-	-	522,956,307
'Bonds	82,599,583	-	-	82,599,583
Investment securities:				
-Financial assets at FVOCI	-	-	-	1
Treasury bills	77,897,548	-	-	77,897,548
Bonds	19,758,066	-	-	19,758,066
-Financial assets at amortised cost				
Treasury bills	341,786,029	-	-	341,786,029
Bonds	261,138,688	-	-	261,138,688
TOTAL	**1,593,689,761**	**2,468,277,408**	**686,565,106**	**4,748,532,275**
LIABILITIES				
Deposits from financial institutions	1,079,284,418	-	-	1,079,284,418
Deposits from customers	1,463,431,594	2,204,908,218	-	3,668,339,812
Derivative financial instruments	-	-	6,827,293	6,827,293
Debt securities issued	157,987,877	-	-	157,987,877
Interest-bearing borrowings	284,491,261	256,162,509	3,410,456	544,064,226
TOTAL	2,985,195,150	2,461,070,727	10,237,748	5,456,503,625

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.

Interest rate risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk
The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis- December 2019
Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	25,416,897	(25,416,897)
6 months	1,502,426	(1,502,426)
12 months	(1,366,377)	1,366,377
	25,552,945	**(25,552,945)**

Interest sensitivity analysis- December 2018
Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	4,526,097	(4,526,097)
6 months	492,684	(492,684)
12 months	(2,927,545)	2,927,545
	2,091,236	**(2,091,236)**

Bank
Interest sensitivity analysis - December 2019
Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	22,234,565	(22,234,565)
6 months	1,588,001	(1,588,001)
12 months	(1,119,096)	1,119,096
	22,703,471	**(22,703,471)**

Interest sensitivity analysis - December 2018
Impact on net interest income of +/-100 basis points changes in rates over a one year (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	4,002,856	(4,002,856)
6 months	474,683	(474,683)
12 months	(2,287,183)	2,287,183
	2,190,356	**(2,190,356)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills
The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

December 2019	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	40,021,277	(231,021)	(458,263)
Fair value through profit or loss: T-bills	89,797,961	(207,869)	(415,738)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	39,881,494	(79,008)	(158,017)
	169,700,732	(517,899)	(1,032,018)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	2,222,417	(60,034)	(117,469)
-Financial assets at FVOCI-Tbills	74,749,344	(199,479)	(398,958)
Financial assets at FVOCI - Bonds - Pledged	-	-	-
Financial assets at FVOCI - T-Bills - Pledged	39,881,494	(79,008)	(158,017)
	116,853,256	(338,522)	(674,444)
TOTAL	**286,553,988**	**(856,421)**	**(1,706,462)**

December 2018	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	59,075	31,325	3,576
Fair value through profit or loss: T-bills	579,666	336,690	93,663
Fair value through profit or loss: Bonds - Pledged	14,556	8,056	1,556
Fair value through profit or loss: T-bills - Pledged	139,544	71,748	3,955
	792,841	447,819	102,750
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	(4,456,367)	(4,587,415)	(4,718,463)
-Financial assets at FVOCI-Tbills	(595,682)	(1,036,127)	(1,579,315)
Financial assets at FVOCI - Bonds - Pledged	(1,234,741)	(1,284,491)	(1,334,241)
Financial assets at FVOCI - T-Bills - Pledged	(7,595,927)	(7,999,478)	(8,419,370)
	(13,882,717)	(14,907,511)	(16,051,389)
TOTAL	**(13,089,876)**	**(14,459,692)**	**(15,948,639)**

Bank

December 2019	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	2,222,417	(60,034)	(117,469)
Fair value through profit or loss: T-bills	74,749,344	(199,479)	(398,958)
Fair value through profit or loss: Bonds - Pledged	-	-	-
Fair value through profit or loss: T-bills - Pledged	39,881,494	(79,008)	(158,017)
	116,853,255	(338,523)	(674,444)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	4,823,398	(165,587)	(322,441)
-Financial assets at FVOCI-Tbills	77,898,247	(43,018)	(86,035)

Financial assets at FVOCI - Bonds - Pledged	-	-	-
Financial assets at FVOCI - T-Bills - Pledged	30,388,532	(78,701)	(157,402)
	113,110,178	(287,305)	(565,877)
TOTAL	**229,963,433**	**(625,828)**	**(1,240,321)**

December 2018	Carrying Value	Impact of 50 basis points increase in yields	Impact of 100 basis points increase in yields
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	579,666	336,690	93,663
Fair value through profit or loss: T-bills	638,741	368,016	97,239
Fair value through profit or loss: Bonds - Pledged	139,544	71,748	3,955
Fair value through profit or loss: T-bills - Pledged	-	-	-
	1,357,951	776,454	194,857
Impact on Other Comprehensive Income			
-Financial assets at FVOCI-Bonds	(595,682)	(1,036,127)	(1,579,315)
-Financial assets at FVOCI-Tbills	-	-	-
Financial assets at FVOCI - Bonds - Pledged	(7,595,927)	(7,999,478)	(8,419,370)
Financial assets at FVOCI - T-Bills - Pledged	-	-	-
	(8,191,609)	(9,035,605)	(9,998,685)
TOTAL	**(6,833,658)**	**(8,259,151)**	**(9,803,828)**

Foreign currency sensitivity analysis
The Group's principal foreign currency exposure is to US Dollars, as it constitutes a significant portion of the Group's foreign currency exposure as at 31 December 2019. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 5% increase in the US Dollar/Naira exchange rates at the year end, assuming all other variables remain unchanged. The sensitivity rate of 5% increase represents the directors' assessment of a reasonable possible change based on historic volatility.

The analysis assumes that exchange rate fluctuations on currency derivatives that form part of an effective cash flow hedge affect the fair value reserve in equity and the fair value of the hedging derivatives. For foreign exchange derivatives which are not designated hedges, movements in exchange rates impact the income statement.

Group

In thousands of naira	Impact on statement of comprehensive income December 2019
Naira weakens by 5%	16,335,612

In thousands of naira	Impact on statement of comprehensive income December 2018
Naira weakens by 5%	3,823,153

Bank

In thousands of naira	Impact on statement of comprehensive income December 2019
Naira weakens by 5%	2,566,064

	Impact on statement of comprehensive income December 2018
Naira weakens by 5%	4,990,024

The NGN/USD exchange rate applied in the conversion of balances as at year end is N364.70/USD1 (2018: N358.79/USD1). The strengthening or weakening of Naira may not produce symmetrical results depending on the proportion and nature of balance sheet and the impact of derivatives.

5.2.3 The table below summarises the Group's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency
Group

In thousands of Naira

December 2019	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	723,063,304	453,932,614	133,256,184	81,538,667	53,428,679	907,159
Investment under management	28,291,959	25,854,313	2,437,646	-	-	-
Non-pledged trading assets						
Treasury bills	71,810,176	71,810,176	-	-	-	-
Bonds	2,105,312	2,105,312	-	-	-	-
Equity	-	-	-	-	-	-
Derivative financial instruments	143,520,554	143,480,074	31,765	4,274	4,441	-
Loans and advances to banks	125,646,471	125,388,045	233,140	23,287	1,315	684
Loans and advances to customers						
Auto Loan	17,779,508	6,467,952	-	-	-	11,311,556
Credit Card	19,110,990	13,193,895	5,259,311	224	-	657,560
Finance Lease	4,944,175	4,485,635	-	-	-	458,540
Mortgage Loan	141,882,570	2,136,440	-	-	-	139,746,130
Overdraft	252,985,681	211,698,524	34,070,060	-	-	7,217,096
Personal Loan	52,272,927	34,109,700	58,890	-	-	18,104,337
Term Loan	2,045,972,373	1,250,302,404	734,773,011	-	28,938	60,868,021
Time Loan	376,631,483	66,600,412	300,932,717	570,300	4,488,266	4,039,788
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial assets at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	232,814,072	77,898,247	149,464,151	-	-	5,451,674
Bonds	81,977,677	18,950,446	-	-	-	63,027,231
Promissory notes	807,619	807,619	-	-	-	-
-Financial assets at FVPL						
Equity	113,158,320	113,126,623	-	31,697	-	-
-Financial assets at amortised cost						
Treasury bills	379,283,381	341,786,029	-	-	-	37,497,352
Bonds	265,856,916	249,896,592	510,162	-	-	15,450,162
Promissory notes	10,844,042	10,844,042	-	-	-	-
Restricted deposit and other assets	1,028,044,587	924,333,084	44,882,326	1,616,300	476,590	56,736,288
	6,724,359,986	**4,754,764,069**	**1,405,909,364**	**83,784,748**	**58,428,229**	**421,473,579**
Deposits from financial institutions	1,186,356,314	11,466,226	1,154,893,153	7,543,859	11,517,210	935,866
Deposits from customers	4,255,837,303	2,885,124,586	889,539,662	198,600,481	40,860,263	241,712,310
Derivative financial instruments	6,885,680	6,827,293	21,657	735	35,738	257
Other liabilities	315,593,152	247,375,844	41,266,317	6,392,838	8,451,784	12,106,370
Debt securities issued	157,987,877	47,054,109	110,933,768	-	-	-
Interest bearing borrowings	585,666,012	287,901,717	279,547,909	-	2,048,811	16,167,574
	6,508,326,339	**3,485,749,774**	**2,476,202,469**	**212,537,912**	**62,913,806**	**270,922,378**
Off balance sheet exposures:						
Transaction related bonds and guarantees	531,976,664	297,939,670	116,354,693	190,686	47,297,755	70,193,860
Clean line facilities for letters of credit and other commitments	332,827,557	-	314,986,446	3,495,160	13,539,804	806,147
	864,804,221	**297,939,670**	**431,341,141**	**3,685,845**	**60,837,560**	**71,000,006**

*Included in Others are balances the group has in other currencies which includes South Africa Rand, Japanese Yen, Ghanaian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency

Group
In thousands of Naira

December 2018	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	740,926,362	86,855,201	396,726,292	168,761,216	38,823,993	49,759,660
Investment under management	23,839,393	21,437,209	2,402,184	-	-	-
Non-pledged trading assets						
Treasury bills	38,465,116	36,230,640	-	-	-	2,234,476
Bonds	292,684	291,070	1,614	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	128,440,342	128,133,789	229,557	39,048	361	37,588
Loans and advances to banks	142,489,543	1,149,279	141,340,264	-	-	-
Loans and advances to customers						
Auto Loan	15,641,868	6,289,605	-	-	-	9,352,262
Credit Card	5,431,274	647,425	4,034,353	257	-	749,238
Finance Lease	1,150,691	802,898	-	-	-	347,793
Mortgage Loan	115,558,862	9,939,008	13,124	-	-	105,606,729
Overdraft	132,813,921	86,992,173	33,200,262	-	-	12,621,485
Personal Loan	34,735,999	18,746,089	1,024,598	-	-	14,965,313
Term Loan	1,356,254,958	831,155,033	470,654,961	-	-	54,444,964
Time Loan	332,018,660	85,867,828	234,944,471	486,228	7,133,022	3,587,111
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial assets 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	48,881,703	142,043,437	-	-	4,293,085
Bonds	44,791,007	15,083,521	29,707,485	-	-	-
-Financial assets at FVPL						
Equity	109,419,574	108,870,593	-	511,486	-	37,496
-Financial assets at amortised cost						
Treasury bills	102,564,048	60,166,222	-	-	-	42,397,826
Bonds	49,079,627	23,786,430	1,785,027	-	-	23,508,171
Restricted deposit and other assets	685,924,555	591,880,891	21,749,738	1,897,741	154,822	70,241,363
	4,809,169,012	**2,717,318,911**	**1,479,857,367**	**171,695,976**	**46,112,198**	**394,184,560**
Deposits from financial institutions	994,572,845	116,387	966,512,343	9,749,403	17,509,713	684,999
Deposits from customers	2,564,908,384	1,601,698,493	580,301,187	162,775,637	18,195,989	201,937,077
Derivative financial instruments	5,206,001	5,185,870	1,965	14,874	202	3,090
Other liabilities	168,516,337	107,552,540	34,553,513	1,027,095	6,213,806	19,169,383
Debt securities issued	251,251,383	-	251,251,383	-	-	-
Interest bearing borrowings	387,035,747	218,871,012	165,273,814	-	2,429,794	461,127
	4,371,490,698	**1,933,424,303**	**1,997,894,205**	**173,567,009**	**44,349,504**	**222,255,676**
Off balance sheet exposures						
Transaction related bonds and guarantees	452,083,539	199,952,507	111,079,958	-	55,073,042	85,978,032
Clean line facilities for letters of credit and other commitments	307,761,666	794,215	281,322,639	2,223,269	22,254,295	1,167,248
	759,845,205	**200,746,722**	**392,402,597**	**2,223,269**	**77,327,337**	**87,145,280**

5.2.3 The table below summaries the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency

Bank
In thousands of Naira

December 2019	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	575,905,574	453,932,614	60,998,522	16,118,142	43,016,317	1,839,979
Investment under management	28,291,959	25,854,313	2,437,646	-	-	-
Non-pledged trading assets						
Treasury bills	71,810,176	71,810,176	-	-	-	-
Bonds	2,105,312	2,105,312	-	-	-	-
Equity	-	-	-	-	-	-
Derivative financial instruments	143,480,074	143,480,074	-	-	-	-
Loans and advances to banks	164,413,001	880,686	162,779,633	-	752,682	-
Loans and advances to customers						
Auto Loan	6,467,952	6,467,952	-	-	-	-
Credit Card	17,413,366	13,193,895	4,219,247	224	-	-
Finance Lease	4,485,635	4,485,635	-	-	-	-
Mortgage Loan	2,136,440	2,136,440	-	-	-	-
Overdraft	245,768,584	211,698,524	34,070,060	-	-	-
Personal Loan	34,168,590	34,109,700	58,890	-	-	-
Term Loan	1,816,913,719	1,250,302,404	566,582,377	-	28,938	-
Time Loan	354,269,381	66,600,412	282,293,518	570,300	4,488,266	316,886
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	30,388,532	30,388,532	-	-	-	-
Bonds	-	-	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	452,686,281	452,686,281	-	-	-	-
Bonds	82,599,583	82,599,583	-	-	-	-
-Financial assets at FVPL						
Treasury bills	39,881,494	39,881,494	-	-	-	-
Bonds	-	-	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	77,898,247	77,898,247	-	-	-	-
Bonds	18,950,446	18,950,446	-	-	-	-
Promissory notes	807,619	807,619	-	-	-	-
-Financial assets at FVPL						
Equity	113,126,623	113,126,623	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	341,786,029	341,786,029	-	-	-	-
Bonds	250,406,754	249,896,592	510,162	-	-	-
Promissory notes	10,844,042	10,844,042	-	-	-	-
Restricted deposit and other assets	968,141,727	924,333,084	43,332,809	-	475,833	-
	5,855,147,139	**4,630,256,711**	**1,157,282,864**	**16,688,664**	**48,762,035**	**2,156,864**
Deposits from financial institutions	1,079,284,418	11,466,226	1,064,743,979	234,864	2,523,963	315,387
Deposits from customers	3,668,339,811	2,885,124,586	750,073,110	15,112,528	18,029,210	376
Derivative financial instruments	6,827,293	6,827,293	-	-	-	-
Other liabilities	295,184,124	247,375,844	38,647,749	477,852	8,441,521	241,159
Debt securities issued	157,987,877	47,054,109	110,933,768	-	-	-
Interest bearing borrowings	544,064,226	287,901,717	256,162,509	-	-	-
	5,751,687,749	**3,485,749,774**	**2,220,561,116**	**15,825,244**	**28,994,696**	**556,922**
Off balance sheet exposures:						
Transaction related bonds and guarantees	451,514,549	297,939,670	106,863,384	-	46,711,494	-
Clean line facilities for letters of credit and other commitments	324,529,363	-	314,795,394	884,561	8,104,976	744,432
	776,043,912	**297,939,670**	**421,658,778**	**884,561**	**54,816,471**	**744,432**

Financial instruments by currency

Bank
In thousands of Naira

December 2018	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	338,289,912	86,855,201	223,861,757	5,517,980	20,731,967	1,323,006
Investment under management	23,839,394	21,437,209	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 instruments	128,133,789	128,133,789	-	-	-	-
Loans and advances to banks	100,993,103	1,149,279	99,843,824	-	-	-
Loans and advances to customers						
Auto Loan	6,289,605	6,289,605	-	-	-	-
Credit Card	4,028,064	647,425	3,380,382	257	-	-
Finance Lease	802,898	802,898	-	-	-	-
Mortgage Loan	9,952,132	9,939,008	13,124	-	-	-
Overdraft	120,192,436	86,992,173	33,200,262	-	-	-
Personal Loan	19,770,687	18,746,089	1,024,598	-	-	-
Term Loan	1,196,055,020	831,155,033	364,899,987	-	-	-
Time Loan	324,671,020	85,867,828	230,510,765	486,228	7,133,022	673,177
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	170,118,776	170,118,776	-	-	-	-
Bonds	10,000,146	10,000,146	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	192,208,928	192,208,928	-	-	-	-
Bonds	162,033,050	162,033,050	-	-	-	-
-Financial assets 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	15,090,313	15,083,521	6,791	-	-	-
-Financial assets at FVPL						
Equity	108,870,593	108,870,593	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	60,166,222	60,166,222	-	-	-	-
Bonds	25,571,456	23,786,430	1,785,027	-	-	-
Restricted deposit and other assets	612,737,652	591,880,891	20,692,474	11,494	152,793	-
	3,734,970,012	**2,717,318,911**	**981,621,177**	**6,015,959**	**28,017,782**	**1,996,183**
Deposits from financial institutions	616,644,611	116,387	608,295,541	164,393	7,599,483	468,807
Deposits from customers	2,058,738,930	1,601,698,493	442,094,624	7,549,080	7,396,415	318
Derivative financial instruments	5,185,870	5,185,870	-	-	-	-
Other liabilities	145,106,507	107,552,540	31,248,606	47,023	6,213,806	44,532
Debt securities issued	251,251,383	-	251,251,383	-	-	-
Interest bearing borrowings	363,682,441	218,871,012	144,811,429	-	-	-
	3,440,609,742	**1,933,424,302**	**1,477,701,582**	**7,760,496**	**21,209,704**	**513,657**
Off balance sheet exposures						
Transaction related bonds and guarantees	358,862,448	199,952,507	105,195,343	-	53,714,598	-
Clean line facilities for letters of credit and other commitments	205,997,841	794,215	193,037,849	604,404	10,599,358	962,014
	564,860,289	200,746,722	298,233,192	604,404	64,313,956	962,014

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest year in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **December 2019** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	723,064,003	688,914,193	688,914,193	-	-	-	-
Investment under management	28,291,959	28,291,959	767,313	9,012,114	14,020,236	4,492,296	-
Non-pledged trading assets			-	-	-	-	-
Treasury bills	89,797,961	94,861,780	31,063,592	20,455,361	43,342,828	-	-
Bonds	40,021,277	42,952,256	12,617,789	-	-	12,606,930	17,727,537
Derivative financial instruments	143,520,553	143,520,553	49,561,122	11,860,583	82,098,847	-	-
Loans and advances to banks	152,825,081	154,450,204	2,884,137	-	151,566,067	-	-
Loans and advances to customers							
Auto Loan	17,779,508	17,856,399	1,419,559	3,511,085	2,800,066	10,125,688	-
Credit Card	19,110,990	19,339,743	5,292,084	4,057,264	4,874,714	5,115,681	-
Finance Lease	4,944,175	5,146,880	439,934	1,003,556	1,594,991	2,108,400	-
Mortgage Loan	141,882,570	142,875,274	14,630,993	21,223,787	7,422,974	28,751,374	70,846,147
Overdraft	252,985,681	299,728,849	221,191,091	31,384,466	47,153,292	-	-
Personal Loan	52,272,928	52,940,647	19,939,124	8,196,350	9,510,897	11,401,910	3,892,366
Term Loan	2,045,972,373	2,185,260,598	318,195,947	162,727,687	262,350,776	796,327,128	645,659,060
Time Loan	376,631,483	379,822,056	137,932,385	187,158,574	54,731,097	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	30,388,532	32,424,722	5,500,000	8,124,722	18,800,000	-	-
Bonds	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury bills	452,686,281	453,872,748	129,026,743	242,100,648	82,745,357	-	-
Bonds	82,599,583	123,975,255	-	-	-	5,618,298	118,356,957
-Financial instruments at FVPL							
Treasury bills	39,881,494	41,886,245	-	31,221,245	10,665,000	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	232,813,374	233,605,789	203,904,571	10,907,341	18,793,877	-	-
Bonds	81,977,676	103,693,092	-	-	65,466,231	38,226,860	-
Promissory note	807,619	1,055,468	-	20	-	1,055,448	-
-Financial assets at amortised cost							
Treasury bills	379,283,381	380,408,694	175,122,124	52,224,901	153,061,670	-	-
Bonds	266,278,996	416,671,729	19,737,979	3,862,541	6,117,451	42,467,781	344,485,976
Promissory note	10,844,042	10,844,042	10,357,841	58,664	-	427,536	-
Restricted deposit and other assets	1,016,582,843	1,016,582,842	141,177,839	26,558,428	-	-	848,846,574
	6,683,244,363	**7,070,982,012**	**2,189,676,361**	**835,649,337**	**1,037,116,372**	**958,725,329**	**2,049,814,617**
Deposits from financial institutions	1,186,356,314	1,211,552,503	906,219,476	227,258,349	78,074,678	-	-
Deposits from customers	4,255,837,303	4,977,071,222	4,444,035,379	281,016,620	155,768,045	96,251,178	-
Derivative financial instruments	6,885,680	6,885,681	4,030,595	2,370,236	484,849	-	-
Other liabilities	315,626,032	272,530,808	140,126,903	(279,892,711)	95,816,466	316,480,151	-
Debt securities issued	157,987,877	208,325,732	-	-	-	208,325,732	-
Interest bearing borrowings	586,602,830	768,264,849	71,437	767,986	5,088,240	214,402,709	547,934,477
	6,509,296,035	**7,444,630,793**	**5,494,483,791**	**231,520,479**	**335,232,278**	**835,459,769**	**547,934,477**
Gap (asset - liabilities)	173,948,329	(373,648,782)	(3,304,807,430)	604,128,858	701,884,094	123,265,560	1,501,880,142
Cumulative liquidity gap			(3,304,807,430)	(2,700,678,572)	(1,998,794,478)	(1,875,528,918)	(373,648,776)
Off-balance sheet							
Transaction related bonds and guarantees	477,932,817	531,976,664	86,095,559	49,298,749	234,207,639	85,238,843	77,135,874
Clean line facilities for letters of credit and other commitments	419,584,999	332,827,556	118,727,744	67,565,811	133,275,180	13,258,822	-
	897,517,816	**864,804,220**	**204,823,304**	**116,864,560**	**367,482,818**	**98,497,664**	**77,135,874**

Group **December 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	740,926,362	791,239,520	741,603,025	-	-	-	49,636,495
Investment under management	23,839,394	23,839,394	7,378,561	16,460,834	-	-	-
Non-pledged trading assets							
Treasury bills	38,465,116	41,472,112	2,431,630	1,822,344	37,218,138	-	-
Bonds	292,684	1,207,007	381,118	-	20,822	155,427	649,640
Derivative financial instruments	128,440,342	128,440,343	5,093,050	10,068,119	63,267,939	50,011,235	-
Loans and advances to banks	142,489,543	142,569,748	28,184,320	68,455,381	45,930,047	-	-
Loans and advances to customers							
Auto Loan	15,641,867	15,917,853	2,206,865	3,038,489	2,225,667	8,446,832	-
Credit Card	5,431,274	6,003,432	4,433,123	31,470	1,538,839	-	-
Finance Lease	1,150,691	1,301,445	110,503	229,914	334,882	626,146	-
Mortgage Loan	115,558,862	116,838,670	11,443,548	17,155,888	7,780,506	25,481,130	54,977,599
Overdraft	132,813,921	146,653,587	91,182,207	5,884,672	49,586,708	-	-
Personal Loan	34,736,000	37,186,909	8,357,106	7,035,104	8,630,004	12,728,053	436,642
Term Loan	1,356,254,958	1,364,910,910	100,794,774	100,045,006	156,056,497	705,615,013	302,399,620
Time Loan	332,018,660	392,958,221	154,243,166	53,131,435	185,583,621	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	170,118,776	182,579,034	83,151,528	1,200,000	98,227,506	-	-
Bonds	10,000,146	16,003,573	-	2,957,605	1,426,636	-	11,619,332
-Financial instruments at amortised cost							
Treasury bills	192,208,928	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	162,033,050	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial instruments at FVPL							
Treasury bills	18,361,112	38,329,066	4,910,000	-	33,419,066	-	-
Bonds	1,330,944	3,111,587	-	-	-	-	3,111,587
Investment securities							
-Financial assets at FVOCI							
Treasury bills	195,218,225	195,883,469	123,599,529	13,389,359	58,894,580	-	-
Bonds	44,791,006	50,085,433	-	26,066	491,623	7,177,669	42,390,076
-Financial assets at amortised cost							
Treasury bills	102,564,048	116,539,684	21,226,653	24,229,142	71,083,890	-	-
Bonds	49,096,996	83,286,886	985,686	582,103	22,227,568	16,529,983	42,961,547
Restricted deposit and other assets	683,991,854	690,885,751	103,450,307	1,924,347	55,691,763	215,918	529,603,416
	4,697,774,759	**5,142,578,243**	**1,559,211,285**	**328,698,883**	**1,044,559,520**	**851,530,634**	**1,358,577,926**
Deposits from financial institutions	994,572,845	1,031,713,049	693,439,062	151,046,478	187,227,509	-	-
Deposits from customers	2,564,908,384	2,686,564,048	1,954,204,133	526,129,705	121,539,349	84,690,861	-
Derivative financial instruments	5,206,001	5,206,003	4,572,615	572,504	60,884	-	-
Other liabilities	168,516,337	163,220,980	9,602,707	50,203,458	102,636,303	778,513	-
Debt securities issued	251,251,383	318,154,189	-	-	-	318,154,189	-
Interest bearing borrowings	388,416,734	391,318,138	89,058	102,655	3,087,029	24,356,955	363,682,441
	4,372,871,684	**4,596,176,406**	**2,661,907,574**	**728,054,800**	**414,551,074**	**427,980,518**	**363,682,441**
Gap (asset - liabilities)	324,903,076	546,401,836	(1,102,696,289)	(399,355,917)	630,008,445	423,550,116	994,895,487
Cumulative liquidity gap			(1,102,696,289)	(1,502,052,206)	(872,043,761)	(448,493,645)	546,401,842
Off-balance sheet							
Transaction related bonds and guarantees	452,083,539	452,083,539	100,609,847	44,854,892	38,995,149	238,232,808	29,390,843
Clean line facilities for letters of credit and other commitments	307,761,666	307,761,666	183,182,413	80,663,203	40,548,330	3,367,720	-
	759,845,205	**759,845,205**	**283,792,260**	**125,518,095**	**79,543,479**	**241,600,528**	**29,390,843**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank December 2019 *In thousands of Naira*	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
Cash and balances with banks	575,906,273	539,508,104	539,508,104	-	-	-	-
Investment under management	28,291,959	28,291,959	767,313	9,012,114	14,020,236	4,492,296	-
Non-pledged trading assets							
Treasury bills	74,749,344	79,813,164	26,047,386	15,439,156	38,326,622	-	-
Bonds	2,222,417	5,153,396	18,169	-	-	7,310	5,127,917
Derivative financial instruments	143,480,073	143,480,073	49,520,643	11,860,583	82,098,847	-	-
Loans and advances to banks	164,413,001	165,774,988	2,884,137	-	162,890,852	-	-
Loans and advances to customers							
Auto Loan	6,467,952	6,536,532	287,573	907,516	875,689	4,465,755	-
Credit Card	17,413,366	17,640,279	5,292,084	4,057,264	3,175,250	5,115,681	-
Finance Lease	4,485,635	4,661,967	391,442	833,836	1,396,176	2,040,512	-
Mortgage Loan	2,136,440	2,577,130	601,179	179,065	408,067	691,745	697,075
Overdraft	245,768,584	280,704,330	221,191,091	31,384,466	28,128,773	-	-
Personal Loan	34,168,590	34,817,132	17,220,597	1,853,120	2,623,962	9,227,088	3,892,366
Term Loan	1,816,913,719	1,947,125,421	294,382,430	131,770,114	209,961,037	677,259,540	633,752,301
Time Loan	354,269,381	368,560,296	132,301,506	184,568,369	51,690,422	-	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	30,388,532	32,424,722	5,500,000	8,124,722	18,800,000	-	-
Bonds	-	-	-	-	-	-	-
-Financial instruments at amortised cost							
Treasury bills	452,686,281	453,872,748	129,026,743	242,100,648	82,745,357	-	-
Bonds	82,599,583	123,975,255	-	-	-	5,618,298	118,356,957
-Financial instruments at FVPL							
Treasury bills	39,881,494	41,886,245	-	31,221,245	10,665,000	-	-
Bonds	-	-	-	-	-	-	-
Investment securities							
-Financial assets at FVOCI							
Treasury bills	77,897,548	78,427,845	68,640,956	1,870,533	7,916,356	-	-
Bonds	18,950,446	40,527,773	-	-	5,161,606	35,366,167	-
Promissory note	2,041,859	1,055,468	-	20	-	1,055,448	-
-Financial assets at amortised cost							
Treasury bills	341,786,029	343,353,622	162,770,433	39,873,210	140,709,979	-	-
Bonds	250,828,832	401,221,565	15,875,438	-	2,254,910	38,605,240	344,485,976
Promissory note	20,260,865	10,844,042	10,357,841	58,664	-	427,536	-
Restricted deposit and other assets	968,698,629	968,698,629	131,504,135	26,558,428	-	-	810,636,067
	5,756,706,835	**6,120,932,681**	**1,814,089,198**	**741,673,073**	**863,849,142**	**784,372,615**	**1,916,948,660**
Deposits from financial institutions	1,079,284,418	1,102,172,881	677,224,322	307,522,023	117,426,536	-	-
Deposits from customers	3,668,339,811	4,384,094,475	4,174,991,396	188,375,203	20,330,139	397,737	-
Derivative financial instruments	6,827,293	6,827,294	3,972,208	2,370,236	484,849	-	-
Other liabilities	295,184,124	290,798,174	137,525,038	153,273,135	-	-	-
Debt securities issued	157,987,877	208,325,732	-	-	-	208,325,732	-
Interest bearing borrowings	544,064,226	768,264,849	71,437	767,986	5,088,240	214,402,709	547,934,477
	5,751,687,750	6,760,483,405	4,993,784,402	652,308,584	143,329,764	423,126,177	547,934,477
Gap (asset - liabilities)	5,019,084	(639,550,724)	(3,179,695,204)	89,364,489	720,519,378	361,246,439	1,369,014,183
Cumulative liquidity gap			(3,179,695,204)	(3,090,330,715)	(2,369,811,337)	(2,008,564,898)	(639,550,715)
Off balance-sheet							
Transaction related bonds and guarantees	451,514,549	451,514,549	31,273,900	24,799,672	233,066,260	85,238,843	77,135,874
Clean line facilities for letters of credit and other commitments	324,529,363	324,529,363	110,429,551	67,565,811	133,275,180	13,258,822	-
	776,043,912	**776,043,913**	**141,703,451**	**92,365,483**	**366,341,440**	**98,497,665**	**77,135,874**

Bank **December 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Cash and balances with banks	338,289,912	388,603,070	338,966,575	-	-	-	49,636,495
Investment under management	23,839,394	23,839,394	7,378,561	16,460,834	-	-	-
Non-pledged trading assets							
Treasury bills	36,230,640	41,472,112	2,431,630	1,822,344	37,218,138	-	-
Bonds	291,070	825,888	-	-	20,822	155,427	649,640
Derivative financial instruments	128,133,789	128,133,790	4,974,003	10,068,119	63,267,939	49,823,729	-
Loans and advances to banks	100,993,116	101,073,308	28,184,320	26,958,941	45,930,047	-	-
Loans and advances to customers							
Auto Loan	6,289,605	6,557,097	1,270,789	885,515	634,338	3,766,455	-
Credit Card	4,028,064	4,598,341	4,433,123	31,470	133,748	-	-
Finance Lease	802,898	926,430	73,002	98,659	181,126	573,644	-
Mortgage Loan	9,952,132	10,613,999	821,080	1,222,187	2,469,273	4,236,195	1,865,263
Overdraft	120,192,436	133,791,635	91,182,207	5,884,672	36,724,757	-	-
Personal Loan	19,770,687	22,201,996	6,109,369	1,790,384	2,935,737	10,929,864	436,642
Term Loan	1,196,055,020	1,196,082,834	83,828,094	77,988,321	118,729,799	620,781,611	294,755,009
Time Loan	324,671,020	385,104,209	150,316,160	51,325,012	183,463,038	-	-
Pledged assets							
-Financial instruments at FVOCI	170,118,776	182,579,034	83,151,528	1,200,000	98,227,506	-	-
Treasury bills	10,000,146	16,003,573	-	2,957,605	1,426,636	-	11,619,332
Bonds							
-Financial instruments at amortised cost							
Treasury bills	192,208,928	193,494,586	64,044,586	-	129,450,000	-	-
Bonds	162,033,050	361,840,023	-	1,031,605	15,473,218	24,543,228	320,791,972
-Financial instruments at FVPL							
Treasury bills	18,361,112	38,329,066	4,910,000	-	33,419,066	-	-
Bonds	1,330,944	3,111,587	-	-	-	-	3,111,587
Investment securities							
-Financial assets at FVOCI							
Treasury bills	48,881,703	49,340,032	15,920,966	-	33,419,066	-	-
Bonds	15,090,313	50,085,433	-	26,066	491,623	7,177,669	42,390,076
-Financial assets at amortised cost							
Treasury bills	60,166,222	73,226,653	21,226,653	-	52,000,000	-	-
Bonds	25,588,823	59,752,380	985,686	72,868	384,723	15,347,557	42,961,547
Restricted deposit and other assets	610,904,300	612,737,652	28,020,763	-	55,188,444	-	529,528,444
	3,624,224,100	**4,084,324,121**	**938,229,095**	**199,824,602**	**911,189,045**	**737,335,378**	**1,297,746,008**
Deposits from financial institutions	616,644,611	622,777,118	341,756,064	149,020,612	132,000,442	-	-
Deposits from customers	2,058,738,930	2,180,405,544	1,743,460,872	408,228,277	28,661,426	54,968	-
Derivative financial instruments	5,185,870	5,185,871	4,552,483	572,504	60,884	-	-
Other liabilities	145,106,506	138,650,548	8,176,483	41,257,593	89,216,473	-	-
Debt securities issued	251,251,383	318,154,189	-	-	-	318,154,189	-
Interest bearing borrowings	363,682,441	363,682,441	-	-	-	-	363,682,441
	3,440,609,742	3,628,855,712	2,097,945,902	599,078,986	249,939,225	318,209,157	363,682,441
Gap (asset - liabilities)	183,614,357	455,468,408	(1,159,716,807)	(399,254,385)	661,249,820	419,126,222	934,063,567
Cumulative liquidity gap			(1,159,716,807)	(1,558,971,192)	(897,721,372)	(478,595,150)	455,468,417
Off balance-sheet							
Transaction related bonds and guarantees	358,862,448	358,862,448	23,684,808	29,309,653	38,907,515	237,569,629	29,390,843
Clean line facilities for letters of credit and other commitments	205,997,841	205,997,841	106,153,581	66,143,502	30,333,038	3,367,720	-
	564,860,289	**564,860,290**	**129,838,389**	**95,453,155**	**69,240,553**	**240,937,349**	**29,390,843**

5.3.2 Financial instruments below and above 1 year's maturity

Group	**December 2019**			**December 2018**		
In thousands of Naira	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and balances with banks	723,064,003	-	**723,064,003**	740,926,362	-	**740,926,362**
Investments under management	23,799,663	4,492,296	**28,291,959**	20,709,989	3,129,405	**23,839,394**
Non pledged trading assets						
Treasury bills	322,930	-	**322,930**	38,465,116	-	**38,465,116**
Bonds	40,021,277	-	**40,021,277**	-	292,684	**292,684**
Derivative financial instruments	41,649,342	102,051,110	**143,700,452**	29,845,656	98,594,686	**128,440,342**
Loans and advances to banks	152,825,081	-	**152,825,081**	142,489,543	-	**142,489,543**
Loans and advances to customers						
Auto Loan	6,341,170	11,438,338	**17,779,508**	5,503,495	10,138,372	**15,641,867**
Credit Card	6,682,170	12,428,820	**19,110,990**	5,431,274	-	**5,431,274**
Finance Lease	1,462,346	3,481,829	**4,944,175**	340,535	810,157	**1,150,691**
Mortgage Loan	42,087,859	99,794,711	**141,882,570**	31,717,346	83,841,516	**115,558,862**
Overdraft	252,985,681	-	**252,985,681**	132,813,921	-	**132,813,921**
Personal Loan	37,044,083	15,228,844	**52,272,928**	20,109,908	14,626,092	**34,736,000**
Term Loan	284,492,432	1,761,479,941	**2,045,972,373**	141,073,286	1,215,181,672	**1,356,254,958**
Time Loan	376,631,483	-	**376,631,483**	332,018,660	-	**332,018,660**
Pledged assets						
Treasury bills	522,956,307	-	**522,956,307**	380,688,816	-	**380,688,816**
Bonds	4,195,563	78,404,020	**82,599,583**	41,846,749	131,517,391	**173,364,139**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	232,813,374	-	**232,813,374**	195,218,225	-	**195,218,225**
Bonds	-	81,977,676	**81,977,676**	18,818,255	25,972,750	**44,791,006**
Promissory note	18	-	**18**	-	-	-
-Financial assets at amortised cost						
Treasury bills	379,283,381	-	**379,283,381**	102,564,048	-	**102,564,048**
Bonds	16,049,498	250,229,498	**266,278,996**	4,309,700	44,787,296	**49,096,996**
Promissory note	-	-	-	-	-	-
Restricted deposit and other assets	-	1,016,582,843	**1,016,582,843**	-	683,991,853	**683,991,853**
	3,750,263,551	**3,437,589,929**	**6,582,297,588**	**2,938,943,840**	**2,312,883,875**	**4,697,774,759**
Deposits from financial institutions	1,186,356,314	-	**1,186,356,314**	994,572,845	-	**994,572,845**
Deposits from customers	4,254,115,046	1,722,257	**4,255,837,303**	2,560,549,969	4,358,414	**2,564,908,383**
Derivative financial instruments	6,673,932	153,361	**6,827,294**	5,206,001	-	**5,206,001**
Debt securities issued	1,218,979	156,768,898	**157,987,877**	-	251,251,383	**251,251,383**
Other liabilities	-	315,626,032	**315,626,032**	-	168,516,338	**168,516,338**
Interest-bearing borrowings	4,484,994	582,117,836	**586,602,830**	237,804,414	150,612,320	**388,416,734**
	5,452,849,265	**1,056,388,384**	**6,509,237,650**	**3,798,133,229**	**574,738,454**	**4,372,871,684**

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:

year	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 December 2019	Group December 2018	Bank December 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	225,118,814	155,592,892	192,378,618	148,238,575
Add back IFRS impact(adjusted day one impact)	79,253,886	23,046,552	79,253,886	23,046,552
Other reserves	124,733,783	114,609,701	98,751,018	80,122,380
Non-controlling interests	8,528,833	7,870,360	-	-
	689,446,779	**513,558,307**	**622,194,984**	**463,846,307**
Add/(Less):				
Fair value reserve for available-for-sale	(964,243)	5,622,402	(835,470)	6,601,426
Foreign currency translation reserves	(11,780,013)	(15,586,697)	-	-
Other reserves	(1,881,766)	(1,725,386)	(1,881,767)	(1,725,385)
Total Tier 1	**674,820,756**	**501,868,626**	**619,477,746**	**468,722,348**
Add/(Less):				
50% Investments in subsidiaries	-	-	(65,729,355)	(55,601,748)
Deferred tax assets	(8,807,563)	(922,660)	-	-
Regulatory risk reserve	(18,091,941)	(19,942,296)	(9,483,000)	(9,483,000)
Intangible assets	(65,932,754)	(9,752,498)	(71,003,729)	(8,231,197)
Adjusted Tier 1	**581,988,498**	**471,251,172**	**473,261,663**	**395,406,403**

Tier 2 capital				
Debt securities issued	128,469,000	57,406,400	128,469,000	57,406,400
Fair value reserve for available-for-sale securities	964,243	(5,622,402)	835,470	(6,601,426)
Foreign currency translation reserves	11,780,013	15,586,697	-	-
Other reserves	1,881,766	1,725,386	1,881,767	1,725,385
50% Investments in subsidiaries	-	-	(65,729,355)	(55,601,748)
Total Tier 2	**143,095,022**	**69,096,081**	**65,456,882**	**(3,071,389)**
Adjusted Tier 2 capital (33% of Tier 1)	**143,095,022**	**69,096,081**	**65,456,883**	**(3,071,388)**
Total regulatory capital	**725,083,519**	**540,347,253**	**538,718,546**	**392,335,015**
Risk-weighted assets	**3,621,011,364**	**2,600,099,302**	**3,052,419,013**	**2,278,400,034**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.02%	20.78%	17.65%	17.22%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16.07%	18.12%	15.50%	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	0.40	0.60	0.40	0.60
IFRS 9 Regulatory Transition Arrangement	**79,253,886**	**23,046,552**	**79,253,886**	**23,046,552**

The IFRS 9 impact on Capital adequacy ration computation shows a significant increase from N73Bn which was the value of the impact at Access bank as at period of implementation to N264.2Bn for Bank . This is as a result of the merger between Access Bank Plc and the former Dimaond Bank Plc. The IFRS 9 impact from former Diamond Bank Plc was N190.79Bn for Bank

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 December 2019	Group December 2018	Bank December 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	225,118,814	155,592,892	192,378,618	148,238,575
Other reserves	124,733,783	114,609,701	98,751,018	80,122,380
Non-controlling interests	8,528,833	7,870,360	-	-
	610,192,893	**490,511,755**	**542,941,099**	**440,799,757**
Add/(Less):				
Fair value reserve for available-for-sale	(964,243)	5,622,402	(835,470)	6,601,426
Foreign currency translation reserves	(11,780,013)	(15,586,697)	-	-
Other reserves	(1,881,766)	(1,725,386)	(1,881,767)	(1,725,385)
Total Tier 1	**595,566,872**	**478,822,074**	**540,223,862**	**445,675,797**
Add/(Less):				
50% Investments in subsidiaries	-	-	(65,729,355)	(55,601,748)
Deferred tax assets	(8,807,563)	(922,660)	-	-
Regulatory risk reserve	(18,091,941)	(19,942,296)	(9,483,000)	(9,483,000)
Intangible assets	(65,932,754)	(9,752,498)	(71,003,729)	(8,231,197)
Adjusted Tier 1	**502,734,614**	**448,204,620**	**394,007,778**	**372,359,855**
Tier 2 capital				
Debt securities issued	128,469,000	57,406,400	128,469,000	57,406,400
Fair value reserve for available-for-sale securities	964,243	(5,622,402)	835,470	(6,601,426)
Foreign currency translation reserves	11,780,013	15,586,697	-	-
Other reserves	1,881,766	1,725,386	1,881,767	1,725,385
50% Investments in subsidiaries	-	-	(65,729,355)	(55,601,748)
Total Tier 2	**143,095,022**	**69,096,081**	**65,456,882**	**(3,071,389)**
Adjusted Tier 2 capital (33% of Tier 1)	**143,095,022**	**69,096,081**	**65,456,882**	**(3,071,390)**
Total regulatory capital	**645,829,636**	**517,300,701**	**459,464,661**	**369,288,465**
Risk-weighted assets	**3,554,890,540**	**2,600,099,302**	**2,986,298,189**	**2,278,400,034**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	18.17%	19.90%	15.39%	16.21%
Total tier 1 capital expressed as a percentage of risk-weighted assets	14.14%	17.24%	13.19%	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.
- **Retail banking** – The retail 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 name of this division was recently changed from 'personal banking' to Retail banking' during the year.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 retail 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

In thousands of Naira	Group December 2019	Group December 2018
Other Assets	1,055,510,452	704,326,780
Deferred tax (net)	8,807,563	922,660
Assets Held for Sale	24,957,519	12,241,824
Goodwill	57,189,153	681,007
	1,146,464,687	**718,172,271**
Other liabilities	324,333,873	246,438,951
Debt Securities issued	157,987,877	251,251,383
Interest-bearing loans and borrowings	586,602,830	388,416,734
Deferred tax	11,272,928	6,456,840
Retirement Benefit Obligation	3,609,037	2,336,183
Total liabilities	**1,083,806,545**	**894,900,091**

Material revenue and expenses

	Group December 2019	Group December 2018
Interest expense on debt securities issued		
Interest expense on eurobond	(22,913,352)	22,913,352
	(22,913,352)	**22,913,352**

7a Operating segments (continued)

December 2019

In thousands of Naira	**Corporate & Investment Banking**	**Commercial Banking**	**Business Banking**	**Retail Banking**	**Unallocated Segments**	**Total continuing operations**	**Total**
Revenue:							
Derived from external customers	254,417,337	148,861,002	40,344,338	223,130,923	-	666,753,600	666,753,600
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	254,417,337	148,861,002	40,344,338	223,130,923	-	666,753,600	666,753,600
Interest Income	209,609,587	167,865,932	33,936,015	125,435,254	-	536,846,788	536,846,788
Interest expense	(105,512,905)	(77,720,734)	(14,243,479)	(39,227,323)	(22,913,352)	(259,617,792)	(259,617,792)
Impairment Losses	(8,963,226)	(9,585,092)	2,040,554	(3,681,629)	-	(20,189,393)	(20,189,393)
Profit/(Loss) on ordinary activities before taxation	76,773,700	19,416,879	1,084,898	18,103,102	-	115,378,580	115,378,580
Income tax expense	(4,777,999)	(5,899,391)	(750,595)	(6,440,934)		(17,868,920)	(17,868,920)
Profit after tax						97,509,660	97,509,660
Assets and liabilities:							
Loans and Advances to banks and customers	1,370,155,157	1,283,314,337	143,528,577	267,406,717	-	3,064,404,788	3,064,404,788
Goodwill	-	-	-	-	57,189,153	57,189,153	57,189,153
Tangible segment assets	2,789,878,313	2,576,723,412	352,297,683	281,246,050	-	6,000,145,458	6,000,145,458
Unallocated segment assets	-	-	-	-	1,146,464,687	1,146,464,687	1,146,464,687
Total assets	2,789,878,313	2,576,723,412	352,297,683	281,246,050	1,146,464,687	7,146,610,144	7,146,610,145
Deposits from customers	1,238,932,440	880,391,040	315,565,547	1,820,948,275	-	4,255,837,303	4,255,837,303
Segment liabilities	1,360,937,180	1,352,167,101	484,667,984	2,254,838,443	-	5,452,610,707	5,452,610,707
Unallocated segment liabilities	-	-	-	-	1,083,806,545	1,083,806,545	1,083,806,545
Total liabilities	1,360,937,180	1,352,167,101	484,667,984	2,254,838,443	1,083,806,545	6,536,417,252	6,536,417,252
Net assets	1,428,941,133	1,224,556,311	(132,370,301)	(1,973,592,393)	62,658,142	610,192,891	610,192,893

December 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	90,952,844	74,893,043	41,396,673	45,781,629	-	253,024,189	253,024,189
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	90,952,844	74,893,043	41,396,673	45,781,629	-	253,024,189	253,024,189
Interest Income	62,621,247	89,611,927	16,428,796	18,024,436	-	186,686,407	186,686,407
Interest expense	(34,658,159)	(43,303,906)	(2,581,684)	(2,837,789)	(18,008,423)	(101,389,962)	(101,389,962)
Impairment Losses	(4,622,291)	(3,075,219)	537,191	(179,887)	-	(7,340,206)	(7,340,206)
Profit/(Loss) on ordinary activities before taxation	28,271,016	12,104,309	2,774,954	2,692,462	-	45,842,742	45,842,742
Income tax expense						(6,217,565)	(6,217,565)
Profit after tax						39,625,177	39,625,177

December 2018

	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
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

December 2019 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total Continuing Operations**	**Discontinued Operations**	**Intercompany elimination**	**Total**
Derived from external customers	572,060,173	61,714,004	42,156,707	675,930,884	402,718	(9,580,005)	666,753,597
Derived from other segments	-	-	-	-	-	-	-
Total revenue	572,060,173	61,714,004	42,156,707	675,930,884	-	(9,580,005)	666,753,597
Interest income	471,468,768	41,355,942	33,602,081	546,426,791	-	(9,580,005)	536,846,786
Impairment losses	(21,055,479)	1,214,628	(348,543)	(20,189,395)	-	-	(20,189,395)
Interest expense	(238,708,397)	(19,162,924)	(11,326,476)	(269,197,796)	-	9,580,005	(259,617,791)
Net fee and commission income	58,249,344	15,592,086	205,923	74,047,353	-		74,047,353
Operating income	333,351,776	42,551,080	30,830,231	406,733,087	402,718	-	407,135,806
Profit before income tax	82,666,776	12,166,977	20,544,826	115,378,579	-	-	115,378,579
Assets and liabilities:							
Loans and advances to customers and banks	2,646,036,672	109,740,491	575,848,422	3,331,625,585	-	(267,220,794)	3,064,404,791
Non current assets							
Total assets	6,311,041,282	463,255,865	923,193,663	7,697,490,810	-	(555,614,091)	7,141,876,718
Deposit from customers	3,668,339,811	308,845,907	281,021,142	4,258,206,860	-	(2,369,557)	4,255,837,303
Total liabilities	5,768,100,182	400,476,190	782,025,377	6,950,601,749	-	(414,184,496)	6,536,417,253
Net assets	542,941,100	62,779,675	141,168,286	746,889,061	-	(141,429,595)	605,459,466

December 2018	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Intercompany elimination**	**Total**
Derived from external customers	212,678,259	29,821,868	14,545,956	257,046,082	-	(4,021,892)	253,024,189
Derived from other segments	-	-	-	-	-	-	-
Total revenue	212,678,259	29,821,868	14,545,956	257,046,082	-	(4,021,892)	253,024,189
Interest income	158,406,835	20,713,228	11,588,236	190,708,299	-	(4,021,892)	186,686,407
Impairment losses	(6,838,363)	(279,602)	(222,242)	(7,340,206)	-		(7,340,206)
Interest expense	(93,542,436)	(8,749,325)	(3,120,094)	(105,411,854)	-	4,021,892	(101,389,962)
Net fee and commission income	23,408,072	3,724,104	2,934,795	30,066,970	-		30,066,970
Operating income	119,135,823	21,072,543	11,425,862	151,634,228	-	-	151,634,227
Profit before income tax	32,208,074	7,174,078	6,460,589	45,842,742	-	-	45,842,742

December 2018							
Assets and liabilities:							
Loans and advances to customers and banks	1,782,754,978	97,592,515	403,312,846	2,283,660,339	-	(147,564,563)	4,419,756,115
Non current assets							
Goodwill	-	681,007	-	681,007	-		1,362,013
Total assets	3,968,114,609	409,930,108	882,599,681	5,260,644,398	-	(306,487,459)	4,954,156,939
Deposit from customers	2,058,738,930	284,401,954	221,767,500	2,564,908,383	-		2,564,908,383
Total liabilities	3,527,314,852	340,358,312	788,535,687	4,656,208,851	-	(199,904,699)	4,456,304,152
Net assets	440,799,757	69,571,796	94,063,994	604,435,547	-	(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 year ended 31 December 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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Interest income				
Cash and balances with banks	9,210,581	15,029,042	6,089,179	3,504,556
Loans and advances to banks	5,574,597	2,233,049	2,585,672	1,766,028
Loans and advances to customers	328,635,871	259,837,000	289,543,542	223,790,118
Investment securities				
-Financial assets at FVOCI	69,903,210	59,208,544	58,416,243	49,509,633
-Financial assets at amortised cost	40,225,955	23,999,981	34,824,373	15,020,430
	453,550,213	360,307,616	391,459,009	293,590,764
-Financial assets at FVPL	83,296,576	20,607,306	80,009,759	19,483,392
	536,846,789	**380,914,922**	**471,468,769**	**313,074,156**
Interest expense				
Deposit from financial institutions	44,108,564	39,104,528	45,307,058	36,619,294
Deposit from customers	168,565,047	125,109,214	147,879,993	105,973,086
Debt securities issued	22,913,352	32,378,560	22,913,352	32,378,560
Lease liabilities	1,122,276	-	742,971	-
Interest bearing borrowings and other borrowed funds	22,908,552	10,744,458	21,865,024	9,886,470
	259,617,791	**207,336,761**	**238,708,397**	**184,857,410**
Net interest income	**277,228,998**	**173,578,161**	**232,760,371**	**128,216,746**

Interest income for the year ended 31 December 2019 includes interest accrued on impaired financial assets of Group: N3.21Bn (31 December 2018: N4.7Bn) and Bank: N408.46Mn (31 December 2018: N736Mn).

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

9 Net impairment charge on financial assets

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Allowance for impairment on loans and advance to banks (note 22)	(1,537,520)	(23,521)	(1,281,782)	(23,521)
Allowance for impairment on loans and advance to customers (note 23) (a)	(20,032,578)	(14,160,142)	(21,412,497)	(10,372,480)
Write back/(allowance) on impairment on financial assets in other assets (note 26)	3,200,712	(72,368)	3,220,284	94,550
Allowance for impairment on off balance sheet items (note 34c)	(1,266,049)	(445,632)	(1,190,751)	(445,632)
Allowance for impairment on money market placement (note 18b)	(91,339)	(8,402)	(534)	(8,402)
(Allowance)/write back of impairment on investment securities at amortized cost (note 25 (a))	(462,619)	51,665	(390,199)	53,341
	(20,189,393)	(14,658,399)	(21,055,478)	(10,702,144)

10 (a) Fee and commission income

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Credit related fees and commissions	26,561,530	31,688,763	17,683,528	24,184,629
Account maintenance charge and handling commission	14,006,591	6,426,482	13,094,190	5,838,171
Commission on bills and letters of credit	2,997,936	2,248,154	2,795,349	2,005,225
Commissions on collections	317,824	264,553	217,392	211,348
Commission on other financial services	7,870,498	4,755,157	5,502,930	2,820,762
Commission on foreign currency denominated transactions	2,413,190	2,403,634	1,626,951	1,638,929
Channels and other E-business income	36,040,864	14,164,414	32,979,392	10,879,571
Retail account charges	1,636,968	144,388	1,465,506	5,806
	91,845,403	**62,095,546**	**75,365,238**	**47,584,441**

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Bank and electronic transfer charges	2,231,967	1,443,066	1,549,919	936,696
E-banking expense	15,566,083	8,157,827	15,565,975	8,157,775
	17,798,050	**9,600,893**	**17,115,894**	**9,094,470**

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 financial instruments

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

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Trading gains on Fixed income securities	37,845,694	24,773,605	36,551,404	23,847,631
Derivative instruments	14,208,379	35,844,532	14,199,030	35,732,387
Fair value gain on equity investments	11,237,409	35,706,213	11,237,409	35,706,213
Gain on disposal of investment	2,265,686	-	2,265,686	-
Total	**65,557,169**	**96,324,351**	**64,253,529**	**95,286,231**

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

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Fixed income securities	545,105		458,072	
	545,105	**-**	**458,072**	**-**
Total	**66,102,274**	**96,324,351**	**64,711,601**	**95,286,231**

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.

Fair value gain on equity investments is from investments in which the Bank has interests. As required by IFRS 9, the Bank measures changes in fair value of equity investments through profit or loss.
Gain 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

In thousands of Naira

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Foreign exchange trading loss	(64,823,168)	15,727,261	(76,009,215)	6,258,807
Unrealised foreign exchange loss on revaluation	(19,053,227)	(39,496,188)	(17,029,703)	(37,472,664)
	(83,876,395)	**(23,768,927)**	**(93,038,918)**	**(31,213,856)**

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Dividends on equity securities	3,151,485	2,747,925	3,151,485	2,747,925
Gain on disposal of property and equipment	594,872	81,797	183,049	57,210
Rental income	5,193	21,357	-	9,372
Bad debt recovered	38,389,088	2,191,390	37,783,409	1,205,722
Cash management charges	932,805	249,891	932,805	249,891
Income from agency and brokerage	475,587	385,385	466,801	385,383
Income from asset management	2,953,236	2,452,936	2,953,236	2,452,936
Income from other investments	845,403	815,425	-	-
Income from other financial services	8,462,861	4,232,582	8,082,700	3,903,626
Valuation gain on investment property	25,000	-	-	-
	55,835,529	**13,178,686**	**53,553,485**	**11,012,063**

14 Personnel expenses

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Wages and salaries	73,155,267	54,209,260	57,763,464	38,147,096
Increase in defined benefit obligation (see note 37 (a) (i))	600,060	621,593	600,060	621,593
Contributions to defined contribution plans	2,188,696	1,477,026	1,364,007	820,967
Restricted share performance plan (b)	1,020,115	836,160	985,315	836,160
	76,964,138	**57,144,039**	**60,712,847**	**40,425,816**

(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 period 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, over the vesting period 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		December 2019 Number of Shares	December 2019 Weighted Share Price per Share - Naira	December 2018 Number of Shares	December 2018 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	522,296,572	7.93	646,955,092	5.80
(ii)	Shares allocated during the year	139,165,301	6.08	144,652,055	9.22
(iii)	Forfeited during the year;	(87,191,262)	9.36	(163,285,300)	6.35
(iv)	Exercised during the year;	(181,372,881)	5.66	(158,935,735)	5.94
(v)	Shares allocated to staff at end of the year;	**392,897,730**	8.42	**469,386,113**	8.01
	Shares under the scheme at the end of the year	563,504,767	8.28	522,296,572	7.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		1,020,115	8.42	836,160	8.01

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 2017 - 2020 vesting period	2017 - 2020	1 Jan 2020	102,412,024
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Jul 2020	28,922,750
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jan 2021	93,927,125
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jul 2021	19,943,831
Outstanding allocated shares for the 2019 - 2022 vesting period	2019-2022	1 Jul 2022	147,692,000
			392,897,730

Bank

Description of shares		December 2019 Number of Shares	December 2019 Weighted Share Price per Share - Naira	December 2018 Number of Shares	December 2018 Weighted Share Price per Share - Naira
(i)	Shares allocated to staff at start of the year;	451,894,911	8.04	583,799,951	5.80
(ii)	Shares allocated during the year	138,115,518	6.80	137,405,535	10.04
(iii)	Forfeited during the year;	(87,191,262)	9.36	(163,285,300)	6.35
(iv)	Exercised during the year;	(181,372,881)	5.66	(158,935,735)	5.94
(v)	Shares allocated to staff at end of the year;	**321,446,286**	9.17	**398,984,452**	9.11
(vi)	Shares under the scheme at the end of the year	492,053,323	8.28	451,894,911	8.04
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the year		985,315	9.17	836,160	9.11

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 2017 - 2020 vesting period	2017 - 2020	1 Jan 2020	90,542,767
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	1 Jul 2020	20,014,176
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jan 2021	79,018,551
Outstanding allocated shares for the 2018 - 2021 vesting period	2018-2021	1 Jul 2021	7,995,940
Outstanding allocated shares for the 2019 - 2022 vesting period	2019-2022	1 Jan 2022	107,420,794
Outstanding allocated shares for the 2019 - 2022 vesting period	2019-2022	1 Jul 2022	16,454,058
			321,446,285

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

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
	years	years	years	years
Weighted average contractual life of remaining shares	0.65	2.33	0.60	1.08

Under the restricted share performance plan, N925.37 million worth of shares were granted to employees of the Bank at a wieghted avearge fair value of N6.7 per share on grant date. The fair value of shares is the grant date fair value of each ordinary shares of the Bank listed on the floor of the Nigerian Stock Exchange

ii. The average number of persons other than directors, in employment at the Group level during the year comprise:

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
	Number	Number	Number	Number
Managerial	345	275	292	224
Other staff	6,553	3,998	5,578	3,175
	6,898	**4,273**	**5,870**	**3,399**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
	Number	Number	Number	Number
Below N900,000	-	-	-	-
N900,001 - N1,990,000	-	10	-	10
N1,990,001 - N2,990,000	612	-	612	-
N2,990,001 - N3,910,000	3	-	3	-
N3,910,001 - N4,740,000	1,404	1,636	1,135	1,411
N4,740,001 - N5,740,000	6	-	6	-
N5,740,001 - N6,760,000	1,894	792	1,677	587
N6,760,001 - N7,489,000	-	-	-	-
N7,489,001 - N8,760,000	1,093	628	882	452
N8,760,001 - N9,190,000	877	466	714	340
N9,190,001 - N11,360,000	-	-	-	-
N11,360,001 - N14,950,000	652	466	547	375
N14,950,001 - N17,950,000	-	-	-	-
N17,950,001 - N21,940,000	157	199	136	164
N21,940,001 - N26,250,000	97	41	85	30
N26,250,001 - N30,260,000	-	-	-	-
N30,261,001 - N45,329,000	79	35	58	30
Above N45,329,000	24		15	-
	6,898	**4,273**	**5,870**	**3,399**

15 Other operating expenses

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Premises and equipment costs	13,362,597	9,532,943	11,632,172	7,174,790
Professional fees	6,593,943	4,236,696	5,398,715	2,639,753
Insurance	1,178,801	1,245,924	922,740	953,585
Business travel expenses	10,497,508	6,879,188	9,663,527	5,955,652
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	22,664,874	20,035,484	22,664,874	20,035,484
Bank charges	5,943,323	1,454,543	4,702,183	1,158,287
Deposit insurance premium	13,091,170	7,848,190	13,003,914	7,848,190
Auditor's remuneration	819,940	612,978	603,000	420,000
Administrative expenses	11,387,154	20,289,826	8,200,832	17,859,791
Merger expense	6,589,718	-	6,589,718	-
Board expenses	1,063,681	1,175,100	732,361	870,680
Communication expenses	3,326,899	3,130,746	2,202,869	1,832,276
IT and e-business expenses	9,772,169	11,398,827	8,107,826	8,920,506
Outsourcing costs	16,668,063	8,685,836	15,666,157	7,519,388
Advertisements and marketing expenses	6,273,743	4,861,978	5,686,650	3,964,028
Recruitment and training	2,207,379	2,502,933	1,828,270	2,098,668
Events, charities and sponsorship	5,688,399	4,679,921	5,437,900	4,504,584
Periodicals and subscriptions	722,989	702,583	455,743	449,183
Security expenses	4,295,939	2,817,740	3,790,966	2,272,817
Loss on disposal of non current asset held for sale	198,850	-	198,850	-
Loss on disposal of investment property	153,946	-	153,946	-
Loss on lease modification	63,329	-	63,329	-
Cash processing and management cost	3,656,564	2,295,077	3,509,930	2,069,935
Stationeries, postage and printing	1,937,080	1,201,742	1,599,097	870,475
Office provisions and entertainment	720,634	561,230	472,112	302,486
Rent expenses	2,219,415	-	1,699,092	-
	151,098,114	**116,149,491**	**134,986,775**	**99,720,558**

16 Income tax

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Current tax expense				
Corporate income tax	10,103,420	10,982,608	-	4,369,339
Minimum tax	2,981,861	-	2,981,861	-
IT tax	831,693	752,431	826,668	752,431
Education tax	9,895	371	-	-
Capital gains tax	7,274	17,772	7,274	17,772
Police fund tax levy	4,151		4,133	
Prior year's under provision	88	-	-	-
	13,938,382	11,753,182	3,819,936	5,139,542
Deferred tax expense				
Origination of temporary differences	3,930,538	(3,546,565)	5,277,786	(3,487,691)
Income tax expense	17,868,920	8,206,617	9,097,722	1,651,851

The new Finance Act 2019 was introduced to amend some of the existing tax laws in Nigeria and to further reduce ambiguity that might or might not have existed. An assessment was carried out on Access Bank Plc for the year ended December 31, 2019 to identify areas of uncertainty in tax treatment in accordance with IFRIC 23. There has been some changes to the Company Income tax brought about by the New Finance Act. this addresses the areas of losses of a capital nature, expenses incurred for the purpose of deriving tax-exempt income, taxes or penalties borne on behalf of another person and other changes as can be seen from the standard

The computation of the Bank's income tax expense and deferred tax was carried out in accordance with the new 2019 Finance Act, CITA and other relevant tax laws. The changes made by the new act was incorporated in the Bank tax computation and it is believed by the management of the Bank that there is no uncertainty over its Income and Deferred tax treatment that relevant tax authorities may disagree with.

The movement in the current income tax liability is as follows:

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Balance at the beginning of the year	4,057,861	7,489,584	2,939,801	4,547,920
Acquired from business combination	472,844	-	327,525	-
Tax paid	(14,686,580)	(14,961,654)	(5,677,827)	(6,747,660)
Income tax charge	13,938,382	11,753,182	3,819,936	5,139,541
Prior year's under/excess provision	-	5,176	-	-
Translation adjustments	(251,097)	(228,426)	-	-
Balance at the end of the year	**3,531,410**	**4,057,862**	**1,409,436**	**2,939,801**

Income tax liability is to be settled within one year

Income tax for the Bank has been assessed under the minimum tax regulation.

In thousands of Naira	Group December 2019	Group December 2019	Group December 2018	Group December 2018
Profit before income tax		115,378,579		103,187,703
Income tax using the domestic tax rate	30%	34,613,574	30%	30,956,311
Effect of tax rates in foreign jurisdictions	-5%	(5,724,659)	-2%	(2,070,999)
Information technology tax	1%	830,186	1%	752,431
Capital allowance utilised for the year	0%	-	0%	423
Non-deductible expenses	22%	25,885,701	40%	41,615,582
Tax exempt income	-41%	(46,953,907)	-58%	(59,547,482)
Tax losses unutilised	0%	-	0%	-
Education tax levy	0%	9,895	0%	-
Capital gain tax	0%	6,281	0%	17,166
Capital allowance	8%	9,201,850	-8%	(7,856,009)
Under provided in prior years	0%	-	0%	-
Minimum tax effect	0%	-	4%	4,339,196
Effective tax rate	**15%**	**17,868,919**	**8%**	**8,206,617**

In thousands of Naira	Bank December 2019	Bank December 2019	Bank December 2018	Bank December 2018
Profit before income tax		82,666,776		75,248,146
Income tax using the domestic tax rate	30%	24,800,033	30%	22,574,444
Effect of tax rates in foreign jurisdictions	0%	-	0%	
Information technology tax	1%	826,668	1%	752,431
Non-deductible expenses	24%	19,810,104	55%	41,043,328
Tax exempt income	-55%	(45,552,340)	-79%	(59,214,565)
Education tax levy	0%	-	0%	-
Capital gain tax	0%	7,274	0%	17,772
Nigerian Police fund levy	0%	4,133		
Effect of prior year under provision	0%	-	0%	
Capital allowance	11%	9,201,850	-10%	(7,856,009)
Minimum tax effect	0%	-	6%	4,339,196
Effective tax rate	**11%**	**9,097,723**	**2%**	**1,656,595**

Current income tax liabilities are due within 12 months from the year end date

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 December 2019	*Restated Group December 2018	Bank December 2019	*Restated Bank December 2018
Profit for the year from continuing operations	96,501,925	94,018,241	73,569,054	73,596,295
Weighted average number of ordinary shares in issue	33,890,912	28,927,972	33,890,912	28,927,972
Weighted average number of treasury Shares	563,505	522,297	-	-
	33,327,408	28,405,675	33,890,912	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	290	331	217	254

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Profit for the year from continuing operations	96,501,925	94,018,241	73,569,054	73,596,295
Weighted average number of ordinary shares in issue	33,890,912	28,927,972	33,890,912	28,927,972
In kobo per share				
Diluted earnings per share from continuing operations	285	325	217	254

18 Cash and balances with banks

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Cash on hand and balances with banks (see note (i))	457,085,624	414,228,673	346,003,407	208,113,599
Unrestricted balances with central banks	117,883,814	29,366,693	97,734,073	6,759,948
Money market placements	48,838,459	220,309,727	32,822,516	46,392,634
Other deposits with central banks (see note (ii)	99,347,553	77,024,474	99,347,553	77,024,474
	723,155,450	**740,929,568**	**575,907,549**	**338,290,655**
ECL on Placements	(91,447)	(3,206)	(1,275)	(742)
	723,064,003	**740,926,361**	**575,906,273**	**338,289,913**

(i) Included in cash on hand and balances with banks is an amount of N25.97Bn (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.

(ii) The balance of N99.35bn represents the nominal value of outstanding forward contracts entered on behalf of customers, with the Central Bank of Nigeria.

Movement in ECL on Placements

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Opening balance at beginning of the year	3,206	-	742	-
Impact of IFRS 9 application	-	4,118	-	1,653
Acquired from business combination	4,064	-	4,064	-
Additional allowance	-	8,402	-	8,402
-Charge for the period	91,339	-	534	-
Write off	(7,161)	(9,314)	(4,064)	(9,313)
Closing balance	**91,447**	**3,206**	**1,275**	**742**

The sum of N4.06 and N7.16write off in both bank and Group represents the write off attributable to residual balances in interest receivable.

19 Investment under management

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Relating to unclaimed dividends:				
Government bonds	2,054,650	727,220	2,054,650	727,220
Placements	9,779,427	7,378,561	9,779,427	7,378,561
Commercial paper	6,849,720	3,200,134	6,849,720	3,200,134
Nigerian treasury bills	4,280,814	7,468,814	4,280,814	7,468,814
Mutual funds	2,889,702	2,662,480	2,889,702	2,662,480
Eurobonds	2,437,646	2,402,185	2,437,646	2,402,185
	28,291,959	**23,839,395**	**28,291,959**	**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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Government bonds	40,021,277	292,684	2,222,417	291,070
Treasury bills	89,797,961	38,465,116	74,749,344	36,230,640
Equity securities	-	59,347	-	59,348
	129,819,239	**38,817,147**	**76,971,761**	**36,581,058**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2019		December 2018	
Group				
Foreign exchange derivatives				
Total derivative assets	**1,200,294,464**	**143,520,553**	**806,828,923**	**128,440,342**
Non-deliverable future contracts	-	1,073,677	-	367,238
Forward and swap contracts	1,215,811,042	142,446,876	806,828,924	128,073,104
Total derivative liabilities	**82,812,664**	**(6,885,680)**	**128,420,522**	**(5,206,001)**
Non-deliverable future contracts	-	(1,027,272)	-	(259,483)
Forward and swap contracts	82,812,664	(5,858,409)	128,420,522	(4,946,520)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	December 2019		December 2018	
Bank				
Foreign exchange derivatives				
Total derivative assets	**1,150,759,629**	**143,480,073**	**741,777,511**	**128,133,789**
Non-deliverable future contracts	-	1,073,677	-	367,238
Forward and swap contracts	1,150,759,629	142,406,396	741,777,511	127,766,551
Total derivative liabilities	**78,393,273**	**(6,827,293)**	**122,769,600**	**(5,185,870)**
Non-deliverable future contracts	-	(1,027,272)	-	(259,483)
Forward and swap contracts	78,393,273	(5,800,021)	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 a year. All derivative contracts are considered to be valued with reference to data obtained from the Financial Market Dealer Quotation (FMDQ).

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Loans and advances to banks	154,450,204	142,569,748	165,774,988	101,073,321
Less allowance for impairment losses	(1,625,123)	(80,205)	(1,361,987)	(80,205)
	152,825,081	**142,489,543**	**164,413,001**	**100,993,116**

Group

Impairment allowance for loans and advances to banks
In thousands of Naira

	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade:				
Investment	6,986	-	-	6,986
Standard grade	-	-		-
Non Investment	-	-	1,618,137	1,618,137
Total	**6,986**	**-**	**1,618,137**	**1,625,123**

	December 2019			
	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2019	35,178	-	45,026	80,203
Acquired from Business Combination	3,245	-	4,154	7,399
-Charge for the year:	-	-	-	
Total net P&L charge during the year	231,765	-	1,305,755	1,537,520
Amounts written off	-	-	-	-
At 31 December 2019	**270,189**	**-**	**1,354,935**	**1,625,122**

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
-Charge for the year:				
Total net P&L charge during the year	(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

	December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
Internal rating grade:				
Investment	6,986	-	-	6,986
Standard grade	-	-	-	-
Non Investment	-	-	1,355,001	1,355,001
Total	**6,986**	**-**	**1,355,001**	**1,361,987**

	December 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	-	-	-	-
-Charge for the year:	-	-	-	
Total net P&L charge during the year	(28,125)	-	1,309,908	1,281,782
Amounts written off	-	-	-	-
At 31 December 2019	**7,053**	**-**	**1,354,935**	**1,361,987**

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 year:				
Total net P&L charge during the year	(6,303)	(25)	29,849	23,521
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**

	December 2019
In thousands of Naira	
Loans to individuals	
Retail Exposures	
Auto Loan	14,653,393
Credit Card	19,014,547
Finance Lease (note 23c)	186,896
Mortgage Loan	81,814,281
Overdraft	18,645,708
Personal Loan	52,940,646
Term Loan	15,736,788
Time Loan	6,853,714
	209,845,973
Less allowance for expected credit loss	(5,176,485)
	204,669,488

Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,203,006
Credit Card	325,196
Finance Lease (note 23c)	4,959,983
Mortgage Loan	61,060,992
Overdraft	281,083,142
Personal Loan	-
Term Loan	2,169,523,811
Time Loan	372,968,343
	2,893,124,472
Less allowance for expected credit loss	(186,214,253)
	2,706,910,220

Loans and advances to customers (Individual and corporate entities and other organizations)	3,102,970,446
Less allowance for expected credit loss	(191,390,738)
	2,911,579,708

ECL allowance on loans and advances to customers

Loans to Individuals
In thousands of Naira

	December 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	-	-	-	-
Standard grade	712,723	642,546	-	1,355,269
Non-Investment	-	581,220	3,239,997	3,821,217
Sub-standard grade	-	-	-	-
Total	**712,723**	**1,223,766**	**3,239,997**	**5,176,486**

	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	6,028,142	10,063,955
- Charge for the year:				
Total net P&L charge during the year	(3,608,270)	476,101	(6,397,737)	(9,529,905)
Amounts written off	-	-	(1,032,094)	(1,032,094)
Translation difference				-
At 31 December 2019	**712,722**	**1,223,766**	**3,239,997**	**5,176,486**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	1,918,337	27,033,881	-	28,952,218
Standard grade	18,790,398	32,848,728	-	51,639,126
Non-Investment	-	50,032,238	55,590,669	105,622,907
Sub-standard grade				
Total	**20,708,736**	**109,914,846**	**55,590,669**	**186,214,252**

	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	89,170,100	159,156,853
- Charge for the year:	-	-	-	
Total net P&L charge during the year	(34,167,309)	28,342,483	35,387,308	29,562,483
Amounts written off	-	-	(91,492,193)	(91,492,193)
Translation difference	-	-	6,496,846	6,496,846
At 31 December 2019	**20,708,735**	**109,914,846**	**55,590,668**	**186,214,251**

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	**542,506**	**490,340**	**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				-
Total net P&L charge during the year	298,291	280,840	4,118,686	4,697,818
Amounts written off	-		(1,572,060)	(1,572,060)
Foreign exchange revaluation			-	-
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				
Total net P&L charge during the year	(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 revaluation	-	-	-	-
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	December 2019
Loans to individuals	
Retail Exposures	
Auto Loan	3,333,527
Credit Card	17,315,389
Finance Lease (note 23c)	71,791
Mortgage Loan	2,577,130
Overdraft	18,129,969
Personal Loan	34,817,131
Term Loan	14,708,495
Time Loan	5,062,800
	96,016,233
Less Allowance for Expected credit loss	(4,776,944)
	91,239,289
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,203,006
Credit Card	324,891
Finance Lease (note 23c)	4,590,176
Mortgage Loan	-
Overdraft	262,574,362
Term Loan	1,932,416,926
Time Loan	363,497,497
	2,566,606,856
Less Allowance for Expected credit loss	(176,222,475)
	2,390,384,381
Loans and advances to customers (Individual and corporate entities and other organizations)	2,662,623,089
Less Allowance for Expected credit loss	(180,999,419)
	2,481,623,671

ECL allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	December 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	-	-	-	-
Standard grade	632,815	642,546	-	1,275,361
Non-Investment	-	474,675	3,026,908	3,501,583
Sub-standard grade	-	-	-	-
Total	**632,815**	**1,117,221**	**3,026,908**	**4,776,944**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	460,839	381,451	4,425,360	5,267,650
Acquired from Business Combination	3,778,488	257,325	6,028,142	10,063,955
- Charge for the year:	-	-	-	
Total net P&L charge during the year	(3,606,512)	478,445	(6,394,499)	(9,522,566)
Amounts written off	-	-	(1,032,094)	(1,032,094)
Foreign exchange revaluation				
At 31 December 2019	**632,815**	**1,117,221**	**3,026,908**	**4,776,944**

Loans to corporate entities and other organizations
In thousands of Naira

	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	1,454,224	27,033,881	-	28,488,104
Standard grade	16,933,943	32,848,728	-	49,782,671
Non-Investment	-	47,475,169	50,476,532	97,951,701
Sub-standard grade				
Total	**18,388,167**	**107,357,778**	**50,476,532**	**176,222,477**

	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	23,517,781	37,690,006	10,800,514	72,008,301
Acquired from Business Combination	28,717,717	41,263,045	89,170,101	159,150,862
Total net P&L charge during the year	(33,847,332)	28,404,728	36,377,667	30,935,063
Amounts written off	-	-	(91,392,193)	(91,392,193)
Foreign exchange revaluation	-	-	5,520,444	5,520,444
At 31 December 2019	**18,388,167**	**107,357,778**	**50,476,532**	**176,222,477**

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 Allowance 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				
Total net P&L charge during the year	346,485	314,839	3,386,295	4,047,619
Amounts written off	-	-	(156,765)	(156,764)
Foreign exchange revaluation				-
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				
Total net P&L charge during the year	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 revaluation	-	-	-	-
At 31 December 2018	**23,517,781**	**37,690,006**	**10,801,963**	**72,009,751**

23(c) Advances under finance leases

Loans and advances to customers at amortised cost include the following finance lease receivables for leases of certain property, automobile/vehicle and equipment where the group is the lessor:

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Gross investment in finance lease, receivable	24,543,646	21,218,184	13,735,198	9,729,975
Unearned finance income on finance leases	(7,515,554)	(3,309,446)	(1,853,986)	(1,557,007)
Net investment in finance leases	17,028,091	17,908,738	11,881,212	8,172,968
Gross investment in finance leases, receivable:				
Less than one year	12,696,773	10,101,778	7,292,549	4,357,673
Between one and five years	11,846,873	11,116,407	6,442,649	5,372,302
Later than five years	-	-	-	-
	24,543,647	21,218,185	13,735,198	9,729,975
Unearned finance income on finance leases	(7,515,554)	(3,309,446)	(1,853,986)	(1,557,007)
Present value of minimum lease payments	17,028,092	17,908,739	11,881,212	8,172,968
Present value of minimum lease payments may be analysed				
- Less than one year	7,866,303	8,210,325	5,292,863	3,342,439
- Between one and five years	9,161,789	9,698,414	6,588,349	4,830,528
- Later than five years	-	-	-	-

24 Pledged assets

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
-Financial instruments at FVOCI				
Treasury bills	30,388,532	170,118,776	30,388,532	170,118,776
Government bonds	-	10,000,146	-	10,000,146
	30,388,532	180,118,922	30,388,532	180,118,922
-Financial instruments at amortised cost				
Treasury bills	452,686,281	192,208,928	452,686,281	192,208,928
Government bonds	82,599,583	162,033,050	82,599,583	162,033,050
	535,285,866	354,241,978	535,285,866	354,241,978
-Financial instruments at FVPL				
Treasury bills	39,881,494	18,361,112	39,881,494	18,361,112
Government bonds	-	1,330,944	-	1,330,944
	39,881,494	19,692,056	39,881,494	19,692,056
	605,555,891	**554,052,956**	**605,555,891**	**554,052,956**

The related liability for assets pledged as collateral include:

Central Bank of Nigeria (CBN)	251,051,432	201,223,132	251,051,432	201,223,132
Bank of Industry (BOI)	22,191,400	10,429,658	22,191,400	10,429,658
	273,242,831	**211,652,790**	**273,242,831**	**211,652,790**

The disclosure above does not include liabilities where actual cash was received . The other counterparties included in this category of pledged assets include FIRS, Valu card, interswitch, Nibss and others.

(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 117.97bn (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. This disclosure in 24(i) is inclusive of only liabilities that actual cash has been received for.

25 Investment securities

At fair value through profit or loss *In thousands of Naira*	**Group December 2019**	**Group December 2018**	**Bank December 2019**	**Bank 'December 2018**
Equity securities at fair value through profit or loss (see note (i) below)	113,158,320	109,419,574	113,126,623	108,870,593

At fair value through other comprehensive income *In thousands of Naira*	**December 2019**	**December 2018**	**December 2019**	**December 2018**
Debt securities				
Government bonds	64,989,934	37,314,997	4,823,398	7,614,303
Treasury bills	232,813,374	195,218,225	77,897,548	48,881,703
Eurobonds	2,860,694	6,791	-	6,791
Corporate bonds	7,815,595	6,855,934	7,815,595	6,855,934
State government bonds	6,311,454	613,284	6,311,454	613,284
Promissory notes	807,619	-	807,619	-
	315,598,670	240,009,231	97,655,614	63,972,015
Net fair value changes in FVOCI instruments	6,586,645	(5,659,791)	7,436,898	(5,794,964)
At amortised cost *In thousands of Naira*				
Debt securities				
Treasury bills	379,283,381	102,564,048	341,786,029	60,166,222
Federal government bonds	255,138,534	39,106,004	240,150,170	16,423,669
State government bonds	9,236,259	6,917,600	9,236,259	6,917,600
FGN Promissory notes	10,844,042	-	10,844,043	-
Corporate bonds	510,162	462,530	510,162	462,528
Eurobonds	1,394,042	2,610,861	932,242	1,785,027
Gross amount	656,406,419	151,661,043	603,458,905	85,755,046
ECL on financial assets at amortized cost	(559,223)	(17,368)	(534,189)	(17,368)
Carrying amount	655,847,196	151,643,675	602,924,717	85,737,678
Total	**1,084,604,185**	**501,072,480**	**813,706,953**	**258,580,286**

ECL allowance on investments at fair value through other comprehensive income

In thousands of Naira	**Group December 2019**	**Group December 2018**	**Bank December 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	109,420	1,676	62,035	1,676
Revaluation difference	-	-	-	-
Balance, end of year	**111,096**	**1,676**	**63,712**	**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 December 2019**	**Group December 2018**	**Bank December 2019**	**Bank December 2018**
Opening balance at 1 January 2019/1 Jan 2018	17,368	36,401	17,368	36,401
Acquired from business combination	188,655	-	188,655	-
-Charge for the period	353,200	51,665	328,164	51,665
Write off	-	(70,699)	-	(70,699)
Balance, end of year	559,223	17,368	534,188	17,368

(i) Equity securities at FVPL (carrying amount)

MTN Nigeria	-	10,226,096	-	10,226,096
Central securities clearing system limited	4,312,500	2,727,258	4,312,500	2,727,258
Nigeria interbank settlement system plc.	4,999,760	4,953,845	4,999,760	4,953,845
Unified payment services limited	6,732,958	4,812,950	6,732,958	4,812,950
Africa finance corporation	89,805,806	84,025,549	89,805,806	84,025,549
E-Tranzact	598,936	906,435	598,936	906,435
African export-import bank	34,396	17,044	34,396	17,044
FMDQ OTC Plc	684,900	204,740	684,900	204,740
Nigerian mortage refinance company plc.	305,227	313,229	305,227	313,229
Credit reference company	391,854	380,106	391,854	380,106
NG Clearing Limited	227,491	303,340	227,491	303,340
Capital Alliance Equity Fund	4,982,794	-	4,982,794	-
Shared agent network expansion facility	50,000	-	50,000	-
	-	-	-	-
Others	31,697	548,981	-	-
	113,158,320	**109,419,574**	**113,126,623**	**108,870,593**

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 — **December 2019**

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	64,989,934	-
Treasury bills	232,813,374	-
Eurobonds	2,860,694	47,385.08
Corporate bonds	7,815,595	19,265.20
State government bonds	6,311,454	44,447.00
Promissory notes	807,619	-
Total	**315,598,670**	**111,097**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	255,138,534	-	255,138,534
Treasury bills	379,283,381	-	379,283,381
Eurobonds	1,394,042	39,577	1,354,465
Corporate bonds	510,162	464,409	45,753
State government bonds	9,236,259	55,237	9,181,021
FGN Promissory notes	10,844,042	-	10,844,042
Total	**656,406,419**	**559,222**	**655,847,195**

Bank

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	4,823,398	-
Treasury bills	77,897,548	-
Corporate bonds	7,815,595	19,265
State government bonds	6,311,454	44,447
Promissory notes	807,619	-
Total	**97,655,614**	**63,712**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	240,150,170	-	240,150,170
Treasury bills	341,786,029	-	341,786,029
Eurobonds	932,242	14,541.18	917,701
Corporate bonds	510,162	464,409.24	45,753
State government bonds	9,236,259	55,237.31	9,181,021
Promissory notes	10,844,043	-	10,844,042
Total	**603,458,905**	**534,188**	**602,924,716**

Group

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

December 2019

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	303,117,939	-	-	303,117,939
Standard grade	6,626,362		-	6,626,362
Non-Investment	5,854,368	-	-	5,854,368
Sub-standard grade	-	-	-	-
Total	**315,598,669**	**-**	**-**	**315,598,669**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	1,677	-	-	1,677
- Charge for the year	109,420	-	-	109,420
Amounts written off	-	-	-	-
At 31 December 2019	**111,097**	**-**	**-**	**111,097**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				-
Investment	645,265,957	-	-	645,265,957
Standard grade	5,324,594	-	-	5,324,594
Non-Investment	4,373,465	-	-	4,373,465
Sub-standard grade	932,242	47,632	462,530	1,442,404
Total	**655,896,257**	**47,632**	**462,530**	**656,406,419**

	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	25,036	-	462,530	487,566
Amounts written off	(57,255)	(77,111)	-	(134,366)
At 31 December 2019	**94,814**	**1,880**	**462,530**	**559,223**

December 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	88,035,577	-	-	88,035,577
Standard grade	3,765,668	-	-	3,765,668
Non-Investment	-	-	-	-
Sub-standard grade	5,854,368	-	-	5,854,368
Total	**97,655,614**	**-**	**-**	**97,655,614**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2019	1,677	-	-	1,677
- Charge for the year	62,035	-	-	62,035
Acquired from business combination	-	-	-	-
Amounts written off	-	-	-	-
At 31 December 2019	**63,713**	**-**	**-**	**63,712**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Investment	592,780,242	-	-	592,780,241
Standard grade	4,862,794	-	-	4,862,794
Non-Investment	4,373,465	-	-	4,373,465
Sub-standard grade	932,242	47,632	462,530	1,442,404
Total	**602,948,742**	**47,632**	**462,530**	**603,458,903**

	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	-	-	462,530	462,530
Acquired from business combination	125,770	62,885	-	188,655
Amounts written off	(57,255)	(77,111)	-	(134,366)
At 31 December 2019	**69,778**	**1,879**	**462,530**	**534,188**

26 Restricted deposits and other assets

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Financial assets				
Accounts receivable	86,028,924	71,001,487	76,387,882	54,420,090
Receivable on E-business channels	61,158,239	28,319,140	60,961,016	28,020,763
Receivable from disposal of non-current asset	-	768,354	-	768,354
Deposit for investment in AGSMEIS (see note (a)below)	9,685,037	5,863,248	9,685,037	5,863,248
Subscription for investment (see note (b)below)	16,873,391	733,905	16,873,391	733,905
Restricted deposits with central banks (see note (c)below)	848,846,574	579,238,421	810,636,067	522,931,292
	1,022,592,166	685,924,555	974,543,393	612,737,652
Non-financial assets				
Prepayments	37,023,629	19,253,420	34,102,137	14,152,424
Inventory (see note (d)below)	1,903,980	1,081,505	1,509,522	756,452
	38,927,610	20,334,925	35,611,659	14,908,876
Gross other assets	1,061,519,777	706,259,481	1,010,155,051	627,646,528
Allowance for impairment on financial assets				
Accounts receivable	(5,984,322)	(1,907,699)	(5,819,762)	(1,808,351)
Subscription for investment	(25,002)	(25,002)	(25,001)	(25,001)
	1,055,510,452	**704,326,780**	**1,004,310,287**	**625,813,176**
Classified as:				
Current	1,018,486,823	685,073,360	970,208,150	611,660,753
Non current	37,023,629	19,253,420	34,102,137	14,152,424
	1,055,510,452	**704,326,780**	**1,004,310,287**	**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
ECL allowance 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)	-
Balance as at 31 December 2018/1 January 2019	1,907,699	25,001	1,808,351	25,001
ECL allowance for the year:				
- Additional provision	-	-	-	-
Acquired from business combination	7,311,549	-	7,231,695	-
- Writeback	(3,200,712)	-	(3,220,284)	-
-Transalation difference	(34,214)	-	-	-
Net ECL allowance	4,076,623	-	4,011,411	-
Allowance written back	-	-	-	-
Balance as at 31 December 2019	5,984,322	25,001	5,819,762	25,001

(a) 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.

(b) 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.

(c) 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 N89.58Bn 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.

(d) 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.

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

Set out below are the group's subsidiaries as at 31 December 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 December 2019	Ownership interest 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%
Access Bank Guinea S.A	Banking	Guinea	100%	0%

Diamond Finance B.V. is a structured entity, incorporated on former Diamond Bank's behalf by intertrust (a Netherlands corporate finance company) for the sole purpose of issuing loan participatory notes to interested parties for the purpose of funding a subordinated facility to former Diamond Bank. Access Bank (hereafter known as "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. The former Diamond Bank 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 which is 7 years 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 former Diamond Bank, which was used by the erstwhile Diamond Bank to support its business expansion and development. The bank unconditionally and irrevocably guaranteed the due payment of all sums by the issuer (Diamond Finance BV) in respect of the Notes.

During the year, the Bank obtained the Central Bank of Guinea's approval to setup a subsidiary in the country. The approval was granted on 31st December, 2019 after prior approval by the Central Bank of Nigeria. The Bank has 100% ownership in the subsidiary

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

(ii) Structured entities:

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

27(b)(i) Investment in subsidiaries

In thousands of Naira	Bank December 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
Access Bank, Guinea	5,441,100	-
Investment in RSPP scheme	4,074,254	3,401,301
Access Bank Pension Fund Custodian	2,000,000	-
Balance, end of year	**131,458,709**	**111,203,495**

Based on the contractual arrangements between the Bank and the shareholders in each of the entities, the Bank 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 Bank concluded that the Bank has control over each of the above listed entities and were consolidated in the Bank financial statements.

All investment in subsidiaries have been classified as non current with a closing balance of N131.46Bn

27(b)(ii) Investment in associate

In thousands of Naira

During the course of the year, the Bank acquired an investment in associates arising from the merger with ersthwhile Diamond Bank Plc. See below:

Geometric energy	7,535,232

This was written off during the course of the year.

Specific allowances for impairment on investment in associates

In thousands of Naira	Bank December 2019	Bank December 2018	Bank December 2019	Bank December 2018
Balance, beginning of year	-	-	-	-
Acquired from business combination	7,535,232	-	7,535,232	-
Charge for the year	-	-	-	-
Write off	(7,535,232)	-	(7,535,232)	-
Acquired from business combination		-	-	-
Balance, end of year	**-**	-	-	-

27 (c) Condensed results of consolidated entities
(i) The condensed financial data of the conso December 2019 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	Dimaond Bank B.V.	Access Bank Guinea	Access Bank PFC
Operating income	30,700,960	27,282,293	3,309,812	5,366,496	3,226,305	989,164	1,036,398	-	32,686	-	755,042
Operating expenses	(9,807,591)	(14,166,009)	(2,902,144)	(4,752,778)	(2,191,053)	(789,625)	(761,181)	-	(28,590)	-	(372,996)
Net impairment loss on financial assets	(348,543)	1,655,758	(54,167)	(92,104)	(283,921)	(7,979)	(5,664)	-	-	-	-
Profit before tax	20,544,826	14,772,042	353,500	521,614	751,330	191,560	269,552	-	4,095	-	382,046
Income tax expense	(4,606,537)	(3,113,081)	(101,387)	(438,714)	(241,987)	(46,971)	(69,386)	-	-	-	-
Profit for the year	15,938,290	11,658,961	252,113	82,900	509,343	144,590	200,167	-	4,095	-	382,046
Assets											
Cash and cash equivalents	187,344,128	68,941,205	12,676,174	38,494,916	9,478,061	4,972,172	1,157,626	-	8,692	5,441,100	4,273,554
Non pledged trading assets	-	52,847,477	-	-	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	(17,907)	-	-	-	-	-	-	-	-	-	-
Loans and advances to banks	237,020,069	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	320,199,158	75,020,624	10,065,537	17,963,784	4,566,126	1,237,361	842,481	-	18,629,195	-	44,578
Investment securities	149,464,151	77,975,923	12,393,343	-	18,545,310	8,257,406	4,261,099	-	-	-	-
Investment properties	-	-	-	-	-	-	-		-	-	200,000
Other assets	3,130,785	6,229,773	301,298	1,413,911	2,559,750	829,531	736,115	-	688	-	21,275
Investment in associates	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiary	721,660	-	-	-	-	-	-	4,795,913	-	-	-
Property and equipment	1,352,209	14,327,417	1,911,436	3,117,354	659,043	746,674	402,984	-	-	-	208,490
Intangible assets	548,145	127,784	683,890	58,027	72,624	99,076	18,274	-	(3,223)	-	94,453
Deferred tax assets	-	2,351,401	-	991,418	431,757	2,708	45,890	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-
	899,762,399	297,821,606	38,031,679	62,039,411	36,312,673	16,144,928	7,464,468	4,795,913	18,635,351	5,441,100	4,842,351
Financed by:											
Deposits from banks	488,810,476	13,684,596	-	-	4,896	-	599,309	-	-	-	-
Deposits from customers	281,021,142	189,142,072	31,322,448	41,347,878	28,265,734	11,389,389	5,008,829	-	-	-	2,369,558
Derivative Liability	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	2,772	11,877	-	172,366	3,962	-	-	-	-	-	-
Current tax liabilities	2,369,088	(561,481)	1,614	159,499	136,719	-	-	-	1,597	-	14,938
Other liabilities	9,757,522	6,890,321	2,713,263	2,688,965	524,984	1,207,319	281,639	-	11,591	-	225,345
Interest-bearing loans and borrowings	-	36,925,884	-	5,247,682	365,038	-	-	-	18,612,805	-	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	64,376	1,090,487	152,671	462,398	-	-	-	-	-	-	-
Equity	117,737,019	50,637,850	3,841,683	11,960,623	7,011,339	3,548,220	1,574,693	4,795,913	9,358	5,441,100	2,232,510
	899,762,398	297,821,605	38,031,678	62,039,411	36,312,672	16,144,928	7,464,469	4,795,913	18,635,351	5,441,100	4,842,351
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 year	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 year	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
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	45,822,253	20,507,420	1,711,188	6,638,063	1,351,558	219,213	76,249,695
Acquisitions	4,575,475	133,912	5,690,378	8,803,828	4,630,846	13,671,137	37,505,576
Disposals	(100,089)	-	(774,895)	(469,225)	(1,124,802)	-	(2,469,010)
Write-offs	(36,266)	-	-	(4,064)	-	(94,008)	(134,339)
Transfers	4,220,645	1,502	-	705,939	249,682	(5,177,767)	-
Translation difference	(2,425,516)	-	1,737,822	(1,041,046)	(218,796)	256,084	(1,691,453)
Balance at 31 December 2019	**120,498,321**	**31,754,879**	**33,124,341**	**68,788,534**	**23,216,354**	**16,437,297**	**293,819,723**
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 year	2,489,676	-	3,285,052	9,295,128	2,980,705	-	18,050,561
Disposal	(8,613)	-	(700,626)	(414,920)	(882,333)	-	(2,006,492)
Write-Offs	(33,234)	-	-	(1,898)	-	-	(35,132)
Translation difference	(198,754)	-	387,941	(65,789)	(31,453)	-	91,945
Balance at 31 December 2019	**17,089,710**	**-**	**24,271,520**	**43,552,881**	**11,877,305**	**-**	**96,791,415**
Balance at 1 January 2018	12,870,312	-	18,285,808	28,723,668	8,620,188	-	68,499,976
Charge for the year	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	**103,408,611**	**31,754,879**	**8,852,821**	**25,235,653**	**11,339,049**	**16,437,297**	**197,028,307**
Right of use assets (see 28(b) below)	**14,185,932**	**-**	**-**	**-**	**-**	**-**	**14,185,932**
Balance at 31 December 2019	**117,594,542**	**31,754,879**	**8,852,821**	**25,235,653**	**11,339,049**	**16,437,297**	**211,214,238**
Balance at 31 December 2018	53,601,184	11,112,045	3,460,696	19,414,679	8,517,479	7,562,637	103,668,719

Depreciation charge on property plant and equipment and right of use assets

Total Depreciation charge (a+b)	**5,672,029**	**-**	**3,285,052**	**9,295,128**	**2,980,705**	**-**	**21,232,914**

The total balance for non current property, plant and equipment for the year is N197.03Bn

Classified as:							
Current	-	-	-	-	-	-	-
Non current	**103,408,611**	**31,754,879**	**8,852,821**	**25,235,653**	**11,339,049**	**16,437,297**	**197,028,307**
	103,408,611	**31,754,879**	**8,852,821**	**25,235,653**	**11,339,049**	**16,437,297**	**197,028,310**

28 (b) Leases
Group

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	13,327,950	13,400,931
Acquired from business combination	-	1,813,081	1,813,081
Additions during the year	-	2,290,583	2,290,583
Disposals during the year	(72,982)	(63,329)	(136,312)
Closing balance as at 31 December 2019	**-**	**17,368,285**	**17,368,284**
Depreciation			
Opening balance as at 1 January 2019	-	-	-
Charge for the year	-	3,182,353	3,182,353
Closing balance as at 31 December 2019	**-**	**3,182,353**	3,182,353
Net book value as at 31 December 2019	**-**	**14,185,932**	**14,185,930**

iii Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets	3,182,353
Interest expense (included in finance cost)	742,971
Expense relating to short-term leases (included in administrative expenses)	569,180
Expense relating to leases of low-value assets (included in administrative expenses)	-

The total cash outflow for leases as at December 2019 was N1.558 billion.

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	3,529,489	133,912	4,572,215	8,480,739	4,361,880	15,925,781	37,004,014
Disposals	(98,889)	-	(692,174)	(437,711)	(1,041,595)	-	(2,270,369)
Transfers	2,798,593	1,502	-	599,618	235,222	(3,646,145)	-
Write-Offs	-	-	-	-	-	(94,008)	(94,008)
Balance at 31 December 2019	**107,059,493**	**31,754,881**	**27,882,783**	**62,707,683**	**20,731,505**	**18,523,885**	**268,671,438**
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 year (a)	1,761,219	-	2,637,675	8,642,337	2,636,135	-	15,677,366
Disposal	(8,613)	-	(689,192)	(409,833)	(707,551)	-	(1,815,189)
Balance at 31 December 2019	**13,975,776**	**-**	**19,838,724**	**38,999,208**	**10,507,905**	**-**	**83,321,614**
Balance at 1 January 2018	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Charge for the year	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	**93,083,717**	**31,754,881**	**8,044,058**	**23,708,476**	**10,223,601**	**18,523,885**	**185,338,615**
Right of use assets (see 28(d) below)	8,029,267	-	-	-	-	-	8,029,267
Balance at 31 December 2019	**93,083,717**	**31,754,881**	**8,044,058**	**23,708,476**	**10,223,601**	**18,523,885**	**193,367,883**
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

Depreciation charge on property plant and equipment and right of use assets

Total Depreciation charge (a+b)	**3,197,472**	**-**	**2,637,675**	**8,642,337**	**2,636,135**	**-**	**17,113,619**

(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 year is N185.34Bn

Classified as:							
Current	-	-	-	-	-	-	-
Non current	**93,083,717**	**31,754,881**	**8,044,058**	**23,708,476**	**10,223,601**	**18,523,885**	**185,338,615**
	93,083,717	**31,754,881**	**8,044,058**	**23,708,476**	**10,223,601**	**18,523,885**	**185,338,615**

28 (d) Leases
Bank

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
Acquired from business combination	-	2,079,481	2,079,481
Additions during the year	-	1,813,081	1,813,081
Disposals during the year	(72,982)	(63,329)	(136,312)
Closing balance as at 31 December 2019	**-**	**9,465,520**	**9,465,520**
Depreciation			
Opening balance as at 1 January 2019	-	-	-
Charge for the year (b)	-	1,436,253	1,436,253
Closing balance as at 31 December 2019	**-**	**1,436,253**	**1,436,253**
Net book value as at 31 December 2019	**-**	**8,029,267**	**8,029,267**

ii) Amounts recognised in the statement of profit or loss

	N'000
Depreciation charge of right-of-use assets (buildings)	1,436,253
Interest expense (included in finance cost)	742,971
Expense relating to short-term leases (included in administrative expenses)	569,180
Expense relating to leases of low-value assets (included in administrative expenses)	-

The total cash outflow for leases as at December 2019 was N1.186 billion.

29 Intangible assets

Group

In thousands of Naira	**Goodwill**	**WIP**	**Purchased Software**	**Total Intangible**
Cost				
December 2019				
Balance at 1 January 2019	681,007	2,078,351	21,140,699	23,900,057
Arising from business combination (See note 44)	50,595,672	369,655	2,005,470	52,970,797
Acquisitions	-	883,820	6,909,093	7,792,913
Reclassification	-	(2,118,854)	2,118,854	-
Write off	-	(17,512)	(798,398)	(815,910)
Translation difference	-	22,886	(228,215)	(205,329)
Balance at 31 December 2019	**51,276,679**	**1,218,345**	**31,147,503**	**83,642,528**
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 year	-	-	3,849,980	3,849,980
Impairment charge			624,642	624,642
Write off	-	-	(747,711)	(747,711)
Translation difference	-	-	(164,696)	(164,696)
Balance at 31 December 2019	-	-	17,709,774	**17,709,774**
Balance at 1 January 2018	-	-	11,453,776	11,453,776
Amortization for the year	-	-	2,799,133	2,799,133
Write off	-	-	(105,349)	(105,349)
Balance at 31 December 2018	-	-	14,147,560	14,147,560
Net Book Value				
Balance at 31 December 2019	**51,276,679**	**1,218,346**	**13,437,729**	**65,932,754**
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				
December 2019				
Balance at 1 January 2019	-	2,269,477	17,391,856	19,661,334
Arising from business combination (See note 44)	57,189,153	369,655	1,940,710	59,499,518
Acquisitions	-	669,088	6,601,488	7,270,576
Reclassification	-	(2,106,680)	2,106,680	-
Write off	-	-	(716,401)	(716,401)
Balance at 31 December 2019	**57,189,153**	**1,201,540**	**27,324,333**	**85,715,026**
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
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
Amortization for the year	-	-	3,363,413	3,363,413
Write off	-	-	(706,893)	(706,893)
Impairment charge	-	-	624,642	624,642
Balance at 31 December 2019	**-**	**-**	**14,711,295**	**14,711,295**
Balance at 1 January 2018	-	-	9,104,823	9,104,823
Amortization for the year	-	-	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 31 December 2019	**57,189,153**	**1,201,540**	**12,613,037**	**71,003,729**
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 year under review, 31 December 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.

Amortization method used is straight line.

	Group December 2019	**Group December 2018**	**Bank December 2019**	**Bank December 2018**
Classified as:				
Current	-	-	-	-
Non current	65,932,754	9,752,497	71,003,729	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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Diamond Bank Plc (see (a) below)	50,595,672	-	57,189,153	-
Access Bank Rwanda (see (b) below)	681,007	681,007	-	-
	51,276,679	**681,007**	**57,189,153**	**-**

(a) Diamond bank:

Goodwill represents the value derived from a larger branch network and combined synergies of operations. The Goodwill recognized from former Diamond as at 19th March is provisional as the Bank has up till the end of the year form the acquisition date to complete all assessments.
The recoverable amount of Goodwill as at 31 December 2019 is greater than its carrying amount and is thus not impaired

The following intangible assets have been considered for the allocation of the goodwill arising from merger with former Diamond Bank Plc:

a. Brand name
b. Customer relationships
c. Customer Deposits

The purchase price allocation is yet to be completed as at the time of this report.

(b) Access Bank Rwanda:
The key assumption used in computing the value-in-use for goodwill in during the year are as follows:

	December 2019
Compound annual volume growth (i)	7.10%
Long term growth rate (ii)	7.50%
Discount rate (ii)	23.3%

(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.

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	2,243,960	2,488,694
Impact of change in growth rate on value-in-use computation	837,343	818,279

30 Deferred tax assets and liabilities

(a) Group

The following items gave rise to temporary differences during the year. Deferred tax assets and liabilities are attributable to the following items below:

In thousands of Naira	December 2019			December 2018		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	22,993,875	(174,086)	22,819,789	6,341,076	(547,461)	5,793,615
Allowances/(Reversal) for loan losses	15,354,817	-	15,354,817	16,736,219	(1,363,442)	15,372,777
Tax loss carry forward	13,902,540	-	13,902,540	12,692,887	-	12,692,887
Exchange gain/(loss) unrealised	-	(54,698,469)	(54,698,470)	22,054	(39,278,332)	(39,256,278)
Acquired Deferred tax asset	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	147,113	-	147,113	-	(145,140)	(145,140)
Fair value gain on equity investments	8,845	-	8,845	7,959	-	7,959
Deferred tax assets (net)	52,407,190	(54,872,555)	(2,465,365)	35,800,195	(41,334,375)	(5,534,180)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2019			December 2018		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	11,891,090	-	11,891,090	6,289,256	-	6,289,256
Allowances/(Reversal) for loan losses	13,281,036	-	13,281,036	16,285,485	-	16,285,485
Tax loss carry forward	13,902,540	-	13,902,540	12,262,626.52	-	12,262,627
Exchange gain unrealised	-	(43,728,890)	(43,728,890)	-	(39,198,194)	(39,198,194)
Acquired Deferred tax asset	-	-	-		-	-
Fair value gain on equity investments	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	147,113	-	147,113	-	(145,140)	(145,140)
Deferred tax assets/(liabilities)	39,221,780	(43,728,890)	(4,507,110)	34,837,368	(39,343,334)	(4,505,966)

Deferred tax asset are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. After reviews of the medium-term profit forecasts, the Group considers that there will be sufficient profits in the future against which these losses will be offset.

There were no unrecognized deferred tax assets or liabilities as at 31 December 2019 (31 December 2018: nil)

Deferred tax on right of use assets and lease liabilities

The Group elected to apply the approach which considers the asset and the liability separately, in which case there was a temporary difference on initial recognition. The impact of initial recognition of rights-of-use assets and lease liabilities on deferred tax liabilities as at 31 December 2019 was N835 million

	Group December 2019	**Group December 2018**	**Bank December 2019**	**Bank December 2018**
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	38,321,719	21,162,905	25,319,240	22,574,742
– Deferred income tax asset to be recovered within 12 months	14,085,472	14,637,290	13,902,540	12,262,629
	52,407,190	35,800,195	39,221,780	34,837,371
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(174,086)	(1,910,903)	-	-
– Deferred income tax liability to be recovered within 12 months	(54,698,469)	(39,423,472)	(43,728,890)	(39,343,334)
	(54,872,555)	(41,334,375)	(43,728,890)	(39,343,334)

30 Deferred tax assets and liabilities

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

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Balance, beginning of year	(5,534,180)	(8,023,860)	(4,505,966)	(7,848,516)
Acquired from Business Combination	4,971,317	-	4,984,388	-
Tax charge	(3,930,538)	3,546,565	(5,277,786)	3,487,691
Translation adjustments	1,735,782	(911,744)	-	-
Items included in OCI	292,254	(145,140)	292,254	(145,140)
Net deferred tax assets/(liabilities)	(2,465,364)	(5,534,180)	(4,507,110)	(4,505,965)
Out of which				
Deferred tax assets	41,695,542	35,800,195	39,221,780	34,837,368
Deferred tax liabilities	(54,872,555)	(41,334,375)	(43,728,892)	(39,343,334)

Temporary difference relating to the Group's Investment in subsidiaries as at 31 December 2019 is N22.99billion (Dec 2018: N39.40billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	913,293	(483,801)	913,293	(483,801)
Deferred tax @ 30%	(292,254)	145,140	(292,254)	145,140
Net balance loss after tax	621,039	(338,662)	621,039	(338,661)

Deferred Tax asset

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Classified as:				
Current	14,085,472	14,637,290	13,902,540	12,262,629
Non current	38,321,719	21,162,905	25,319,240	22,574,742

Deferred Tax liability

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Classified as:				
Current	(54,698,469)	(39,423,472)	(43,728,890)	(39,343,334)
Non current	(174,086)	(1,910,903)	-	-

31a Investment properties

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Balance at 1 January	-	-	-	-
Acquired from business combination	4,053,511	-	3,878,511	-
Additions for the year	2,435	-	2,435	-
Disposals during the year	(3,153,946)	-	(3,153,946)	-
Valuation gain/(loss)	25,000	-	-	-
Balance, end of year	**927,000**	**-**	**727,000**	**-**

Investment property of N927 million for the Group, represents the value of landed properties which are carried and measured at fair value. There was no rental income from such properties during the year 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 valuation gain on investment properties under other operating income (see note 13) . The profits or losses on disposal are also reported in the profit or loss as they occur.

The professional valuers engaged for the preparation of the valuation reports are: Chris Ogbonna and Partners (FRC/2015/NIESV/00000012246) and Jide Taiwo ((NIESV Reg No 396543) FRC/2012/0000000000254

All investment properties have been classified as non current with a carrying amount of N927 million for Group and N727 million for Bank

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 year was N8.82bn (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 December 2019	Group December 2018	Bank December 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	14,660,695	3,826,834	14,660,695	3,826,834
Disposals	(9,921,260)	(1,064,979)	(1,945,000)	(1,064,979)
	24,957,518	**12,241,822**	**24,957,518**	**12,241,822**

The total balance for non current financial assets held for sale for the year is N24.96Bn

Classified as:				
Current	-	-	-	-
Non current	24,957,518	12,241,822	24,957,518	12,241,822

32 Deposits from financial institutions

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Money market deposits	974,352,274	519,042,681	863,988,212	482,229,916
Trade related obligations to foreign banks	212,004,041	475,530,164	215,296,206	134,414,695
	1,186,356,314	**994,572,845**	**1,079,284,418**	**616,644,611**

33 Deposits from customers

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Term deposits	1,784,924,350	1,287,048,284	1,463,431,594	990,096,832
Demand deposits	1,681,564,463	1,010,791,291	1,453,307,535	834,563,080
Saving deposits	789,348,489	267,068,809	751,600,683	234,079,018
	4,255,837,303	**2,564,908,384**	**3,668,339,811**	**2,058,738,930**

34 Other liabilities

In thousands of Naira		Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Financial liabilities					
Certified and bank cheques		4,526,529	2,192,963	3,084,912	1,648,744
E-banking payables	(see (a) below)	64,552,944	28,859,357	64,219,999	28,679,005
Collections account balances	(see (b) below)	71,047,431	59,183,957	69,631,696	58,117,410
Due to subsidiaries		-	-	588,431	771,314
Accruals		2,185,506	1,324,568	898,422	-
Creditors		6,493,771	22,676,791	2,564,043	8,176,483
Payable on AMCON		1,701,606	1,128,825	1,701,606	1,128,825
Customer deposits for foreign exchange	(see (c) below)	39,937,507	25,508,441	39,937,459	25,511,918
Unclaimed dividend	(see (d) below)	15,881,375	14,595,639	15,881,375	14,595,639
Lease liabilities		10,325,181	-	5,244,843	-
Other financial liabilities		94,447,726	11,562,865	87,078,269	4,994,238
ECL on off-balance sheet	(see (e) below)	4,526,457	1,482,931	4,353,070	1,482,931
		315,626,032	168,516,337	295,184,124	145,106,507
Non-financial liabilities					
Litigation claims provision	(see (f) below)	1,401,620	945,372	1,401,620	945,372
Other non-financial liabilities		7,306,221	76,977,242	5,676,205	75,994,264
Total other liabilities		**324,333,874**	**246,438,952**	**302,261,951**	**222,046,143**
Classified as:					
Current		316,513,031	169,461,709	297,791,104	146,051,879
Non current		7,820,843	76,977,242	4,470,846	75,994,264
		324,333,874	**246,438,951**	**302,261,951**	**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 December 2019	Group December 2018	Bank December 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 year	1,266,049	445,632	1,190,751	445,632
Revaluation difference	98,089	(413,389)	-	-
Balance, end of year	4,526,458	1,482,931	4,353,070	1,482,931

(f) Movement in litigation claims provision	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Opening balance	945,372	766,809	945,372	766,809
Additions	456,248	178,563	456,248	178,563
Closing balance	**1,401,620**	**945,372**	**1,401,620**	**945,372**

ii Lease liabilities

	Group N'000	Bank N'000
Opening balance as at 1 January 2019	7,246,007	2,312,629
Additions	2,635,212	2,495,673
Acquired from business combination	878,244	878,244
Interest expense	1,122,276	742,971
Payments made during the year	(1,556,558)	(1,184,674)
Closing balance as at 31 December 2019	**10,325,181**	**5,244,843**
Current lease liabilities	2,504,339	773,997
Non-current lease liabilities	7,820,843	4,470,846
	10,325,181	**5,244,843**

iii) Liquidity risk (maturity analysis of undiscounted lease liabilities)

Less than 6 months	369,471	369,471
6-12 months	1,169,500	629,213
Between 1 and 2 years	1,829,012	841,286
Between 2 and 5 years	4,950,093	3,049,040
Above 5 years	3,390,310	1,739,038
	11,708,386	**6,628,048**
Carrying amount	10,325,181	5,244,843

35 Debt securities issued

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Debt securities at amortized cost:				
Eurobond debt security (see (i) below)	110,933,768	251,251,383	110,933,768	251,251,383
Green Bond (see (ii) below)	15,426,233	-	15,426,233	-
Local Bond (see (iii) below)	31,627,876	-	31,627,876	-
	157,987,877	**251,251,383**	**157,987,877**	**251,251,383**

Movement in Debt securities issued:

In thousands of Naira	Group December 2019	Bank December 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	3,124,784	3,124,784
Other changes		
Interest expense	22,913,352	22,913,352
Interest paid	(22,364,327)	(22,364,327)
Balance as at 31 December 2019	**157,987,876**	**157,987,876**

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
African Development Bank (see note (a))	20,939,343	27,073,280	20,939,343	25,281,362
Netherlands Development Finance Company (see note (b))	92,086,136	37,690,644	92,086,136	37,690,644
French Development Finance Company (see note (c))	15,520,364	17,893,836	-	3,806,669
European Investment Bank (see note (d))	36,380,291	23,893,472	11,543,928	15,576,731
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	4,693,167	5,434,262	4,693,167	5,434,262
International Finance Corporation (see note (f))	31,439,752	57,021,761	31,439,752	57,021,761
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (g))	8,038,249	7,330,283	8,038,249	7,330,283
Bank of Industry-Intervention Fund for SMEs (see note (h))	2,363,684	1,972,547	2,363,684	1,972,547
Bank of Industry-Power & Airline Intervention Fund (see note (i))	4,879,470	8,457,111	4,879,470	8,457,111
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	62,044,365	6,485,718	62,044,365	6,485,718
Central Bank of Nigeria - Excess Crude Account (see note (l))	113,557,046	63,614,642	113,557,046	63,614,642
Real Sector And Support Facility (RSSF) (m)	18,407,176	118,248,041	18,407,176	118,248,041
Development Bank of Nigeria (DBN) (see note (n))	3,858,756	7,145,736	3,858,756	7,145,736
Real Sector Support Facility (RSSF) Differentiated Cash Reserve Requirement Scheme (DCRR) (see nc	48,978,051	5,544,448	48,978,051	5,544,448
Nigeria Mortgage Refinance Company (NMRC) (see note (p))	5,885,062	-	5,885,062	-
Micro small and medium enterprise development fund (MSMEDF) (see note (q))	26,544	-	26,544	-
Africa Export and Import Bank (AFREXIM) (r)	76,850,820	-	76,850,820	-
Diamond finance B V (Anambra State Government (s))	18,609,362	-	18,609,362	-
BOI Power and steel (PAIF) (t)	14,866,955	-	14,866,955	-
Bank of Industry (RRF) (see note (t))	81,290		81,290	
Other loans and borrowings	2,250,151	610,953.71	68,275	72,486.45
	586,602,830	**388,416,734**	**544,064,226**	**363,682,441**

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

(a) The amount of N20,939,343,163 (USD 57,415,254) 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 period 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 31 December 2019.

(b) The amount of N92,086,135,790 (USD 252,498,316) 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 31 December 2019.

(c) There is no 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 year 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 31 December 2019.

(d) The amount of N11,543,928,026(USD 31,653,216) 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 a period 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 31 December 2019.

(e) The amount of N4,693,167,199 (USD 12,868,569) 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 31 December 2019.

(f) The amount of N31,439,751,716 (USD 86,207,161) 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 31 December 2019.

(g) The amount of N8,038,248,654 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. An additional NGN1bn was availed to the bank under the Paddy Aggregation Scheme (PAS) Phase 2 for a period of 12 months at 3% in October 2019. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(h) The amount of N2,363,683,588 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 31 December 2019.

(i) The amount of N4,879,470,446 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 31 December 2019.

(j) The amount of N4,846,792,700 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 31 December 2019.

(k) The amount of N62,044,364,954 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 31 December 2019.

(l) The amount of N113,557,046,307 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 31 December 2019.

(m) The amount of N18,407,176,381 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. An additional facility of NGN2bn was disbursed under the scheme for a period of 7 years inclusive of 1 year moratorium at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(n) The amount of N3,858,756,276 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. A third series of about 1.68bn was disbursed for a period of 10 years. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(o) The amount of N48,978,051,356 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) Differentiated Cash Reserve Requirement scheme (DCCR) established by CBN supporting Reddington Multi-specialist Hospital, Dana Motors and Lafarge Africa PLC. The facility is for a maximum period of 7 years inclusive of 12 months moratorium for Reddington and Dana and a 24 months moratorium for Lafarge at a 0% interest rate to the Bank. Additional amounts were disbursed between July 2019 and November 2019 in favor of 5 other beneficiaries amounting to 34.58bn for a period of 7 years with 2 years moratorium at 2% interest rate on a quarterly basis for the first 4 counterparties and 10 years with no moratorium at 1% interest rate on a quarterly basis for the last counterparty. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(p) The amount of N5,885,062,023 represents the outstanding balance on the on-lending facility granted to the Bank by Nigeria Mortgage Refinance Company. The facility is for a maximum period 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 31 December 2019.

(q) The amount of N26,544,252 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 31 December 2019.

(r) The amount of N76,850,820,398 (USD 210,723,390) represents the outstanding balance on the on-lending facility of USD 25mn granted to the Bank by Africa Export and Import Bank (AFREXIM) 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. In December 2019, AFREXIM disbursed a USD200mn for a period of 3 years to be paid quarterly with a 6 months moratorium with Interest also paid quarterly at 3.64% and LIBOR. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(s) The amount N18,609,362,289 (USD 51,026,494) 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 year ended 31 December 2019. From this creditor, the bank has nil undrawn balance as at 31 December 2019.

(t) The amount of N14,948,245,521 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 31 December 2019

Movement in interest bearing loans and borrowings:

In thousands of Naira

	Group December 2019	Bank December 2019
Balance as at 1 January 2018	388,416,736	363,682,447
Proceeds from interest bearing borrowings	245,332,824	223,834,913
Arising from business combination	92,240,671	92,240,671
Repayment of interest bearing borrowings	(142,101,478)	(138,295,724)
Total changes from financing cash flows	583,888,753	541,462,308
The effect of changes in foreign exchange rates	2,080,813	2,085,384
Other changes		
Interest expense	22,908,552	21,865,024
Interest paid	(22,275,286)	(21,348,484)
Balance as at 31 December 2019	**586,602,832**	**544,064,232**

	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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Recognised liability for defined benefit obligations (see note (a) below)	3,418,060	2,319,707	3,418,060	2,319,707
Liability for defined contribution obligations	190,977	16,476	-	-
	3,609,037	**2,336,183**	**3,418,060**	**2,319,707**

(a) Defined benefit obligations

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

In thousands of Naira	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Post employment benefit plan (see note (i) below)	3,418,060	2,319,707	3,418,060	2,319,707
Recognised liability	**3,418,060**	**2,319,707**	**3,418,060**	**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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Deficit on defined benefit obligations at 1 January	2,319,707	2,481,916	2,319,707	2,481,916
Charge for the year:				
-Interest costs	223,940	378,523	223,940	378,523
-Current service cost	376,120	243,070	376,120	243,070
-Benefits paid	(415,000)	(300,000)	(415,000)	(300,000)
Net actuarial gain/(loss) for the year remeasured in OCI:	-		-	
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	913,293	(497,167)	913,293	(497,167)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	13,365	-	13,365
Balance, end of year	**3,418,060**	**2,319,707**	**3,418,060**	**2,319,707**
Expense recognised in income statement:				
Current service cost	376,120	243,070	376,120	243,070
Interest on obligation	223,940	378,523	223,940	378,523
Total expense recognised in profit and loss (see Note 14)	**600,060**	**621,593**	**600,060**	**621,593**

All retired benefit obligations have been classified as non current with a closing amount of N3.42 billion for both Group and Bank

The weighted average duration of the defined benefit obligation is 7.5 years. 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 year is: N769.66m.

Risk exposure

Through its defined benefit pension plan, the group is exposed toa number of risks, 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.

December 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%	3,610,727	(192,667)
Effect of changes in assumption to the salary growth	Decrease in liability by 5.4%	3,243,830	174,230
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.1%	3,413,659	4,401

	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 5.5%	3,239,613	178,447
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	3,604,553	(186,493)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.1%	3,422,855	(4,795)

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 year) 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 year.

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.

	December 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 31 December 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 December 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 December 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 year

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

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

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

In thousands of units	Group December 2019	Group December 2018
Balance, beginning of the year	28,927,972	28,927,972
Additions through scheme of merger	6,617,254	-
Balance, end of the year	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 December 2019	Group December 2018
Balance, beginning of the year	197,974,816	197,974,816
Additions through scheme of merger	36,064,034	-
Balance, end of the year	234,038,850	197,974,816

C Retained earnings

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Retained earnings	225,118,812	155,592,892	192,378,618	148,238,575

D Other components of equity

	Group December 2019	Group December 2018	Bank December 2019	Bank December 2018
Other regulatory reserves (see i(a) below)	93,322,654	82,889,946	83,061,699	72,026,340
Share Scheme reserve	1,881,767	1,725,386	1,881,767	1,725,385
Treasury Shares	(4,795,913)	(3,401,302)	-	-
Capital Reserve	3,489,081	3,489,081	3,489,081	3,489,081
Fair value reserve	964,243	(5,622,402)	835,472	(6,601,426)
Foreign currency translation reserve	11,780,013	15,586,697	-	-
Regulatory risk reserve	18,091,941	19,942,296	9,483,000	9,483,000
	124,733,785	**114,609,702**	**98,751,020**	**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 year.

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

i(a)

	Statutory reserves December 2019	Statutory reserves December 2018	SMEEIS Reserves December 2019	SMEEIS Reserves December 2018	Total December 2019	Total 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 year	10,432,708	12,327,790	-	-	10,432,708	12,327,790
Closing	92,496,086	82,063,378	826,568	826,568	93,322,654	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 year	11,035,359	11,039,444	-	-	11,035,359	11,039,444
Closing	82,235,132	71,199,773	826,568	826,568	83,061,700	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 year 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 December 2019	Group December 2018
Access Bank, Gambia	720,721	747,780
Access Bank, Sierra Leone	52,367	52,539
Access Bank Zambia	2,139,647	2,940,887
Access Bank, Rwanda	1,110,453	1,122,910
Access Bank, Congo	3,248	945
Access Bank, Ghana	4,502,399	3,005,300
	8,528,835	**7,870,361**

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

In thousands of Naira	Group December 2019	Group December 2018
Access Bank, Gambia	17,351	37,553
Access Bank, Sierra Leone	5,044	1,019
Access Bank Zambia	152,803	308,023
Access Bank, Rwanda	63,028	142,677
Access Bank, Congo	17	147
Access Bank, Ghana	769,491	431,420
	1,007,733	**920,839**

	Group December 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 year, 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.

E Dividends

In thousands of Naira	Bank December 2019	Bank December 2018
Interim dividend paid (2019: 25k, 2018: 25k)	8,886,306	7,231,992
Final dividend declared (2019: 40k, 2018: 25k)	14,218,090	11,571,188
	23,104,397	18,803,180
Number of shares	35,545,226	28,927,972

The Directors proposed a final dividend of 40k for the year ended 31 December 2019

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. N312mn provision has been made as at 31 December 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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Contingent liabilities:				
Transaction related bonds and guarantees	477,932,817	452,083,539	451,514,549	358,862,448
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	419,584,999	307,761,666	324,529,363	205,997,841
	897,517,816	**759,845,205**	**776,043,912**	**564,860,289**

The Bank granted clean line facilities for letters of credit during the year to guarantee the performance of customers to third parties. Contractual capital commitments undertaken by the Bank during the year amounted to N311.92Mn(31 Dec 2018: N879.80Mn)

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 December 2019	Group December 2018	Bank December 2019	Bank December 2018
Cash on hand and balances with banks	431,130,868	410,551,929	321,270,808	166,871,427
Unrestricted balances with central banks	117,883,814	29,366,693	97,734,073	6,759,948
Money market placements	48,838,461	220,309,729	32,822,516	46,392,634
Investment under management	23,799,663	20,709,989	23,799,663	20,709,989
Treasury bills with original maturity of less than 90days	604,378,216	183,626,571	604,378,216	183,626,571
	1,226,031,022	**864,564,911**	**1,080,005,275**	**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 December 2019	Bank December 2019	Group December 2019	Bank December 2019
Net debt	251,251,383	251,251,383	388,416,736	363,682,447
Proceeds from interest bearing borrowings	-	-	245,332,824	223,834,913
Arising from business combination	74,270,686	74,270,686	92,240,671	92,240,671
Repayment of interest bearing borrowings	-	-	(142,101,478)	(138,295,724)
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	583,888,754	541,462,308
The effect of changes in foreign exchange rates	3,124,784	3,124,784	2,080,813	2,085,384
Other changes				
Interest expense	22,913,352	22,913,352	22,908,552	21,865,024
Interest paid	(22,364,327)	(22,364,327)	(22,275,286)	(21,348,484)
Balance	**157,987,877**	**157,987,878**	**586,602,832**	**544,064,232**

	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**

(C) Non-cash investing activities and financing activities:
The following activities as listed below are the items that have been identified as non cash investing and financing activities arising from the merger

Acquisition of Right of use assets-(see note 28 (b)
Partial settlement of a business combination through the issuance of shares (see note 44(a)i
Borrowings (see note 36)

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

S/N	Regulatory Body	Infraction
(I)	Central Bank of Nigeria	Sum of N4 million in respect of failure to comply with the Bank's manual of operations for funds transfer
(II)	Central Bank of Nigeria	Sum of N2 million in respect of failure to comply with the CBNs AML/CFT review for the period of April 2017-March 2018
(III)	Central Bank of Nigeria	Sum of N8 million in respect of failure to comply with the CBNs AML/CFT review for the period of July 2017 -June 2018
(IV)	Central Bank of Nigeria	Sum of N4 million in respect of delay in responding to customer's complaints

42 Events after reporting date

Subsequent to the end of the financial year, the Board of Directors proposed an final dividend of 40k 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. Details of these are described below:

year ended 31 December 2019	Directors and other key management personnel (and close family members)	Subsidiaries	Total
In thousands of Naira			
Balance, beginning of year	1,097,271	100,961,972	**102,059,243**
Net movement during the year	368,986	77,186,534	**77,555,519**
Balance, end of year	1,466,257	178,148,506	**179,614,763**
Interest income earned	154,593	3,848,868	**4,003,461**
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 31 December 2019 is N1.466Bn and they are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length and have an average tenor of 2 years. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge,

The loan to subsidiaries relates to a foreign interbank placements of USD526M granted during the year. It is a non-collateralised placement advanced at an average interest rate of 2% and an average tenor of 11 months. This loan has been eliminated on consolidation and does not form part of the reported Group

No impairment losses have been recorded against balances outstanding during the year 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 year end.

(b) Deposits from related parties

Year ended 31 December 2019	Directors (and close family members and related entities)	Subsidiaries	Total
In thousands of Naira			
Balance, beginning of year	3,247,003	100,710,710	**103,957,714**
Net movement during the year	528,501	11,722,907	**12,251,407**
Balance, end of year	3,775,504	112,433,617	**116,209,121**
Interest expenses on deposits	147,048	3,993,670	**4,140,719**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 9% and 11 months for directors and 6% and 4 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	Subsidiaries	Total
Borrowings at 1 January 2019	-	-
Net movement during the year	18,629,957	**18,629,957**
Borrowings at 31 December 2019	18,629,957	**18,629,957**
Interest expenses on borrowings	1,296,473	**1,296,473**

(d) Other balances and transactions with related parties

In thousands of Naira	Directors (and close family members and related entities)	Subsidiaries	Total
Cash and cash equivalent	-	178,148,506	**178,148,506**
Derivative financial instruments	-	-	-
Deposit for Investments	-	-	-
Deposit from financial institutions	-	4,169,999	**4,169,999**
Receivables	-	22,027	**22,027**
Payables	-	608,725	**608,725**
Other Liabilities	-	997,161	**997,161**
Fee and commission expense	66,362	32,762	**99,124**
Debt securities	-	669,125	**669,125**
Interest bearing borrowings	-	347,756	**347,756**
Off balance sheet exposures	-	28,263,109	**28,263,109**

(e) Key management personnel compensation for the year comprises:

Directors' remuneration

In thousands of Naira	December 2019	December 2018
Non-executive Directors		
Fees	51,875	51,875
Other emoluments:		
Allowances	421,955	375,849
	473,830	427,724

	December 2019	December 2018
Executive directors		
Short term employee's benefit	266,420	237,820
Defined contribution plan	27,840	14,364
Share based payment	68,628	39,189
Retirement benefits paid	415,000	707,744
	777,888	**999,117**

(f) Directors remuneration:

Remuneration paid to directors of the Bank (excluding pension contributions and other benefits) was as follows:

In thousands of Naira	December 2019	December 2018
Fees as Directors	51,875	51,875
Other emoluments	421,955	285,599
Wages and salaries	266,420	145,310
Allowances	135,625	90,250

The Directors remuneration show above includes

	December 2019	December 2018
Chairman	52,208	50,513
Highest paid director	85,160	85,160

The emoluments of all other directors fell within the following ranges:

	December 2019	December 2018
N13,000,001-N20,000,000	6	6
N20,000,001-N37,000,000	9	8
	15	14

44 Business Combination

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.

During the year, 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: The following intangible assets have been considered for the allocation of the goodwill arising from merger with former Diamond Bank Plc:

(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.

The purchase price allocation have not been concluded as at the time of this reporting. All transaction costs relating to the merger has been recognized under merger expense in other operating expenses (see note 15)The following intangible assets have been considered for the allocation of the goodwill arising from merger with former Diamond Bank Plc:

(a) Brand name
(b) Customer relationships
(c) Customer deposits

(a) Goodwill arising from business combination

In thousands of Naira	Group December 2019	Bank December 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 44 (b))	(2,962,304)	3,631,176
Fair value adjustment	(8,975,074)	(8,975,074)
Goodwill	**50,595,672**	**57,189,153**

(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.

The fair value of the net assets acquired include:

(b)

	Group March 2019	Fair value adjustment March 2019	Total Fair value March 2019	Bank March 2019	Fair value adjustment March 2019	Total Fair value March 2019
Assets						
Cash and balances with banks	311,585,028	-	311,585,028	311,581,376	-	311,581,376
Non pledged trading assets	20,811,592	-	20,811,592	20,811,592	-	20,811,592
Derivative financial assets	336,110	-	336,110	336,110	-	336,110
Pledged assets	107,279,524	-	107,279,524	107,204,232	-	107,204,232
Loans to banks	82,959,460	-	82,959,460	107,224,889	-	107,224,889
Loans and advances to customers	510,828,965	-	510,828,965	510,813,249	-	510,813,249
Investment securities	159,486,262	(3,568,189)	155,918,073	159,380,198	(3,568,189)	155,812,009
Investment properties	4,053,511	-	4,053,511	3,878,511	-	3,878,511
Other assets	36,519,653	-	36,519,653	36,417,649	-	36,417,649
Investment in subsidiaries	-	-	-	2,000,000	-	2,000,000
Investment in associates	98,915	-	98,915	98,915	-	98,915
Property and equipment	51,163,230	12,543,264	63,706,494	51,093,358	12,543,264	63,636,622
Intangible assets	2,375,124	-	2,375,124	2,310,365	-	2,310,365
Deferred tax assets	4,984,388	-	4,984,388	4,984,388	-	4,984,388
	1,292,481,763	**8,975,074**	**1,301,456,837**	**1,318,134,832**	**8,975,074**	**1,327,109,907**
Asset classified as held for sale and discontinued operations	48,965,253	-	48,965,253	7,976,260	-	7,976,260
Total assets	**1,341,447,016**	**8,975,074**	**1,350,422,090**	**1,326,111,092**	**8,975,074**	**1,335,086,167**
Liabilities						
Deposits from financial institutions	51,430,800	-	51,430,800	51,430,800	-	51,430,800
Deposits from customers	1,055,147,349	-	1,055,147,349	1,059,028,333	-	1,059,028,333
Derivative Liabilities	18,294	-	18,294	18,294	-	18,294
Current tax liabilities	472,844	-	472,844	327,525	-	327,525
Other liabilities	54,182,450	-	54,182,450	61,401,034	-	61,401,034
Deferred tax liabilities	13,071	-	13,071	-	-	-
Debt securities issued	74,270,686	-	74,270,686	74,270,686	-	74,270,686
Interest-bearing borrowings	92,240,671	-	92,240,671	92,240,671	-	92,240,671
	1,327,776,165	**-**	**1,327,776,165**	**1,338,717,343**	**-**	**1,338,717,343**
Liabilities classified as held for sale and discontinued operations	19,683,622			-	-	-
Total liabilities	**1,347,459,787**	**-**	**1,327,776,165**	**1,338,717,343**	**-**	**1,338,717,343**
Net assets	**(6,012,770)**	**8,975,074**	**22,645,926**	**(12,606,251)**	**8,975,074**	**(3,631,176)**

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

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

Cash and cash equivalents acquired from business combination

(i)

	Group December 2019	Bank December 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."

The Bank's gross exposure to all its directors as at 31 December 2019 is N1.95bn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,440,585,288	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee 3 Domiciliation of Rental Income
2	Sic Property and Investment	Ex Non-executive director	Mr Ortisedere Otubu	Term Loan	119,983,765	Performing	1. Legal Mortgage 2. Personal Guarantee 3. Debenture
3	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	342,586,588	Performing	Cash collateral
				Credit Card	17,240,314	Performing	Cash collateral
4	Okey Nwuke	Non-executive director	Mr Okey Nwuke	Term Loan	25,000,000	Performing	Cash collateral
				Credit Card	4,155,195	Performing	Cash collateral
	Balance, end of year				**1,949,551,149**		

46 Non-audit services

During the year, 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 2019	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.	1,500
4	Review of Operational Risk Management practices	PwC was required to assist with the review of the Bank's Operational Risk Management (ORM) practices in line with leading practice, Basel guidelines and expected regulations. The service also includes ISO 19600 training to selected staff members.	25,000
5	Data Migration	PwC was required to provide assistance by provision of secondment of resources for a duration of 3 months for Access Bank's data migration exercise	40,000

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

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 banks	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)	-	(23,453.00)
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 year	(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 year	253,091	-	253,091
Total comprehensive income for the year	**(1,363,453)**	**259,829**	**(1,103,624)**

(b) Disposal of subsidiary

	Group 31 December 2019	Bank 31 December 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**

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Value Added Statement

In thousands of Naira

	Group December 2019	%	Group December 2018	%
Gross earnings	666,690,271		253,024,189	
Interest expense				
Foreign	(51,896,854)		(14,760,897)	
Local	(161,899,034)		(63,553,557)	
	452,894,384		174,709,735	
Net impairment (loss) on financial assets	(21,660,270)		(7,644,688)	
Net impairment loss on other financial assets	1,470,877		304,482	
Bought-in-materials and services				
Foreign	(4,615,091)		(5,077,790)	
Local	(163,095,465)		(59,249,705)	
Value added	**264,994,436**		**103,042,034**	
Distribution of Value Added				
To Employees:				
Employees costs	76,964,138	29%	26,085,304	25%
To government				
Government as taxes	17,868,920	7%	6,217,565	6%
To providers of finance				
Interest on borrowings	46,944,180	18%	23,075,095	22%
Dividend to shareholders	17,772,613	7%	11,571,189	11%
Retained in business:				
For replacement of property and equipment and intangible assets	25,707,536	10%	8,038,893	8%
For replacement of equipment on lease	-	0%	-	0%
Retained profit (including Statutory and regulatory risk reserves	79,737,046	30%	28,053,989	27%
	264,994,434	**100%**	**103,042,034**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	Bank December 2019	%	Bank December 2018	%
Gross earnings	576,284,510		212,678,259	
Interest expense				
Foreign	(54,084,352)		(15,299,255)	
Local	(139,845,670)		(55,220,246)	
	382,354,490		142,158,757	
Net impairment (loss) on financial assets	-22,694,279		-7,236,191	
Net impairment loss on other financial assets	1,638,801		397,828	
Bought-in-materials and services				
Foreign	(4,615,091)		(5,077,792)	
Local	(144,982,182)		(48,940,280)	
Value added	**211,701,739**		**81,302,323**	
Distribution of Value Added				
To Employees:				
Employees costs	60,712,847	29%	18,274,247	25%
To government				
Government as taxes	9,097,722	4%	3,149,910	8%
To providers of finance				
Interest on borrowings	45,521,346	22%	23,022,521	28%
Dividend to shareholders	17,772,613	8%	11,571,189	11%
Retained in business:				
For replacement of property and equipment	21,101,674	10%	6,780,344	7%
For replacement of equipment on lease	1,699,092	1%	1,017,137	1%
Retained profit (including Statutory and regulatory risk reserves	55,796,442	26%	17,486,975	20%
	211,701,736	**100%**	**81,302,323**	**100%**

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Other financial Information
Five-year Financial Summary

Group	December 2019	December 2018	*Restated December 2017	*Restated December 2016	December 2015
	12 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	723,064,003	740,926,362	547,134,325	413,421,081	478,409,336
Investment under management	28,291,959	23,839,394	20,257,131	14,871,247	10,403,608
Non pledged trading assets	129,819,239	38,817,147	46,854,061	44,629,579	52,298,422
Pledged assets	605,555,891	554,052,956	447,114,404	314,947,502	203,715,397
Derivative financial instruments	143,520,553	128,440,342	93,419,293	156,042,984	77,905,020
Loans and advances to banks	152,825,081	142,489,543	68,114,076	45,203,002	42,733,910
Loans and advances to customers	2,911,579,708	1,993,606,233	1,995,987,627	1,809,459,172	1,365,830,831
Investment securities	1,084,604,185	501,072,480	278,167,758	229,113,772	186,223,126
Investment properties	927,000	-	-	-	-
Other assets	1,055,510,452	704,326,780	489,563,282	363,723,078	83,014,503
Property and equipment	211,214,238	103,668,719	97,114,642	84,109,052	73,329,927
Intangible assets	65,932,754	9,752,498	8,295,855	6,939,555	6,440,616
Deferred tax assets	8,807,563	922,660	740,402	1,264,813	10,845,612
Assets classified as held for sale	24,957,519	12,241,824	9,479,967	140,727	179,843
Total assets	7,146,610,142	4,954,156,938	4,102,242,823	3,483,865,564	2,591,330,151
Liabilities					
Deposits from financial institutions	1,186,356,314	994,572,845	450,196,970	167,356,583	72,914,421
Deposits from customers	4,255,837,303	2,564,908,384	2,244,879,075	2,089,197,286	1,683,244,320
Derivative financial instruments	6,885,680	5,206,001	5,332,177	30,444,501	3,077,927
Current tax liabilities	3,531,410	4,057,862	7,489,586	5,938,662	7,780,824
Other liabilities	324,333,873	246,438,951	258,166,549	115,920,249	69,355,947
Deferred tax liabilities	11,272,928	6,456,840	8,764,262	3,699,050	266,644
Debt securities issued	157,987,877	251,251,383	302,106,706	316,544,502	149,853,640
Interest-bearing borrowings	586,602,830	388,416,734	311,617,187	299,543,707	231,467,161
Retirement benefit obligations	3,609,037	2,336,183	2,495,274	3,075,453	5,567,800
Total liabilities	6,536,417,250	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	225,118,812	155,592,892	113,449,307	91,265,019	51,730,369
Other components of equity	124,733,785	114,609,701	178,399,413	142,194,725	99,732,330
Non controlling interest	8,528,833	7,870,360	6,907,515	6,247,028	3,899,966
Total equity	610,192,893	490,511,755	511,195,037	452,145,575	367,801,467
Total liabilities and Equity	7,146,610,149	4,954,156,938	4,102,242,826	3,483,865,569	2,591,330,151
Gross earnings	666,753,600	528,744,579	459,075,779	381,320,781	337,404,230
Profit before income tax	115,378,579	103,187,703	78,169,119	87,990,444	75,038,117
Profit from continuing operations	97,509,659	94,981,086	60,087,491	69,090,335	65,868,773
Profit for the year	97,509,659	94,981,086	60,087,491	69,090,335	65,868,773
Non controlling interest	1,007,734	962,845	13,090	322,322	536,233
Profit attributable to equity holders	96,501,925	94,018,240	60,074,401	68,768,013	65,332,540
Dividend paid	17,772,613	18,803,180	18,803,180	15,910,384	15,241,014
Earning per share - Basic	289k	330k	218k	249k	265k
- Adjusted	284k	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

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Other financial Information
Five-year Financial Summary

Bank	December 2019	December 2018	*Restated December 2017	*Restated December 2016	December 2015
	12 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	575,906,273	338,289,912	252,521,543	219,813,090	405,998,636
Investment under management	28,291,959	23,839,394	20,257,131	14,871,247	10,403,608
Non pledged trading assets	76,971,761	36,581,058	43,016,990	44,629,579	52,298,422
Pledged assets	605,555,891	554,052,956	440,503,327	314,947,502	200,464,624
Derivative financial instruments	143,480,073	128,133,789	92,390,219	155,772,662	77,852,349
Loans and advances to banks	164,413,001	100,993,116	101,429,001	104,006,574	60,414,721
Loans and advances to customers	2,481,623,671	1,681,761,862	1,771,282,739	1,594,562,345	1,243,215,309
Investment securities	813,706,953	258,580,286	121,537,302	161,200,642	155,994,798
Other assets	1,004,310,286	625,813,176	469,812,502	348,778,639	78,623,381
Investment properties	727,000	-	-	-	-
Investment in subsidiary	131,458,709	111,203,496	87,794,631	59,239,252	45,439,246
Property and equipment	188,634,458	88,392,543	83,676,723	71,824,472	65,900,384
Intangible assets	71,003,729	8,231,197	5,981,905	5,173,784	4,977,908
Deferred tax assets	-	-	-	-	10,180,832
Assets classified as held for sale	24,957,518	12,241,824	9,479,967	140,727	179,843
Total assets	6,311,041,283	3,968,114,608	3,499,683,981	3,094,960,515	2,411,944,061
Liabilities					
Deposits from banks	1,079,284,418	616,644,611	276,140,835	95,122,188	63,343,785
Deposits from customers	3,668,339,811	2,058,738,930	1,910,773,713	1,813,042,872	1,528,213,883
Derivative financial instruments	6,827,293	5,185,870	5,306,450	30,275,181	2,416,378
Debt securities issued	157,987,877	251,251,383	302,106,706	243,952,418	78,516,655
Current tax liabilities	1,409,436	2,939,801	4,547,920	5,004,160	6,442,311
Other liabilities	302,261,951	222,046,143	242,948,060	109,887,952	64,094,358
Retirement benefit obligations	3,418,060	2,319,707	2,481,916	3,064,597	5,567,800
Interest-bearing borrowings	544,064,226	363,682,441	282,291,141	372,179,785	302,919,987
Deferred tax liabilities	4,507,110	4,505,966	7,848,515	3,101,753	-
Total liabilities	5,768,100,182	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	192,378,618	148,238,575	115,966,230	90,980,177	49,459,102
Other components of equity	98,751,019	80,122,380	136,833,692	115,910,630	98,531,000
Total equity	542,941,099	440,799,756	465,238,725	419,329,609	360,428,904
Total liabilities and Equity	6,311,041,280	3,968,114,609	3,499,683,982	3,094,960,514	2,411,944,061
Gross earnings	576,347,839	435,743,037	398,161,576	331,000,972	302,061,975
Profit before income tax	82,666,776	75,248,146	65,140,136	78,230,565	65,177,914
Profit for the year	73,569,054	73,596,295	51,335,460	61,677,124	65,868,773
Dividend paid	17,772,613	18,803,180	18,803,180	15,910,384	13,729,777
Earning per share - Basic	217k	254k	177k	221k	174k
- Adjusted	217k	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