Access Bank Plc and subsidiary companies

Consolidated and separate financial statements for the year ended 31 December 2012

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Directors, officers and professional advisors

Directors

Mr Gbenga Oyebode	Chairman
Mr Cosmas Maduka *	Director
Mr Oritsedere Otubu	Director
Dr Mahmoud Isa-Dutse	Director
Dr Babatunde Folawiyo	Director
Mr Emmanuel Chiejina	Director
Mrs Mosunmola Belo-Olusoga	Director
Mrs Kemi Ogunmefun	Director
Mr Aigboje Aig-Imoukhuede	Group Managing Director/CEO
Mr Herbert Wigwe	Group Deputy Managing Director
Mr Taukeme Koroye	Executive Director
Mr Okey Nwuke	Executive Director
Mr Obeahon Ohiwerei	Executive Director
Mr Ebenezer Olufowose	Executive Director
Mr Victor Etuokwu **	Executive Director

* Retired with effect from 18 December 2012.
** Appointed by the Board on 26 January 2012 and approved by the Central Bank of Nigeria (CBN) on 5 April 2012.

Company Secretary

Mr Sunday Ekwochi

Corporate Head Office

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Independent Auditors

KPMG Professional Services
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos
Telephone: (01) 271 8955
Website: www.ng.kpmg.com

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 2012

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), and the Group and Bank audited financial statements and auditor's report for the financial year ended 31 December 2012

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 principal activity of the Bank continues to be the provision of money market activities, retail banking, granting of loans and advances, equipment leasing, corporate finance and foreign exchange operations.

The Bank has the following international banking subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank Zambia Limited, The Access Bank UK Limited, Intercontinental Bank (UK) Limited, Access Bank (Ghana) Limited, Access Bank Rwanda, FinBank Burundi, Access Bank Cote d'Ivoire and Access Bank (D.R. Congo).

Access Bank Plc's other non-banking subsidiaries comprise Access Finance BV. (Netherlands), Access Investment and Securities Limited (ceased trading and currently undergoing a voluntary winding up process) and Access Homes and Mortgage Limited (currenty undergoing a voluntary winding up process, following completion of the integration of its mortgage business into Access Bank's retail banking business, and transfer of its assets and liabilities to Access Bank).

On 14 October 2011, Access Bank acquired an intial 75% equity stake in Intercontinental Bank Group. The total consideration paid by the Access Bank Group for the controlling stake in Intercontinental Bank Group was N50,000,000,000. Pursuant to the acquisition, Access Bank acquired a further four banking subsidiaries, comprising Intercontinental Bank, Intercontinental Homes and Savings and its two international banking subsidiaries, Intercontinental Bank Ghana Limited and Intercontinental Bank UK. In addition, as a result of the acquisition, Access Bank also acquired equity interest in 9 domestic non banking subsidiaries namely Intercontinental Wapic Insurance, Intercontinental Homes and Savings Limited, Intercontinental Capital Markets Limited, Intercontinental Finance and Investment Limited, Intercontinental Registrars Limited, Intercontinental Trustees Limited, Intercontinental Securities Limited, Flexmore Technologies Limited and Intercontinental Properties Limited and 2 associated companies namely Blue Intercontinental Microfinance Bank and Magnate Technology and Services Limited.

In line with regulatory directives on the scope of banking operations in Nigeria, the Bank commenced the process of divesting from its non-core banking operations during the year.

Based on the plan, management has approved the winding up of Intercontinental Capital Markets Limited, Intercontinental Registrars Limited, Intercontinental Securities Limited, Intercontinental Trustees Limited and Intercontinental Finance and Investment Limited due to the operational losses these subsidiaries continue to incur, as well as the belief that, operationally, they do not fit within the Access Bank Group's strategy. Chief Olurotimi Williams, the Official Receiver has concluded his receivership duties for the subsidiaries currently been wind up and he has been discharged by the Court as at the date of this report. The loss of control in these subsidiaries have been accounted for in these financial statements (see Note9(b))

Further, Access Bank is seeking to dispose of Intercontinental WAPIC Insurance Plc and Intercontinental Properties Limited through a scheme of merger and subsequent spin off. Financial advisers have been appointed to assist with the divestment. As at the date of this report, a court sanction for the merger had been approved. The statutory approvals have also been obtained from the Securities and Exchange Commission (SEC) while an approval in principle has been obtained from the National Insurance Commission (NAICOM) pending the delivery of all approval processes of the merger.

During the year, the Bank issued 5,000,000,000 ordinary shares of 50k each to both existing shareholders of the Bank and former shareholders of Intercontinental Bank as consideration for the acquisition of Intercontinental Bank Limited.

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

Court Sanction of Merger with Intercontinental Bank Limited

On 23 January 2012, the Federal High Court, Lagos sanctioned the scheme of merger between Intercontinental Bank Limited and Access Bank Plc.

As a consequence of the sanction, all the rights, assets , liabilities and undertakings, contractual or otherwise, including real property and intellectual property of Intercontinental Bank Limited were transferred to and vested in Access Bank Plc. The entire share capital of Intercontinental Bank Limited was cancelled, and the bank was dissolved without being wound up.

Operating results

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

In thousands of Naira	Group Dec-12	Group Dec-11	Bank Dec-12	Bank Dec-11
Gross earnings	**208,308,873**	**135,635,181**	**180,725,850**	**98,518,061**
Profit before income tax	44,880,148	24,107,026	37,028,147	12,141,462
Income tax expense	(2,018,307)	(7,029,108)	(674,504)	(6,892,596)
Profit from continuing operations	42,861,841	17,077,918	36,353,643	5,248,866
Loss from discontinued operations (net of tax)	(4,457,057)	(1,699,596)	-	-
Profit for the year	38,404,784	15,378,322	36,353,643	5,248,866
Non-controlling interest	191,904	(879,093)	-	-
Profit attributable to equity holders of the Bank	38,596,688	14,499,229	36,353,643	5,248,866

In thousands of Naira	Group Dec-12	Group Dec-11	Bank Dec-12	Bank Dec-11
Earnings per share - Basic (k)	169	86	159	29
Dividend (paid):				
- Final	6,866,476	5,366,475	6,866,476	5,366,475
- Interim	5,722,063	3,577,650	5,722,063	3,577,650
Proposed dividend	13,729,751	6,866,476	13,729,751	6,866,476
Total equity	240,990,485	192,064,748	237,624,211	187,037,078
Total impaired loans and advances	34,435,872	56,229,562	23,861,019	41,713,123
Total impaired loans and advances to gross risk assets (%)	5.32%	8.99%	4.04%	8.13%

Interim dividend

The Board of Directors proposed and paid an interim dividend of 25 kobo (2011: 25 kobo) each on the issued share capital of 22,888,252,000 ordinary shares of 50k each as at 30 June 2012. Withholding tax was deducted at the time of payment.

Proposed dividend

The Board of Directors has recommended a final dividend of 60 kobo (2011: 35 kobo) for the year ended 31 December 2012 for approval at the Annual General Meeting. 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-Dec-12		31-Dec-11	
	Direct	Indirect	Direct	Indirect
G. Oyebode - Chairman	78,652,858	76,752,411	65,021,987	63,450,898
A.I Aig-Imoukhuede - Managing Director	119,231,715	629,932,456	23,458,468	520,762,512
H. O. Wigwe - Deputy Managing Director	119,231,713	629,932,455	23,458,466	520,762,512
C. M. Maduka (retired 18 December 2012)	7,602,643	403,722,434	6,285,074	333,636,388
O. S. Otubu	18,979,886	16,840,286	15,690,593	13,921,795
M. Isa-Dutse	3,136,220	-	2,636,994	-
E. Chiejina	7,080,754	-	5,853,630	-
T. Folawiyo	15,937,029	125,340,789	13,175,076	320,268,095
M. Belo-Olusoga	1,953,629	-	1,615,057	-
A. O. Ogunmefun	-	-	-	-
T. E. Koroye - Executive Director	19,912,013	-	1,439,200	-
O. Nwuke - Executive Director	33,008,427	-	5,907,440	-
O. Ohiwerei - Executive Director	30,314,074	-	10,038,540	-
E. Olufowose - Executive Director	27,887,558	-	4,157,000	-
V.O. Etuokwu (appointed 26 January 2012)	7,782,788	-	-	-

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
Mr. Gbenga Oyebode	Partner	Aluko & Oyebode	Legal services
Mr. Gbenga Oyebode	Chairman	MTN Nigeria Limited	Mobile telephone services
Mr. Gbenga Oyebode	Director	Crusader Nigeria Plc	Underwriting services
Mr. Oritsedere Otubu	Director	Staco Insurance Plc	Underwriting services
Mr. Oritsedere Otubu	Director	Senforce Insurance Brokers Ltd	Insurance brokerage services
Mr. Oritsedere Otubu	Director	Chapel Hill Denham Group	Financial services
Mr. Taukeme Koroye	Shareholder	Petrodata Management Services	Optix document management solution
Mrs. Mosunmola Belo-Olusoga	Director	The KRC Ltd.	HR and Training services
Dr Tunde Folawiyo	Director	MTN Nigeria Limited	Mobile telephone services
Dr Tunde Folawiyo	Director	Classic Insurance Brokers Limited	Insurance brokerage services
Dr. Tunde Folawiyo	Director	DTD Services Limited	Air Charter Services
Mr. Aigboje Aig-Imoukhuede	Shareholder	Marina Securities Limited	Brokerage services
Mr. Herbert Wigwe	Shareholder	Marina Securities Limited	Brokerage services
Mrs Kemi Ogunmefun	Shareholder	Loc Nominees Limited	HR and Training services

Analysis of shareholding:

The shareholding pattern of the Bank as at 31 December 2012 was as stated below:

Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
		31 December 2012		
Domestic Shareholders				
1-1,000	422,754	50	66,556,261	0.29
1,001-5,000	255,642	30	564,793,082	2.47
5,001-10,000	67,998	8	461,664,646	2.02
10,001-50,000	74,004	9	1,491,878,767	6.52
50,001- 100,000	11,146	1	808,461,642	3.53
100,001-500,000	8,137	1	1,625,653,457	7.10
500,001-1,000,000	747	0	523,562,623	2.29
1,000,001-5,000,000	676	0	1,390,945,549	6.08
5,000,001-10,000,000	112	0	780,570,123	3.41
10,000,001 and above	169	0	14,642,479,794	63.99
	841,385	100.00	22,356,565,944	97.70
Foreign Shareholders				
500,001-1,000,000	3	0.00	3,496,046	0.02
1,000,001-5,000,000	3	0.00	3,948,930	0.02
5,000,001-10,000,000	-	-	-	-
10,000,001 and above	6	0.00	518,907,988	2.27
	12	0.00	526,352,964	2.30
Total	841,397	100.00	22,882,918,908	100.00

The shareholding pattern of the Bank as at 31 December 2011 is as stated below:

Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
		30 December 2011		
Domestic Shareholders				
1-1,000	33,677	7.91	18,857,497	0.11
1,001-5,000	264,107	62.06	577,894,895	3.23
5,001-10,000	56,777	13.34	429,537,976	2.40
10,001-50,000	51,443	12.09	1,118,351,363	6.25
50,001- 100,000	11,044	2.60	743,469,921	4.16
100,001-500,000	7,106	1.67	1,346,293,291	7.53
500,001-1,000,000	645	0.15	446,305,320	2.49
1,000,001-5,000,000	552	0.13	1,098,355,440	6.14
5,000,001-10,000,000	88	0.02	617,017,671	3.45
10,000,001 and above	132	0.03	11,196,658,473	62.59
	425,571	100.00	17,592,741,847	98.35
Foreign Shareholders				
500,001-1,000,000	3	0.00	2,024,000	0.01
1,000,001-5,000,000	3	0.00	5,821,356	0.04
5,000,001-10,000,000	-	0.00	-	-
10,000,001 and above	4	0.00	287,664,275	1.61
	10	0.00	295,509,631	1.65
Total	425,581	100.00	17,888,251,478	100.00

Substantial interest in shares

According to the register of members at 31 December 2012, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	31 December 2012		31 December 2011	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	5,955,663,655	26.03%	3,475,777,401	19.43
Blakeney GP	1,476,901,385	6.45%	954,376,855	5.34

*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 N 173,229,020 (December 2011: N 182,970,000) during the year, as listed below:

Beneficiary	Purpose	Amount N'000
Gift For Africa Project	Support Of Gift For Africa Project (The Fight Against Tuberculosis Malaria)	52,166,615
Financial Reporting Council (FRC)	Donation towards FRC IFRS Academy	50,000,000
Friends Of Africa	Sponsorship Of Event (Hiv/Aid Awarenance)	16,389,449
United Nations Global Compact (UNGC)	Sponsorship Of Event (Enviromental Challenges)	12,375,000
City Of Knowledge Academy	Support Toward Libarary Facility For City Of Knowledge Academy	10,773,956
Bright Futures For African Children	Support Toward Poverty Eradication Through Education Initiative Of Bright Futures For African Children	10,000,000
Gold Sponsorship Of African Women Summit	Support For African Women Summit	8,080,000
Fate Foundation	Support Towards Fate Foundation Business Plan Competition	2,500,000
Life In My City Initiative	Support For Life In My City Initiative	2,000,000
Dreamland Foundation	Support For Dreamland Foundation	2,000,000
Special Control Unit Against Money Laundering Stakeholders	Support For Special Control Unit Against Money Laundering	1,241,000
Nigeria Business Coalition Against Aids	Support For World Aids Day Activities	1,200,000
Assocciation Of Pathologists	Support Towards Assocciation Of Pathologists	1,000,000
Business Day	Support For Business Day Conference	1,000,000
Lebanese Ladies Society	Support For Lebanese Ladies Society	1,000,000
Women Empowerment Principle Of The UN UNGC	Sponsorship Of Event	825,000
Centre for Youth Studies	Support For Centre For Youth Studies	678,000
		173,229,020

Property and equipment

Information relating to changes in property and equipment is given in Note 33 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.

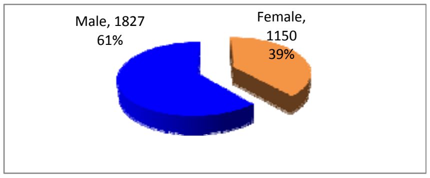
Human resources

(i) Diversity in employment

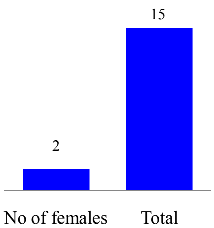
The Group operates a non-discriminatory policy in the consideration of applications for employment. The Bank's policy is that the most qualified and experienced persons are recruited for appropriate job levels, irrespective of an applicant's state of origin, ethnicity, religion, gender or physical condition.

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

(a) Composition of employees by gender



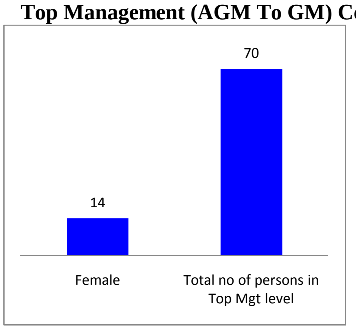
(b) Board Composition By Gender



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

Total number of women in Executive Management position	Nil
Total number of persons in Executive Management position	7

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



(e) Employment of disabled persons

In the event of any employee becoming disabled in the course of employment, the Group 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. As at 31 December 2012, the Bank had 7 staff with physical disability (31 December 2011: 5).

(ii) 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 both 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 2004 and other benefit schemes for its employees.

(iii) 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 Group and employee 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.

(iv) Statement of commitment to maintain positive work environment

The Group 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.

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 Oluwatoyin Eleoramo	-	Shareholder	Chairman
2	Mr Alashi Steven Ola (Deceased 27 April 2012)	-	Shareholder	Member
3	Mr Idaere Gogo Ogan	-	Shareholder	Member
4	Mr Oritsedere Otubu	-	Director	Member
5	Dr Cosmas Maduka (Retired 18 December 2012)	-	Director	Member
6	Mrs. Mosun Belo-Olusoga	-	Director	Member

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

Auditors

The Audtiors, KPMG Professional Services have indicated that they are not seeking reappointment as auditors in line with the requirements of section 8.2.3 of the CBN Code of Corporate Governance for Banks in Nigeria Post Consolidation mandating auditor rotation.

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary

29 January 2013

CORPORATE GOVERNANCE

Introduction

Our corporate governance report affords us the opportunity to explain to our stakeholders how our company has been governed during the year. It reports on how the Board has functioned and the workings of our systems and structures of governance.

Access Bank Plc ("Access Bank" or "the Bank") remains committed to implementing the best practice standards of corporate governance. The Bank and its subsidiaries ('the Group') function under a governance frame work that enables the Board to discharge its role of providing oversight and strategic direction in balance with its responsibility to ensure the Bank's compliance with regulatory requirements and acceptable risk.

The Bank is mindful of its obligations under the relevant codes of corporate governance such as the Central Bank of Nigeria's ('CBN') Code of Corporate Governance for Banks in Nigeria Post Consolidation ('the CBN Code'), the Securities and Exchange Commission's Code of Corporate Governance ('the SEC Code') and the requirement of the Nigeria Stock Exchange. These, in addition to its Board Charter collectively provide the basis for promoting sound corporate governance in the Bank. Our core values of excellence, leadership , innovation, empowered employees and professionalism are the bedrock upon which we continue to build our corporate behavior.

Performance evaluation

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out monthly internal reviews of compliance with CBN Code and submit our report to the CBN. Also ongoing reviews of the Bank's Compliance status with the SEC Code are carried out by the Risk Audit Unit and reported to the Board through the Risk Management Committee.

The Board has also established a system of independent annual evaluation of its own performance, that of its committees and individual directors. The evaluation is carried out annually by an independent consulting firm approved by the Board. In 2012, Accenture Limited was engaged to facilitate the Board performance evaluation. The Board is comfortable that Accenture Limited provides value-adding and objective evaluation notwithstanding its provision of strategy consulting assistance to the Group.

The result of the Board performance evaluation were presented at the Board Meeting of January 29, 2013 and confirmed that the Board continues to operate a very high level of effectiveness and efficiency. The individual director's assessment is communicated and discussed by the Chairman. The cumulative results of the performance of the Board and individual directors are considered by the Governance and Remuneration Committee as a guide in deciding eligibility for re-election.

Appointment, retirement and re-election of Directors

We subscribe to the recommendation in the SEC Code of Corporate Governance that Boards should consider the benefits of diversity including gender when making board appointments. We however believe that diversity is much more than the issue of gender, it is about ensuring that there is appropriate range of balance of skills, experience and background on the Board. The Board pursuant to the powers vested on it by the Articles of Association appointed Mrs. Anthonia Olufeyikemi Ogunmefun as a non-executive director. The Board also in January 2012 appointed Mr. Victor Etuokwu as an Executive Director in charge of Transaction Service and Information Division subject to regulatory and shareholders' approvals. Both appointments were approved by shareholders at the AGM held on April 27, 2012 and have been approved by the Central Bank of Nigeria.

On December 18, 2012, the Board pursuant to the powers vested on it by the Articles of Association appointed Dr. Ernest Ndukwe as Non-Executive Independent Director . His appointment has been approved by the Central Bank of Nigeria and will be tabled before the Shareholder at this AGM for approval as required by the Articles. Dr. Ndukwe is an Electrical/Electronics Engineer, with over 36 years' experience in the Telecommunications Industry. A former Chief Executive Officer of the Nigerian Communications Commission ("NCC") between 2000 and 2010. Dr. Ndukwe brings on board significant public and private sectors governance experience. His Board level experience dates back to 1988 when he was appointed Commercial Director at General Telecom Plc, where he later became the Managing Director. He was appointed to lead the Nigerian Communications Commission as CEO in 2000 a position he retired from in March 2010. He is a graduate of the University of Ife and an alumnus of Lagos Business School. He holds the fellowship awards of the Nigerian Society of Engineers, Nigerian Institute of Management and Nigerian Academy of Engineering. He is also on the faculty of the Lagos Business School where he heads the Centre for Infrastructure Policy, Regulation and Advancement. His appointment was effective January 18, 2013 being the date of CBN's approval.

Dr. Cosmas Maduka sequel to his completion of the maximum 12 year term as provided by the Central Bank of Nigeria Code of Corporate Governance retired from the Board in 2012.

In accordance with its 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 ('AGM'). In keeping with the requirement, Mr. Gbenga Oyebode, Dr. Mahmoud Isa-Dutse and Mrs. Mosun Belo-Olusoga will retire at this AGM and being eligible for re-election, will be standing for re-election at this AGM.

Shareholders' Meeting

Shareholders meetings are duly convened and held in line with the Bank's Articles of Association and existing statutory and regulatory regimes in an open manner, for the purpose of deliberating on issues affecting the Bank's strategic direction. This occurs through a fair and transparent process and also serves as 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, 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.

Access to Information and Resource

There is ongoing engagement between Executive Management and that the Board, and the heads of relevant strategic business units or to attend Board meeting to make presentations . The Bank's external auditors attend the Group Board, the Group Board Audit Committee and the Group Shareholders Audit Committee Meetings. The directors have unrestricted access to the Group Management and company information in addition to the resources to carry out their roles and responsibilities . This includes access to external professional advice at the Bank's expense.

Investors' Communication and Rights Protection

The Bank has a robust Investors Communication and Disclosure Policy. As provided in the policy, the Board and Management ensures that communication with the investing public about the Bank and its subsidiaries is timely , factual , broadly disseminated, accurate in accordance with all applicable legal and regulatory requirements . The Bank also has an Investors Relations Unit that deals with enquiries from shareholders. This is in addition to quarterly investors conference calls that are held to provide local, international investors and the analyst's community with up-to-date information on the Bank. The Bank's reports and other communication to shareholders and other stakeholders are in plain, readable and understandable format while its website www.accessbankplc.com is also regularly updated with both financial and non-financial information. The details of the Investors' Communication and Disclosure Policy are available at the Investor portal on the Bank's website.

The Board ensures that shareholders' statutory and general rights are protected at all times 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.

The Board

The primary obligation of the Board of Directors is to advance the prosperity of the Bank by collectively directing the Bank's affairs, whilst meeting the appropriate interests of shareholders and stakeholders. The Board is the Group's highest decision making body responsible for governance. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders which is critical to sustainable growth. In 2012, the Board approved a Governance Monitoring and Evaluation Framework for the subsidiaries to ensure that a consistent governance framework and standards are adopted by its operating entities. There is on-going monitoring of governance development in all jurisdiction to ensure compliance with local requirements.

Composition and Role

The Group has a unitary board structure. In 2012, the Board was comprised of fifteen members made up of eight non-executive directors and seven executive directors the full details of which are set out below:

S/N	Names	Designation
1	Mr. Gbenga Oyebode	Chairman
2	Dr. Cosmas Maduka	Non-Executive Director
3	Mr. Oritsedere Samuel Otubu	Non-Executive Director
4	Dr. Babatunde Folawiyo	Non-Executive Director
5	Mr. Emmanuel Chiejina	Non-Executive Director
6	Dr. Mahmoud Isa-Dutse	Non-Executive Director
7	Mrs. Mosun Belo-Olusoga	Non-Executive Director
8	Mrs. Anthonia Olufeyikemi Ogunmefun	Non-Executive Director
9	Mr. Aigboje Aig-Imoukhuede	Group Managing Director/Chief Executive Officer
10	Mr. Herbert Wigwe	Deputy Group Managing Director
11	Mr. Taukeme Edwin Koroye	Executive Director
12	Mr. Okey Nwuke	Executive Director
13	Mr. Obeahon Ohiwerei	Executive Director
14	Mr. Ebenezer Olufowose	Executive Director
15	Mr. Victor Etuokwu	Executive Director

In line with best practice, there is separation of powers between the Chairman and Group Managing Director. The Board is able to reach impartial decisions as its Non-Executive Directors are a blend of independent and non-independent directors with no shadow or alternate Directors, which ensures that independent thought, is brought to bear on decisions of the Board. 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 of banking, financial and broader entrepreneurial experiences.

The Board is responsible for ensuring the creation and delivery of sustainable value to the Bank's stakeholders through its management of the Bank's business. The Board is accountable to the shareholders and is responsible for the management of the Bank's relationship with its various stakeholders. The Board ensures that the activities of the Bank are at all times executed within the relevant regulatory framework. The board charter is comprised of a set of principles that have been adopted by the Board as a definitive statement of Corporate Governance .A sample of 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 Company secretary
- approval of major acquisitions, divestments of operating companies, disposal of capital assets or capital expenditure
- approval of terms of reference and membership of Board Committee
- setting of annual board objectives and goals
- approval of allotment of shares
- approval of remuneration of auditors and recommendation for appointment or removal of auditors
- succession planning for key positions
- approval of the group strategy, medium term and short term plans
- approval of the framework for determining the policy and specific remuneration of executive directors
- monitoring delivery of the strategy and performance against plan

- review and monitoring of 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 information and reports

Appointment Process Induction and Training of Board Members

The Board regularly reviews the Group's nomination and appointment policy to ensure its continued alignment with applicable legislation and regulations. In this regard the Board in 2012 approved the Fit and Proper Person Policy which is designed to ensure that the Bank and its subsidiary entities ('collectively called 'the Group') are managed and overseen by competent, capable and trustworthy individuals. This is achieved by ensuring that all persons who are appointed as directors are fit and proper persons to discharge both their individual and collective responsibility. In making appointment , the Board takes cognizance of the knowledge, skill and experience of a potential directors as well as other attributes considered necessary for the role. The Board also considers the need for appropriate demographic and gender representation. Candidates are subjected to a fit and proper person enquiry as required by regulations.

The Governance and Remuneration Committee is responsible for both executive and non-executive directors succession planning and recommends new appointments to the Board. When making board appointment recommendation, the Committee takes cognizance of the existing range of skills, experience, background and diversity on the Board in the context of the strategic direction of the Bank before articulating the specification for the candidate sought. We are comfortable that our Board include sufficient diversity to optimize its performance.

The Board ensures the regular training and education of board members on issues pertaining to their oversight functions. Regarding new directors, there is a personalized induction programme which includes one-on-one meeting with each of the executive directors and senior executive responsible for each of the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers Group overview and review of the strategic business units as well as Board processes and policies. A new director receives an induction pack comprising of charters, significant reports, important legislation and policies. We believe that a robust induction and continuing professional development will improve directors' performance. We ensure that directors have appropriate knowledge of the Bank and access to its operations. It is therefore mandatory for all directors to participate in periodic, relevant continuing professional developments in order to update their knowledge and skills and keep them informed of new development in the Bank's businesses and operating environment. During the year under review directors attended the training courses as shown below:

PROGRAM	COURSE PROVIDER	DATE	NUMBER OF ATTENDEES
International Directors' Program	INSEAD	April 12-14 2012	1
Credit Risk Masters Class for Non-Executive Directors	Dun and Bradstreet	April 26 2012	8
International Directors' Program	INSEAD	June 13-17 2012	1
Finance for Non-Financial Executives	Columbia Business School	June 25-29 2012	1
International Directors Programme	INSEAD	Sept. 5-8 2012, Oct.18-20 2012	1
The 2012 CBN-FITC Continuous Education Programme	CIBN/FITC	Oct 9-10, 2012	3
Bank Risk Management	Euromoney	Oct. 15-19 2012	2

Making Corporate Boards More Effective – A Corporate Governance Seminar/IFC	CIBN/FITC	Nov. 20, 2012	3
Enterprise Risk Master Class for Non-Executive Directors	Dun and Bradstreet	19-Dec-12	8

Delegation of Authority

The ultimate responsibility for the Bank's operations rests with the Board. The Board retains effective control through well-developed Committee governance structure that provides in-depth focus on Board responsibilities. The Board delegates authority to the Group Managing Director to manage the affairs of the Group within the parameters established by the Board from time to time.

The Board meets quarterly and emergency meetings are convened as may be required.. The Annual Calendar of Board and Committee meetings are approved in advance at the first meeting of the board in each financial year and all directors are expected to attend each meeting. Material decisions may be taken between meetings through written resolutions as provided for by the Bank's Articles of Association. The Annual Calendar of Board activities include 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 and where a director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such director reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. The directors are also provided with regular updates on developments in the regulatory and business environment The Board met 8 times in 2012 financial year.

Board Committees

The Board carries out its oversight function through its standing committees each of which has a charter that clearly defines its purpose, composition, and 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's four standing committees are the Board Risk Management Committee, the Board Audit Committee, the Board Governance and Remuneration Committee and the Board Credit & Finance Committee. The composition and responsibilities of the Committees are set out below:

Name	**BAC**	**BRMC**	**BCFC**	**BGRC**
Mr. Gbenga Oyebode[1]	-	-	-	-
Dr. Cosmas Maduka[1]	-	-	C	-
Mr. Oritsedere Otubu[1]	C	-	M	M
Dr. Mahmoud Isa-Dutse[1]	M	C	M	-
Mr. Emmanuel Chiejina[1]	-	M	M	C
Mrs. Kemi Ogunmefun[1]	-	M	M	M
Dr. Tunde Folawiyo[1]	-	M	M	M
Mrs. Mosunmola Belo-Olusoga[1]	M	M	M	M
Mr. Aigboje Aig- Imoukhuede[2]	-	M	M	M
Mr. Herbert Wigwe[2]	-	M	M	M
Mr. Taukeme Koroye[2]	-	-	-	-
Mr. Okey Nwuke[2]	-	-	M	-
Mr. Obeahon Ohiwerei[2]	-	-	M	-
Mr. Ebenezer Olufowose[2]	-	M	M	-
Mr. Victor Etuokwu[2]	-	-	-	-

Keys
C -Chairman of Committee
M -Member
\- -Not a member
1 -Non- Executive
2 -Executive
BAC -Board Audit Committee
BRMC -Board Risk Management Committee
BCFC -Board Credit and Finance Committee
BGRC -Board Governance and Remuneration Committee

Board Audit Committee
The Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Bank's financial statements and the financial reporting process; the independence and performance of the Bank's internal and external auditors; and the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Internal Auditor and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee.

Mr. Oritsedere Otubu chairs the Board Audit Committee. He holds bachelors and masters degrees in Finance and Accounting respectively from Houston Baptist University, United States of America. He has several years of professional experience in the financial services industry. Other members of the Committee have relevant financial management and accounting background as required by the CBN Code. The Committee met 6 times in 2012 financial year.

The key issues considered by the Committee during the year include recommendation of appointment of PricewaterhouseCoopers as external auditors, consideration of internal audit report on the Group's activities, approval of audited financial statements, approval of establishment of Subsidiaries Audit Unit, approval of Audit Plan, consideration of whistle blowing reports, amendment of the Group Internal Audit Charter and re-appointment of Akintola Williams Deloitte as Internal Audit Consultants. Committee also considered the report on Effectiveness of Governance and Control in the subsidiaries and the report on insider related credits.

Board Risk Management Committee
The Committee assists the Board in fulfilling its oversight responsibility relating to establishment of policies, standards and guidelines for 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 reviews of reports provided by management and ensures the appointment of qualified officers to manage the risk function. The Committee evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment.

The Committee is chaired by Dr. Mahmoud Isa-Dutse. He has more than 20 years working experience in the Nigerian banking industry having retired as an Executive Director, United Bank for Africa Plc in 2002. He holds a Doctorate degree in Corporate Governance from Manchester Business School. He also has Master of Business and Bachelor of Science degrees (Economics) from Wharton Business School and Ahmadu Bello University, Zaria respectively.

During the year under review the Committee engaged in strategic discussion and provided strategic oversight over the Bank's divestment from subsidiaries. The Committee also considered and recommended to the Board for approval some policies including but not limited to Investors Communication and Disclosure Policy , Litigation Provisioning Policy, Record Management Policy and Contingency Funding Plan and Investment Guidelines. The Committee continued to monitor and ensure the Group's compliance with relevant regulatory policies. The Committee met 4 times during the year.

Board Credit and Finance Committee
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 changes. The Committee oversees the administration and effectiveness of, and compliance with the Bank's credit policies through the review of processes and reports on the recommendation of the Management Credit Committee and any other means as it deems appropriate. The Committee had four quarterly meetings during the year .

The key activities of the Committee during the period include review and approval of credit facilities, review of the Credit Portfolio and the collateral for same , monitoring the implementation of credit risk management policies, approval of credit portfolio plan, and consideration of the Bank's Stress Test Results. The Committee also had a Credit Risk Master Class during the year.

Dr. Cosmas Maduka chaired the Committee. Dr. Maduka is a Trustee and Board Member of the Human Development Fund of the United Nations Development Program. An astute businessman, Dr. Maduka has contributed immensely towards the socio-economic growth and development of the nation. He is currently the President and Chairman of the Board of Directors of the Coscharis Group. Following his retirement during the year, Mrs. Mosun Belo-Olusoga became the Chairman of the Committee in line with existing succession arrangement.

Board Governance and Remuneration Committee

The Committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the Bank. Specifically, the Committee is responsible for determining and executing the processes for board appointments, recommending appropriate remuneration for directors (both executive and non-executive) and approving remuneration for all other members of staff. The Committee is responsible for reviewing and recommending the Bank's organizational structure to the Board for approval. The Committee is also responsible for reviewing the performance and effectiveness of Board of the Bank's subsidiaries on an annual basis. The Committee ensures that the Bank's human resources are maximized to support the long term success of the enterprise and to protect the welfare of all employees. The Committee met 5 times during the year.

The Committee is chaired by Mr. Emmanuel Chiejina. He is a law graduate from the University of Lagos and was called to Nigeria Bar in 1976. He worked with Elf Petroleum Nigeria Limited where he spent 27 years. He was executive director of Corporate Development and Services with responsibility for Human Resources. He retired as Deputy Managing Director in 2007. He has been in active personal business.

The key decision and initiatives of the Committee in 2012 include recommendation to the Board for approval of the winding up of the Staff Investment Trust Scheme, recommendation to Board for approval of Senior Management appointment including the appointment of two directors, review the implementation of the Non-Executive Directors Training Plan.; providing strategic oversight over the human resources integration of the Intercontinental Bank Group, recommendation of the revised Board Charter to the Board of Directors for approval, recommendation of the Subsidiary Boards Monitoring and Evaluation Framework and the Remuneration Policy and Group Fit and Proper Person Policy and Workforce Diversity Framework to the Board for approval.

Attendance at Board Committee meetings

Directors' attendances at meetings are as shown below:

		Meeting				
S/N	**NAMES OF DIRECTORS**	**BOD**	**BRMC**	**BCFC**	**BGRC**	**BAC**
	Number of meetings	8	4	4	5	6
	Attendance:					
1	Mr. Gbenga Oyebode	8	N/A	N/A	N/A	N/A
2	Dr. Cosmas Maduka	7	N/A	3	N/A	N/A
3	Dr. Mahmoud Isa-Dutse	8	3	3	N/A	5
4	Mrs. Kemi Ogunmefun	8	4	4	N/A	N/A
5	Mr. Oritsedere Otubu	8	N/A	3	4	6
6	Mr. Emmanuel Chiejina	8	4	4	5	N/A
7	Dr. Tunde Folawiyo	7	4	4	4	N/A
8	Mrs. Mosun Belo-Olusoga	8	4	4	5	6
9	Mr. Aigboje Aig-Imoukhuede	8	4	4	5	N/A
10	Mr. Herbert Wigwe	8	3	4	5	N/A
11	Mr. Taukeme Koroye	8	N/A	N/A	N/A	N/A
12	Mr. Okey Nwuke	6	N/A	4	N/A	N/A
13	Mr. Obeahon Ohiwerei	7	N/A	3	N/A	N/A
14	Mr. Ebenezer Olufowose	7	3	4	N/A	N/A
15	Mr. Victor Etuokwu*	5	N/A	N/A	N/A	N/A

Key
BOD – Board of Directors
BRMC – Board Risk Management Committee
BCFC – Board Credit and Finance Committee
BGRC – Board Governance and Remuneration Committee
BAC – Board Audit Committee

* - Appointment approved by the CBN on April 5th 2012.

Executive committee
The Executive Committee (EXCO) is made up of the Group Managing Director as Chairman, the Group Deputy Managing Director and all the Executive Directors as members. It 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 senior management staff of the Bank. The Committees are also risk driven and are set up to identify, analyze 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 also 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 confines of their respective powers.

The management committees include: Management Credit Committee, Asset and Liabilities Committee, Enterprise Risk Management Committee, Criticised Assets Committee and 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 composition of the Committee is as set out below

1 Mr Oluwatoyin Eleoramo	(Shareholder)	Chairman
2 Mr Alashi Steven Ola	(Shareholder)	Member
3 Mr Idaere Gogo Ogan	(Shareholder)	Member
4 Mr Oritsedere Otubu	(Director)	Member
5 Dr Cosmas Maduka	(Director)	Member
6 Mrs. Mosunmola Belo-Olusoga	(Director)	Member

• Mr. Alashi Stephen Ola passed on after the Annual General Meeting held on April 27, 2012. The vacancy created by his exit will be filled at the next Annual General Meeting. Dr. Cosmas Maduka ceased to be a member of the Committee following his retirement from the Board on December 18, 2012.

Succession planning
Access Bank has a Succession Planning Policy which was approved by the Board at its 112th meeting held on November 16, 2007. Succession planning is aligned to the Bank's performance management process. The policy identifies key positions, including Country Managing Director positions for all Access Bank operating entities in respect of which there will be formal succession planning. The Bank's policy provides that potential candidates for the other positions shall be identified at the beginning of each financial year by the Group Human Resources Head, based on performance and competencies.

Code of ethics

Access Bank has in place, a Code of Conduct which specifies expected behaviour of 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. The Code requires that each Bank employee shall read the Code and sign a confirmation that he has understood the content. In addition, there is an annual re-affirmation exercise. The Bank also has a Compliance Manual which provides guidelines for addressing violations/breaches and ensuring enforcement of discipline with respect to staff conduct. The Bank also has a Disciplinary Guide which provides sample offences/violations and prescribes disciplinary measures to be adopted in various cases. The Head of Human Resources is responsible for the design and implementation of the “Code of Conduct” while the Chief Compliance Officer is responsible for monitoring and ensuring compliance.

The Chief Compliance Officer issues at the commencement of each financial year, an Ethics & Compliance message to all staff within the Group. The Ethics & Compliance 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. The message admonishes employees to safeguard the franchise and advance its growth in a sustainable manner while ensuring compliance with relevant policies, laws and regulations.

Dealing in Company Securities

The Group implements a Non-Dealing Period 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 Bank’s security during closed period. The Bank has put in place a mechanism for monitoring on-going compliance with the policy.

Remuneration Statement

The Report on Directors’ remuneration is as set out in the Audited Financial Statements . The Group has established clear policy guideline for the determination and administration of compensation. In line with the policy guidelines, the Bank 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 structure including short and long term incentives motivate sustained high performance and are linked to corporate performance. It is also designed to ensure that stakeholders are able to make reasonable assessment of the Bank’s reward practices. It is the Group’s policy to comply in full with all local tax policies in the countries of operation while seeking to take opportunities of legal tax avoidance.

Operating within the guidelines set by the principles above; compensation for country staff will be approved by the Board of Directors of each subsidiary based on the conditions in the local economic environment as well as the requirements of local labor laws. Each subsidiary will therefore be required to conduct annual compensation surveys or obtain compensation statistics in their local markets to arrive at specific compensation structures for the local market. 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 amount include pay level for each skill sets which may be influenced by relative dearth of skill in a particular area.

The Bank complies fully with the Pension Reform Act on the provision of retirement benefit with all employees at all levels. Based on the approval of shareholders, the Bank is currently in the process of establishing an Employee Performance Share Plan for the award of the units of the Bank’s shares to its employees subject to terms and conditions as the Board of Directors may determine from time to time.

The Bank's long term incentive programme rewards executive officers for loyal service to the Bank for a period up to 10 years . This is to ensure that executives share in the Bank's success and focus on the Bank's long term success. The justification for a long term incentive plan for senior and executive management is very compelling given recent industry developments. The stability, loyalty and commitment of senior and executive management need to be strengthened by a long term retirement benefit. The Bank in addition to the statutory pension arrangement has put in place a Long Term Incentive Plan for senior and executive management.

Whistle Blowing Procedure

Access Bank has a whistle-blowing policy which provides the procedure for reporting suspected breaches of the Bank's internal policies, laws and regulations. There is a special e-mail address and telephone hotline dedicated for whistle blowing.

The Bank's website also provides an avenue for lodging whistleblower reports. Individuals interested in whistle blowing may click on the Customer Service link on the Bank's website, scroll down to the whistleblower column, and then register anonymously or otherwise, any allegations they want the Bank to investigate.

The Bank's Chief Compliance Officer (CCO) is responsible for monitoring and reporting on whistle blowing. Quarterly reports are rendered to the Board Audit Committee.

The Company Secretary

The company secretary has the primary duty of assisting the Board and management in developing and implementing good corporate governance standard. He ensures that there is timely and appropriate information dissemination within and to the Board. He is responsible for designing and implementing the induction programme for new directors and also the director's annual training curriculum.

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.

Statement of Compliance

The Bank is a public limited liability company and therefore subject to the jurisdiction of , and have complied with the relevant provisions of the Nigerian Securities Exchange Commission (SEC) as well as the CBN Codes of Corporate Governance. In the event of any conflict between the provisions of the two codes regarding any matter, the Bank will defer to the provisions of the CBN Code as its primary regulator.

Regarding the minimum number of independent directors, the Bank complied with the SEC Code which required a minimum of one independent director but not yet in compliance with the CBN Code that requires at least two independent directors.

CUSTOMER COMPLAINTS AND FEEDBACK

Introduction

Access Bank is fully committed to its core value of **'passion for customers'**. The Bank prides itself in providing excellent customer services at all times. At the same time, given the number and complexities of financial transactions that are processed, 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 the Bank's 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
- Contacts through the Bank's website
- Customer service desks in over 300 branches and toll-free telephone in the banking halls in key branches.
- Correspondence from customers

Complaints handling

We handle customer complaints with sensitivity and in due regard to 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.

Complaints tracking and reporting

The Bank diligently tracks complaint information for continuous improvement of the Bank's 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 occurence. 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 of Nigeria as required.

Customer complaints resolution

A summary of customer complaints resolution for the year is provided below:

	2012			2011	
	Total	% of Total		Total	% of Total
No. of Complaints Resolved	14,144	98.60%		10,473	99.00%
No of Outstanding Complaints as at 31 December 2012	201	1.40%		101	1.00%
No. of Complaints Received	**14,345**	**100.00%**		**10,574**	**100.00%**
No of Complaints aged more than 7 days as at 31 December 2012	96	0.67%		20	0.20%

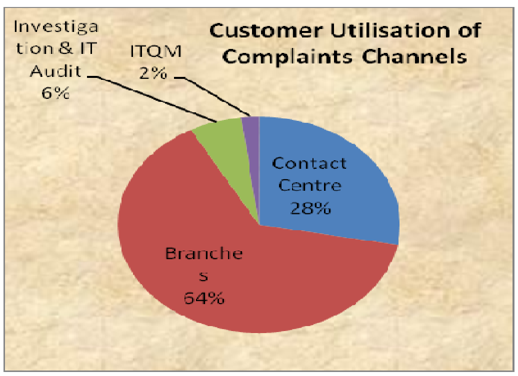
Customer complaints resolution

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
NO OF COMPLAINTS RECEIVED	400	305	769	1,489	736	898	1033	990	1025	933	791	634
NO OF COMPLAINTS RESOLVED	276	222	422	768	490	647	820	739	811	713	606	454
NO OF COMPLAINTS UNRESOLVED BUT REPORTED TO CBN	124	83	347	721	246	251	213	251	214	220	185	180
AMOUNT IN DISPUTE (N'000)	9,193,065	97,319	100,413	1,936,544	317,848	158,357	947,303	3,839,972	1,112,805	1,368,246	55,092,145	331,076
AMOUNT IN DISPUTE ($'000)	13.5	10	21.6	0.3	-	-	5.80	177.76	9.00	239.13	35.00	28.58
AMOUNT IN DISPUTE (£'000)	-	-	-	-	-	16.32	2.98	-	23.79	6.09	0.01	-
AMOUNT IN DISPUTE (€'000)	-	-	-	-	-	-	1.30	0.90	7.50	15.20	-	-

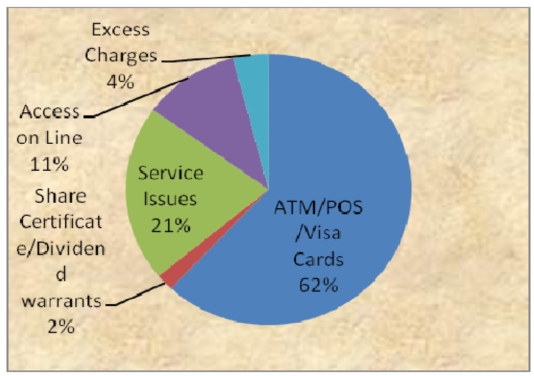
In 2012, total complaints increased by 36% mainly due to increase in the size of operations after the business combination with Intercontinental Bank. 98.6% of the complaints received were resolved as at December 31, 2012.

62% of complaints received during the year relate to ATM/card issues while 21% relate to service issues. The Bank has continued to promote customer awareness on ATM Card/PIN related issues

Customer utilization of complaints channels



Nature of complaints



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)

The various feedback efforts are coordinated by our Innovation and Total Quality Management (ITQM) department. The feedbacks obtained are reviewed and lessons learnt are used for service improvement across the Bank.

Statement of directors' responsibilities in relation to the financial statements for the year ended 31 December 2012

The Directors accept responsibility for the preparation of the annual financial statements set out on pages 25 to 172 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Director
Mr. Aigboje Aig-Imoukhuede
29 January 2013

Director
Mr. Herbert Wigwe
29 January 2013

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 2012 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 2012 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 N82,577,604,463 (December 2011: N90,005,622,784) was outstanding as at 31 December 2012 which was neither past due nor impaired as at 31 December 2012 (see Note 53).
- 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 final audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Eleoramo O

Mr Oluwatoyin Eleoramo
Chairman, Audit Committee
29 January 2013

Members of the Audit Committee are:

1	Mr Oluwatoyin Eleoramo	Shareholder	Chairman
2	Mr Idaere Gogo Ogan	Shareholder	Member
3	Mr Oritsedere Otubu	Director	Member
4	Mrs. Mosunmola Belo-Olusoga	Director	Member

In attendance:
Sunday Ekwochi – Secretary

KPMG

KPMG Professional Services
22a Gerrard Road, Ikoyi
PMB 40014, Falomo
Lagos, Nigeria

Telephone 234 (1) 271 8955
234 (1) 271 8599
Fax 234 (1) 462 0704
Internet www.ng.kpmg.com

Independent Auditor's Report

To the members of Access Bank Plc

We have audited the accompanying financial statements of Access Bank Plc ("the Bank") and its subsidiary companies (together "the Group"), which comprise the statements of financial position as at December 31, 2012, and the statements of comprehensive income, statements of changes in equity, statements of cash flows and a summary of significant accounting policies and other explanatory information, as set out on pages 25 to 170.

Directors' responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of Access Bank Plc ("the Bank") and its subsidiaries (together "the Group") as at December 31, 2012, and of the Group and Bank's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

KPMG

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act of Nigeria and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalties in respect of contraventions of the Banks and Other Financial Institutions Act during the year ended 31 December 2012. Details of these contraventions and penalties paid are as disclosed in Note 52 to the financial statements.

ii. Related party transactions and balances are disclosed in Note 53 of the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

KPMG

12 March 2013
Lagos, Nigeria
FRC/2012/ICAN/00000000428

Consolidated statement of financial position
As at 31 December 2012

In thousands of Naira	*Notes*	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Assets					
Cash and cash equivalents	8, 21	296,184,966	191,518,474	176,228,932	98,255,964
Non pledged trading assets	8, 22	27,906,803	10,812,122	3,769,260	5,787,534
Pledged assets	8, 23	60,949,856	66,191,144	60,949,856	66,191,144
Derivative financial instruments	8, 24	30,949	9,909	-	-
Loans and advances to banks	6, 8, 25	4,564,943	775,765	3,054,520	775,765
Loans and advances to customers	6, 8, 26	604,073,399	576,228,507	554,592,199	490,877,501
Insurance receivables	8, 27	627,337	1,405,000	-	-
Investments in equity accounted investee	28	2,548,828	2,812,805	1,980,808	-
Investment in subsidiary	29	-	-	43,209,688	80,400,287
Investment securities	6, 8, 30	447,281,811	561,733,704	420,346,295	127,420,035
Trading properties	31	2,693,227	6,688,000	-	-
Investment properties	32	14,360,567	16,097,044	14,072,673	12,417,043
Property and equipment	33	64,565,889	67,647,817	58,938,450	17,042,268
Intangible assets	34	3,404,945	3,277,608	2,339,510	1,146,412
Deferred tax assets	35	8,113,973	2,930,928	7,007,387	-
Other assets	36	177,042,627	120,874,368	169,264,885	49,068,144
Assets classified as held for sale	11	30,827,257	-	-	-
Total assets		1,745,177,377	1,629,003,195	1,515,754,463	949,382,097
Liabilities					
Deposits from banks	8, 37	105,170,552	146,808,286	24,590,053	143,073,663
Deposits from customers	8, 38	1,201,481,996	1,101,703,921	1,093,979,220	522,922,292
Derivative financial instruments	8, 24	35,515	9,413	-	-
Debt securities issued	39	54,685,891	-	-	-
Retirement benefit obligations	40	2,487,589	1,876,578	2,485,093	1,149,578
Current tax liabilities		8,937,964	9,747,004	7,686,568	2,084,899
Other liabilities	41	58,418,260	140,772,972	50,246,164	61,029,366
Claims payable	8, 42	118,226	450,000	-	-
Liabilities on investment contracts	8, 43	65,591	61,000	-	-
Liabilities on insurance contracts	44	3,351,234	2,703,000	-	-
Interest-bearing loans and borrowings	8, 45	40,092,312	29,258,273	95,594,904	29,243,818
Deferred tax liabilities	35	-	-	-	2,841,403
Contingent settlement provisions	46	3,548,250	3,548,000	3,548,250	-
Liabilities classified as held for sale	11	25,793,512	-	-	-
Total liabilities		1,504,186,892	1,436,938,447	1,278,130,252	762,345,019
Equity					
Share capital and share premium	47	176,628,255	155,104,963	176,628,255	155,104,963
Retained earnings	47	17,764,295	(6,744,577)	18,880,711	3,376,997
Other components of equity	47	38,498,341	20,649,521	42,115,245	28,555,118
Total equity attributable to owners of the Bank		**232,890,891**	**169,009,907**	**237,624,211**	**187,037,078**
Non controlling interest	47	8,099,594	23,054,841	-	-
		240,990,485	**192,064,748**	**237,624,211**	**187,037,078**
Total liabilities and equity		**1,745,177,377**	**1,629,003,195**	**1,515,754,463**	**949,382,097**

Signed on behalf of the Board of Directors on 29 January 2013 by:

Director
Aigboje Aig-Imoukhuede

Director
Herbert Wigwe

Additionally certified by:

Chief Financial Officer
Oluseyi Kumapayi

The notes on pages 32 to 170 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended 31 December

In thousands of Naira	*Notes*	Group December 2012	Group December 2011 (Restated)	Bank December 2012	Bank December 2011 (Restated)
Gross Earnings		**208,308,873**	**135,635,181**	**180,725,850**	**98,518,061**
Continuing operations					
Interest income	12	161,437,286	106,221,335	144,421,360	78,190,414
Interest expense	12	(65,059,458)	(36,474,233)	(59,424,878)	(27,444,955)
Net interest income		96,377,828	69,747,102	84,996,482	50,745,459
Fee and commission income	13	28,734,285	22,330,793	23,122,939	15,626,528
Fee and commission expense		(605,835)	-	-	-
Net fee and commission income		28,128,450	22,330,793	23,122,939	15,626,528
Net trading income	14	7,544,853	2,269,130	5,456,134	3,635,611
Other operating income	15	9,577,913	4,156,923	7,725,417	1,065,508
		17,122,766	6,426,053	13,181,551	4,701,119
Underwriting profit		1,014,536	657,000	-	-
		1,014,536	657,000	-	-
Operating income		**142,643,580**	**99,160,948**	**121,300,972**	**71,073,106**
Net impairment loss on financial assets	16	(10,790,651)	(9,063,937)	(11,616,078)	(19,155,497)
Impairment charge on goodwill	34	-	(380,990)	-	-
Net operating income after net impairment loss on financial assets		**131,852,929**	**89,716,021**	**109,684,894**	**51,917,609**
Personnel expenses	17	(33,683,156)	(21,983,972)	(27,643,575)	(13,619,532)
Operating lease expenses		(2,055,779)	(1,914,211)	(1,384,837)	(872,764)
Depreciation and amortization	33 34	(11,021,511)	(6,254,155)	(9,678,299)	(4,247,587)
Other operating expenses	18	(40,756,904)	(35,446,657)	(33,950,036)	(21,036,264)
Total expenses		(87,517,350)	(65,598,995)	(72,656,747)	(39,776,147)
Share of profit/(loss) of equity accounted investee	28	544,569	(10,000)	-	-
Profit before income tax		**44,880,148**	**24,107,026**	**37,028,147**	**12,141,462**
Income tax expense	19	(2,018,307)	(7,029,108)	(674,504)	(6,892,596)
Profit from continuing operations		**42,861,841**	**17,077,918**	**36,353,643**	**5,248,866**
Discontinued operations					
Loss from discontinued operations (net of tax)	10	(4,457,057)	(1,699,596)	-	-
Profit for the year		**38,404,784**	**15,378,322**	**36,353,643**	**5,248,866**
Other comprehensive income net of income tax:					
Foreign currency translation differences for foreign operations		1,387,577	(108,232)	-	-
Fair value (loss)/gain on available-for-sale investments recognised in equity		(4,659,189)	(1,273,241)	(4,755,960)	5,290,124
Fair value gains on property and equipment		(68,549)	15,509	-	-
Other comprehensive (loss)/gain for the year, net of tax		**(3,340,161)**	**(1,365,964)**	**(4,755,960)**	**5,290,124**
Total comprehensive income for the year		**35,064,623**	**14,012,358**	**31,597,683**	**10,538,990**
Profit attributable to:					
Owners of the Bank		38,596,688	14,499,229	36,353,643	5,248,866
Non-controlling interest		(191,904)	879,093	-	-
Profit for the year		**38,404,784**	**15,378,322**	**36,353,643**	**5,248,866**
Total comprehensive income attributable to:					
Owners of the Bank		35,304,108	13,133,265	31,597,683	10,538,990
Non-controlling interest		(239,485)	879,093	-	-
Total comprehensive income for the year		**35,064,623**	**14,012,358**	**31,597,683**	**10,538,990**
Earnings per share					
Basic earnings per share(kobo)	20	169	86	159	29
Earnings per share - continuing operations					
Basic earnings per share(kobo)	20	187	95	159	29

The notes on pages 32 to 170 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2012

In thousands of Naira **Group**	Attributable to the equity holders of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at 1 January 2012	**8,944,126**	**146,160,837**	**4,153,575**	**19,276,823**	**(5,048,872)**	**3,489,080**	**(1,872,471)**	**586,000**	**65,385**	**(6,744,577)**	**169,009,906**	**23,054,841**	**192,064,747**
Total comprehensive income for the year:													
Profit for the year	-	-	-	6,957,029	-	-	-	-	-	31,639,659	**38,596,688**	(191,904)	38,404,784
Other comprehensive income, net of tax													-
Foreign currency translation difference	-	-	-	-	-	-	-	-	1,387,577	-	**1,387,577**	-	1,387,577
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	(4,659,189)	-	-	-	**(4,659,189)**	-	(4,659,189)
Net change on revaluation of property and equipment	-	-	-	-	-	-	(68,549)	-	-	-	**(68,549)**	-	(68,549)
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(4,727,738)**	**-**	**1,387,577**	**-**	**(3,340,161)**	**-**	**(3,340,161)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**6,957,029**	**-**	**-**	**(4,727,738)**	**-**	**1,387,577**	**31,639,659**	**35,256,527**	**(191,904)**	**35,064,623**
Transactions with equity holders, recorded directly in equity:													
Transfers during the year	-	-	2,808,344	-	-	-	-	-	-	(2,808,344)	**-**	-	-
New issue of shares	622,334	20,900,958	-	-	-	-	-	-	-	-	**21,523,292**	(21,523,292)	-
Scheme shares to exisiting shareholders	1,875,000	(1,875,000)									**-**	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	64,437	-	(64,437)	**-**	-	-
Reclassification	-	-	-	-	-	-	6,563,365	-	-	-	**6,563,365**	-	6,563,365
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	5,679,732	5,679,732
Loss of control due to liquidation of subsidiaries	-	-	-	(153,137)	-	-	(99,928)	-	-	8,330,533	**8,077,468**	1,080,217	9,157,685
Disposal of own shares	-	-	-	-	5,048,872	-	-	-	-	-	**5,048,872**	-	5,048,872
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(12,588,539)	**(12,588,539)**	-	(12,588,539)
Total contributions by and distributions to equity holders	**2,497,334**	**19,025,958**	**2,808,344**	**(153,137)**	**5,048,872**	**-**	**6,463,437**	**64,437**	**-**	**(7,130,787)**	**28,624,458**	**(14,763,343)**	**13,861,115**
Balance at 31 December 2012	**11,441,460**	**165,186,795**	**6,961,919**	**26,080,715**	**-**	**3,489,080**	**(136,772)**	**650,437**	**1,452,962**	**17,764,295**	**232,890,891**	**8,099,594**	**240,990,485**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2011

In thousands of Naira
Group

	Attributable to the equity holders of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Treasury Shares**	**Capital Reserve**	**Fair value reserve**	**Contingency reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non controlling interest**	**Total Equity**
Balance at 1 January 2011	**8,944,126**	**146,160,837**	**5,147,247**	**17,227,756**	**(5,652,507)**	**3,489,080**	**(614,739)**	**-**	**32,618**	**(10,785,618)**	**163,948,800**	**699,332**	**164,648,132**
Total comprehensive income for the year:													
Profit for the year	-	-	-	2,049,067	-	-	-	-	-	12,450,162	**14,499,229**	879,093	15,378,322
											-		-
Other comprehensive income, net of tax											**-**		-
Foreign currency translation difference	-	-	-	-	-	-	-	-	(108,232)	-	**(108,232)**	-	(108,232)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	(1,273,241)	-	-	-	**(1,273,241)**	-	(1,273,241)
Net change on revaluation of property and equipment	-	-	-	-	-	-	15,509	-	-	-	**15,509**	-	15,509
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(1,257,732)**	**-**	**(108,232)**	**-**	**(1,365,964)**	**-**	**(1,365,964)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**2,049,067**	**-**	**-**	**(1,257,732)**	**-**	**(108,232)**	**12,450,162**	**13,133,265**	**879,093**	**14,012,358**
Transactions with equity holders, recorded directly in equity:													
Business combination	-	-	-	-	-	-	-	-	140,999	-	**140,999**	-	140,999
Transfers for the year	-	-	(993,672)	-	-	-	-	-	-	993,672	-	(36,675)	(36,675)
Integration of subsidiary										-	-		-
New issue from convertible debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Newly acquired subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	586,000	-	(586,000)	-	-	-
Capital paid by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	21,313,522	21,313,522
Translation reserve	-	-	-	-	-	-	-	-	-	-	-	9,803	9,803
Reversal of prior year losses in associate	-	-	-	-	-	-	-	-	-	-	-	-	-
Dilution in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	189,766	189,766
Acquisition/disposal of own shares	-	-	-	-	603,635	-	-	-	-	-	**603,635**	-	603,635
Dividend to equity holders	-	-	-	-	-	-	-	-	-	(8,944,117)	**(8,944,117)**	-	(8,944,117)
Dividend on own share adjusted	-	-	-	-	-	-	-	-	-	127,324	**127,324**	-	127,324
Total contributions by and distributions to equity holders	**-**	**-**	**(993,672)**	**-**	**603,635**	**-**	**-**	**586,000**	**140,999**	**(8,409,121)**	**(8,072,159)**	**21,476,416**	**13,404,257**
Balance at 31 December 2011	**8,944,126**	**146,160,837**	**4,153,575**	**19,276,823**	**(5,048,872)**	**3,489,080**	**(1,872,471)**	**586,000**	**65,385**	**(6,744,577)**	**169,009,906**	**23,054,841**	**192,064,747**

Consolidated statement of changes in equity
For the year ended 31 December 2012

In thousands of Naira

Bank	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Capital Reserve**	**Merger reserve**	**Fair value reserve**	**Retained earnings**	**Total Equity**
Balance at 1 January 2012	**8,944,126**	**146,160,837**	**1,259,944**	**19,182,446**	**3,489,080**	**-**	**4,623,657**	**3,376,997**	**187,037,087**
Total comprehensive income for the year:									
Profit for the year	-	-	-	5,453,046	-	-	-	30,900,597	**36,353,643**
									-
Other comprehensive income, net of tax									**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	(4,755,960)	-	**(4,755,960)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(4,755,960)**	**-**	**(4,755,960)**
Total comprehensive income	**-**	**-**	**-**	**5,453,046**	**-**	**-**	**(4,755,960)**	**30,900,597**	**31,597,683**
Transactions with equity holders, recorded directly in equity:									
Business combination	-	-	-	-	-	10,054,688	-	-	**10,054,688**
Transfers for the year	-	-	2,808,344	-	-	-	-	(2,808,344)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(12,588,539)	**(12,588,539)**
New issue of shares	622,334	20,900,958	-	-	-	-	-	-	**21,523,292**
Scheme shares to existing shareholders	1,875,000	(1,875,000)	-	-	-	-	-	-	-
Total contributions by and distributions to equity holders	**2,497,334**	**19,025,958**	**2,808,344**	**-**	**-**	**10,054,688**	**-**	**(15,396,883)**	**18,989,441**
Balance at 31 December 2012	**11,441,460**	**165,186,795**	**4,068,288**	**24,635,492**	**3,489,080**	**10,054,688**	**(132,303)**	**18,880,711**	**237,624,211**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2011

In thousands of Naira

Bank	**Share capital**	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Capital Reserve**	**Merger reserve**	**Fair value reserve**	**Retained earnings**	**Total Equity**
Balance at 1 January 2011	**8,944,126**	**146,160,837**	**5,083,323**	**17,133,379**	**3,489,080**	**-**	**(666,467)**	**1,697,750**	**181,842,028**
Total comprehensive income for the year:									
Profit /(loss) for the year	-	-	-	2,049,067	-	-	-	3,199,799	**5,248,866**
									-
Other comprehensive income, net of tax									**-**
Foreign currency translation difference	-	-	-	-	-	-	-	-	**-**
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	5,290,124	-	**5,290,124**
Net change on revaluation of property and equipment	-	-	-	-	-	-	-	-	-
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**5,290,124**	**-**	**5,290,124**
Total comprehensive (loss)/income	**-**	**-**	**-**	**2,049,067**	**-**	**-**	**5,290,124**	**3,199,799**	**10,538,990**
Transactions with equity holders, recorded directly in equity:									
Business combination	-	-	-	-	-	-	-	-	-
Transfers during the year			(3,823,379)					3,823,379	
Integration of subsidiary	-	-	-	-	-	-	-	22,536	**22,536**
Dividend to equity holders	-	-	-	-	-	-	-	(5,366,467)	**(5,366,467)**
Total contributions by and distributions to equity holders	**-**	**-**	**(3,823,379)**	**-**	**-**	**-**	**-**	**(1,520,552)**	**(5,343,931)**
Balance at 31 December 2011	**8,944,126**	**146,160,837**	**1,259,944**	**19,182,446**	**3,489,080**	**-**	**4,623,657**	**3,376,997**	**187,037,087**

Consolidated statement of cash flows

For the year ended 31 December		Group	Group	Bank	Bank
		December	December	December	December
In thousands of Naira	*Notes*	2012	2011	2012	2011
Cash flows from operating activities					
Profit for the period		38,404,784	15,378,322	36,353,643	5,248,866
Adjustments for:					
Depreciation of property and equipment	33	10,192,675	5,972,390	8,690,580	3,912,874
Amortization of intangible assets	34	1,335,149	622,308	987,718	343,110
Gain on disposal of property and equipment	15	(59,197)	(482,058)	(32,808)	(146,369)
Profit on disposal of trading properties	31	(18,843)	(951,000)	-	356,350
Reversal of impairment loss on investment property		-	(211,543)	-	(211,544)
Loss on disposal of investment properties		-	193,674	-	193,674
Other staff costs	17	1,369,186	-	1,369,186	-
Impairment on financial assets	16	10,790,651	9,063,937	11,616,078	13,662,910
Impairment of goodwill		-	380,990	-	-
Additional gratuity provision	17	1,152,061	-	1,152,061	1,101,891
Contribution to defined contribution plans	17	574,428	-	366,603	-
Profit on disposal of subsidiaries		-	-	-	(442,801)
Loss of control due to liquidation of subsidiaries	18	274,835	-	-	-
Profit on disposal of equity investment		(1,190,000)	-	(1,190,000)	-
Profit on disposal of associates		(450,000)	-	(450,008)	-
Loss on disposal of AMCON bonds investments		7,417,651	-	7,417,651	-
Property and equipment written off		550,571	1,915,833	236,668	29,940
Share of profit of equity accounted investee		(544,569)	10,000	-	-
Interest paid on borrowings and finance lease	12	4,095,028	104,220	-	-
Dividend received	15	(1,684,579)	(889,352)	(1,643,081)	(292,352)
Income tax expense	19	2,018,307	7,099,020	674,504	2,356,314
		74,228,138	38,206,741	65,548,795	26,112,863
Change in non-pledged trading assets		(17,463,256)	15,307,633	2,981,274	(1,230,268)
Change in pledged assets		5,241,288	189,721,941	5,241,290	-
Change in derivative financial instruments-assets		(42,349)	1,100,894	-	-
Change in loans and advances to banks and customers		(48,108,093)	40,289,073	(45,670,356)	(77,302,275)
Change in insurance receivables		(180,326)	(1,397,000)	-	-
Change in other assets		(56,045,289)	30,661,532	(53,315,539)	(54,959,589)
Change in deposits from banks		(25,862,193)	(259,387,621)	(121,083,609)	86,288,120
Change in interest bearing loans and advances		14,920,861	6,497,923	58,830,089	6,458,136
Change in derivative financial instrument-liabilities		76,414	(715,594)	-	-
Change in deposits from customers		99,778,075	36,211,331	120,872,928	81,852,437
Change in claims payable		(331,774)	92,000	-	-
Change in liabilities on investment contracts		4,591	(672,000)	-	-
Change in liabilities on insurance contracts		648,234	(219,000)	-	-
Change in retirement benefit obligations		(1,115,478)		(783,149)	-
Change in other liabilities		(75,706,621)	29,430,172	(69,428,488)	40,360,098
		(29,957,778)	125,128,025	(36,806,765)	107,579,522
Income tax paid		(7,652,116)	(4,579,351)	(4,849,638)	(2,984,248)
Net cash (used in)/provided by operating activities		(37,609,894)	120,548,674	(41,656,403)	104,595,274

Consolidated statement of cash flows (continued)

For the year ended 31 December *In thousands of Naira*	***Notes***	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Cash flows from investing activities					
Net sale/(purchase) of investment securities	30	12,373,243	(77,704,614)	(29,055,660)	(39,896,920)
Dividend received		1,684,579	889,352	1,643,081	292,352
Acquisition of property and equipment	33	(12,068,916)	(4,533,213)	(10,482,823)	(2,237,250)
Proceeds from the sale of property and equipment		1,006,357	1,748,306	246,996	1,049,428
Acquisition of intangible assets	34	(1,971,261)	(484,227)	(1,422,816)	(349,222)
Acquisition of investment properties	32	(1,799,293)	(1,163,815)	-	(29,815)
Proceeds from disposal of investment properties	32	2,297,956	853,718	54,690	573,718
Proceeds on disposal of trading properties	31	2,620,494	2,276,000	-	-
Acquisition of trading properties	31	(1,318,679)	(1,135,000)	-	-
Proceeds from sale of equity investments		1,200,000	-	1,200,000	-
Proceeds from sale of AMCON bonds investments		88,050,442	-	88,050,442	-
Acquisition of subsidiaries		-	-	-	(54,675,325)
Cash acquired from subsidiary		-	35,353,000	81,984,000	-
Cash lost on loss of control of subsidiaries		(536,675)			
Net cash provided by/(used in) investing activities		91,538,247	(43,900,493)	132,217,910	(95,273,034)
Cash flows from financing activities					
Interest paid on long term borrowings		(4,095,028)	(104,220)	-	-
Dividends paid to owners	46	(12,588,539)	(8,944,117)	(12,588,539)	(8,944,117)
Debt securities issued	45	54,685,891	-	-	
Net cash provided by/(used in) financing activities		38,002,324	(9,048,337)	(12,588,539)	(8,944,117)
Net increase/(decrease) in cash and cash equivalents		91,930,677	67,599,844	77,972,968	378,123
Cash and cash equivalents at beginning of year		191,518,474	123,957,778	98,255,964	97,877,841
Cash and cash equivalents of assets held for sale		13,122,271	-	-	-
Effect of exchange rate fluctuations on cash held		(386,456)	(39,148)	-	-
Cash and cash equivalents at end of year	21	296,184,966	191,518,474	176,228,932	98,255,964

The notes on pages 32 to 170 are an integral part of these consolidated financial statements.

1. Reporting entity

Access Bank Plc ("the Bank") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 999c, Danmole Street, off Adeola Odeku/Idejo Street, Victoria Island, Lagos (formerly Plot 1665, Oyin Jolayemi, Victoria Island, Lagos). The consolidated financial statements of the Bank for the year ended 31 December 2012 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.

2. 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 (IFRSs) issued by the International Accounting Standards Board (IASB).

(i) The IFRS Road Map for Nigeria approved by the Federal Executive Council requires all significant public interest entities to prepare financial statements in compliance with the IFRS effective 1 January 2012. The Bank had previously prepared and published IFRS compliant financial statements in addition to the financial statements issued under the previous Statements of Accounting Standards applicable in Nigeria. Consequently the Bank qualifies as an early adopter under the exemption provision of IFRS 1- First time adoption.

(ii) These financial statements were authorised for issue by the Board of Directors on 29 January 2013

3. Basis of preparation

(a) Functional and presentation currency

These consolidated and separate financial statements are presented in Naira, which is the Bank's functional 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.
- available-for-sale financial assets are measured at fair value.
- investment property is measured at fair value.
- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses as explained in Note 4(y)v.
- Non-current assets held for sale measured at fair value

(c) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, 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 period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future

Information about significant areas of estimation uncertainties and critical judgements 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 5.

(d) Changes in accounting estimates

(i) Review of useful life of certain classes of property and equipment

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

During the year, the estimated useful life of certain classes of property and equipment were revised to better reflect the consumption pattern of the assets. The following table summarises the adjustments made to the statement of financial position on implementation of the change in accounting estimates.

In thousands of Naira	**Group December 2012**	**Bank December 2012**
Net carrying amount of property and equipment	63,523,871	57,896,432
Impact of change in accounting estimate	(1,042,018)	(1,042,018)
Adjusted net carry amount of property and equipment	64,565,889	58,938,450

The effects on the statement of comprehensive income were as follows:

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Bank 2012**
Decrease in depreciation	(1,042,018)	(1,042,018)
Increase in profit for the year	1,042,018	1,042,018

The change in accounting estimates had an immaterial impact on earnings per share for the current period.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements and have been applied consistently by group entities.

(a) Basis of consolidation

(i) Business combinations

The Group applies IFRS 3 *Business Combinations (2008)* 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 that currently are exercisable.

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 bargain purchase gain is recognised immediately in profit or loss.

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

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 profit or loss.

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.

(ii) Accounting for acquisition of non-controlling interests

The Group applies IAS 27 Consolidated and Separate Financial Statements in accounting for acquisitions of non-controlling interests.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

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

Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Investment in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

When the Group’s share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Special purpose entities

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE’s risks and rewards, the Group concludes that it controls the SPE.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE’s operation.
- The Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an ‘autopilot’ mechanism; the Group has delegated these decision-making powers.
- The Group has the rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The assessment of whether the Group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the Group and the SPE and in such instances the Group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Where the Group’s voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and an SPE, the Group performs a reassessment of control over the SPE.

(v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(vi) Loss of control

Upon the 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 profit or loss. 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.

(vii) Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at spot exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated to the functional currency at spot exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year using the rates prevalent at the beginning, adjusted for effective interest and payments during the year, and the amortised cost in the functional currency at the year end using the rates prevalent at the year end. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are transalated using the spot exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised directly in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Naira at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated to Naira at spot exchange rates at the dates of the transactions or at average rates of exchange where these approximate to actual rates.

Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation is not wholly owned the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that controls is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is transferred to profit or loss as part of the gain or loss in disposal. On the partial disposal part of its interest in a foreign subsidiary that includes a foreign operation while retaining control, the relevant proportion of such cumulative amount is reattributed to non-controlling interests.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income and foreign currency translation reserve in equity.

(c) Interest

Interest income and expense are recognised in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the 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 and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense 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 available-for-sale investment securities calculated on an effective interest basis

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

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments at fair value through profit or loss in the statement of comprehensive income.

(d) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

(e) Net trading income

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

(f) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through profit or loss, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

(g) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are reflected as a component of net trading income, net income from other financial instruments at fair value through profit or loss or other operating income based on the underlying classification of the equity investment.

(h) Lease payments

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

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

(i) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

- Current tax

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

- Deferred tax

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

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

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

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

Financial assets

The Group classifies its financial assets in one of the following categories;

- loans and receivables;
- held to maturity;
- availabile-for-sale; or
- at fair value through profit or loss and within the category as:
  - held for trading; or
  - designated at fair value through profit or loss.

See Notes 4 (m) and (n(i,ii, iii))

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. See Note 4(v)

(iii) De-recognition

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 in profit or loss.

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 retains all or substantially all the risks and rewards of ownership of such assets.

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.

Financial liabilities

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

(iv) 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 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.

(v) Sale and repurchase agreements

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 trading income.

(vi) 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.

(vii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on 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 profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss 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.

(viii) Identification and measurement of impairment

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

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

The Group considers evidence of impairment for loans and advances and held-to-maturity investments at both a specific asset and collective level. All individually significant loans and advances and held-to maturity investment securities are assessed for specific impairment. All individually significant loans and advances and held-to maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities ised cost) with similar characteristics.

In assessing collective impairment the Group uses 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.

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 profit or loss 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.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of reversal recognised in profit or loss. however, any subsequent recovery in the fair v alue of an impaired available-for-sale equity security is recognized in other comprehensive income.

The Group writes off certain loans and advances (and investment securities) when they are determined to be uncollectible.

(ix) Designation at fair value through profit or loss

The Group designates financial assets and liabilities at fair value through profit or loss in the following circumstances:

- 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.

Note 8 sets out the amount of each class of financial asset or liability that has been designated at fair value through profit or loss.

(k) Cash and cash equivalents

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

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(l) Trading assets and liabilities

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

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognized in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except non-derivative financial assets, other than those designated at fair value through profit or loss on initial recognition (i.e. trading) may be reclassified if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.

- If the financial asset would not have met the definition of loans and receivable, then it may be reclassified out of the trading category only in rare circumstances.

(m) Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (“reverse repo or stock borrowing”), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group’s financial statements.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method except where the Group chooses to carry the loans and advances at fair value through profit or loss.

(n) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale.

(i) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for- sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. 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.

(ii) Fair value through profit or loss

The Group designates some investment securities at fair value with fair value changes recognised immediately in profit or loss as described in Note 4(j) (ix).

(iii) Available-for-sale

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

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 profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

(o) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(p) 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 are carried in the balance sheet at their market value and revalued yearly on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

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 profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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.

(q) Property and equipment

(i) 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 profit or loss.

(ii) 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 profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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 periods of significant items of property and equipment are as follows:

Leasehold Land and Building	Over the shorter of the useful life of the item or lease term
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 - 60 years
Computer hardware	3 - 4 years
Furniture and fittings	3 - 5 years
Motor vehicles	4 years

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.

(iv) De-recognition

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

(r) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 4 (a)(i). 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.

(ii) Software

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

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use 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.

(s) Leased assets - lessee

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

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

(t) 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 goodwil impairment testing, CGUs to which goodwill has been allcated 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 periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Assets held for sale or distribution

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 profit or loss. 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.

(v) Deposits and debt securities issued

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.

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

(w) 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 unwinding of the discount is recognized as finance cost.

(i) 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.

(ii) Onerous contracts

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

(x) Financial guarantees

Financial guarantees 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). Financial guarantees are included within other liabilities.

(y) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a seperate entity and will have no legal or constructive obliagtion to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. 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 period 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 7.5% of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2004.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) 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.

(iv) Share-based payment transactions

The Bank operates a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price after spending five years in the Bank.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

During the year, the cash settled share based payment scheme was replaced by a new plan called Restricted Share Performance Plan (RSPP). Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them and the shares will have a vesting period of 3 years from date of award.

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. 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.

The RSPP becomes effective in the next financial year i.e. 31 December 2013.

(v) Long-term Incentive Plan

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

Depending on their grade, executive staff of the Bank upon retirement are entitled to certain benefits based on their length of stay on that grade. The Bank's net obligation in respect of the long term incentive scheme is calculated by estimating the amount of future benefits that eligible employees have earned in return for service in the current and prior periods. 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 recognized in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss/ The Bank recognized all actuarial gains or losses and all expenses arising from defined benefit plan immediately in profit or loss.

(z) Insurance contracts and investment contracts

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

Insurance contracts are those contracts that transfer significant insurance risk.

The Group defines as significant insurance risk the possibility of having to pay benefits, on the occurrence of an insured event, that are significantly more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk without significant insurance risk. Financial risk refers to the risk of a possible future change in the value of an asset or financial instrument due to a change in interest rate, commodity price, index of prices, foreign exchange rate or other measurable variable.

(i) Insurance contracts

In terms of IFRS 4, insurance liabilities are measured under existing local practice at the date of adoption of IFRS 4.

The Group had, prior to the adoption of IFRS 4, valued insurance liabilities using certain actuarial techniques as described below. The Group has continued to value insurance liabilities in accordance with these.

Insurance contracts are classified into three broad categories, depending on the duration of the risk and the type of risk

Individual Life

These contracts insure mainly against death. For the published accounts, the contracts are valued based on a gross premium valuation taking into account the present value of expected future premium, claim and associated expense cash flows.

Any resultant negative policy holder liabilities, measured on an individual policy level, are set to zero ("zeroised") so as not to recognise profits prematurely.

Where the same policy includes both insurance and investment components and where the policy is classified as insurance, the insurance and investment benefits are valued separately.

Group Life

These contracts insure against death on a group basis. These contracts are short term in nature and are typically renewed annually. For these contracts, gross premiums are recognised as revenue when due.

Outstanding claims provision

A full provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported ("IBNR") until after the reporting date.

Similarly, provisions are made for "unallocated claims expenses" being the estimated administrative expenses that will be incurred after the reporting date in settling all claims outstanding as at the date, including IBNR. Differences between the provision for outstanding claims at a reporting date and the subsequent settlement are included in the Revenue Account of the following year.

(ii) Insurance contracts with Discretionary Participation Features

The Group issues single premium contracts that provide primarily savings benefits to policy holders but also transfer insurance risk. The investment return credited to the policy holders is at the Group's discretion, subject to fair oversight and a minimum guaranteed. These contracts are valued on a retrospective basis.

(iii) Liability adequacy test

Liability adequacy tests are performed at each balance sheet date to ensure the adequacy of contract liabilities net of Deferred acquisition cost. Current best estimates of future contractual cash flows, claims handling and administration costs, and investment returns from the assets backing the liabilities are taken into account in the tests. Any deficiency is immediately recognised in the income statement.

(iv) Reinsurance

Short- and long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, investment and expenses. All such contracts are dealt with as insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts are recognised as reinsurance assets. The Group assesses reinsurance assets at each balance sheet date. If there is objective evidence of impairment, the carrying amount of the reinsurance asset is reduced accordingly, resulting in a charge to the income statement.

(aa) Share capital and reserves

(i) Share issue costs

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

(ii) Dividend on the Bank's ordinary shares

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

(iii) Treasury shares

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

(ab) 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 or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(ac) 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 Management 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.

(ad) New standards and interpretations not yet adopted

As at 31 December 2012, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Below, the most significant new standards are addressed:

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of *held to maturity, available-for-sale and loans and receivables.* For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in profit or loss, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in profit or loss.

The standard requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

IFRS 9 (2010) introduces a new requirement in respect of financial liabilities designated under the fair value option to generally present fair value changes that are attributable to the liability's credit risk in other comprehensive income rather than in profit or loss. Apart from this change, IFRS 9 (2010) largely carries forward without substantive amendment the guidance on the classification and measurement of financial liabilities from IAS 39.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The IASB decided to consider making limited amendments to IFRS 9 to address practice and other issues.

The Bank is currently assessing the impact of both the first phase and the second phase on its financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces all of the consolidation guidance of *IAS 27 Consolidated and Separate Financial Statements* and *SIC 12 Consolidation – Special Purpose Entities*. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and a link between the two. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The Bank is currently reviewing IFRS 10 to evaluate its impact to the Group

IFRS 11 Joint Arrangements

IFRS 11 overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The new standard does not allow proportional consolidation of joint ventures and the equity method must be applied. IFRS 11 is effective in annual periods beginning on or after 1 January 2013. No impact is expected as the Bank does not have interests in any joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual periods beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. IFRS 12 has not been early adopted but the Bank is currently assessing the disclosure requirements for interests in subsidiaries and associates in comparison with the existing disclosures.

IFRS 13 Fair Value Measurement (2011)

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. The Group is currently reviewing its methodologies for determining fair values (see Notes 5). Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will require the Group to provide additional disclosures. These include fair value heirachy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Bank has not early adopted IFRS 13 and it is currently evaluating its impact on assets and liabilites recognized at fair values.

Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the Group will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set-off under master netting arrangements or similar arrangements.

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

Based on our initial assessment, the Group is not expecting a significant impact from the adoption of the amendments to IAS 32. However, the adoption of the amendments to IFRS 7 requires more extensive disclosures about rights of set off.

IAS 19 Employee benefits

The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period as they occur. The “corridor“ method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, affecting both the net defined benefit liability/asset and the amounts recognised in profit or loss are affected.The amended standard splits changes in defined benefit liabilities/assets in:

- Service cost (including past service costs, curtailments and settlements) – in profit or loss;
- Net interest costs (i.e. net interest on the net defined benefit liability) – in profit or loss;
- Remeasurement of the defined benefit liability/asset – in other comprehensive income.

The amended IAS 19 is effective for periods beginning on or after 1 January 2013. The Bank is currently assessing the impact of the amendments in its subsequent financial statements.

Improvements to IFRSs

In May 2012, the IASB issued improvements to IFRSs, an omnibus of amendments to its IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013, with early adoption permitted. The amendments are listed below:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IAS 1 Presentation of Financial Statements;
- IAS 16 Property Plant and Equipment;
- IAS 32 Financial Instruments: Presentation;
- IAS 34 Interim Financial Reporting.

5 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 6).

Key sources of estimation uncertainty

(i) Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 4(j)(viii).

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 function.

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 (IBNR).

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.

Investments in equity securities were evaluated for impairment on the basis described in note 4(j)(viii).

(ii) Determination of regulatory risk reserves

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 incurred loss model required by IFRS under IAS 39. 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:

Prudential adjustments *In thousands of Naira*	Note	**December 2012**	**December 2012**
Loans & advances:			
Specific impairment allowances on loans to customers	26(b)	19,843,638	
Specific impairment allowances on loans to banks	25	96,755	
Collective impairment allowances on loans to customers	26(b)	13,361,042	
Collective impairment allowances on loans to banks	25	12,599	
Total impairment allowances on loans			33,314,034
Other financial assets:			
Specific impairment allowances on investment in subsidiaries	29	11,210,490	
Specific impairment allowances on unquoted equity securities	30	3,371,604	
Specific impairment allowances on investment properties	32	581,582	
Specific impairment allowances on other assets	36	25,151,856	
Total impairment allowances on other financial assets			40,315,532
Total impairment allowances by the Bank (a)			**73,629,566**
Total regulatory impairment based on prudential gudielines (b)			**76,437,910**
Required balance in regulatory risk reserves (c = b - a)			**2,808,344**
Balance, end of year			**4,068,288**
Excess over the required regulatory risk reserve			**1,259,944**

Prudential adjustments *In thousands of Naira*	Note	**December 2011**	**December 2011**
Loans & advances:			
Specific impairment allowances on loans to customers	26(b)	17,333,987	
Specific impairment allowances on loans to banks	25	61,028	
Collective impairment allowances on loans to customers	26(b)	3,995,079	
Collective impairment allowances on loans to banks	25	4,778	
Total impairment allowances on loans			21,394,872
Other financial assets:			
Specific impairment allowances on investment in subsidiaries	29	620,907	
Specific impairment allowances on unquoted equity securities	30	118,441	
Specific impairment allowances on investment properties	32	104,155	
Specific impairment allowances on other assets	36	688,575	
Total impairment allowances on other financial assets			1,532,078
Total impairment allowances by the Bank (a)			**22,926,950**
Total regulatory impairment based on prudential gudielines (b)			**24,186,894**
Required balance in regulatory risk reserves (c = b - a)			**1,259,944**
Balance, end of year			**1,259,944**
Excess over the required regulatory risk reserve			**-**

(iii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 4(j)(vii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iv) Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

1. In classifying financial assets or liabilities as "trading", the Group has determined that it meets the description of trading assets and liabilities set out in Note 4(l).
2. In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in Note 4(n)(iii).
3. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by Note 4(n)(i).

Details of the Group's classification of financial assets and liabilities are given in note 8.

(v) Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(vi) Determination of impairment of property and equipment, and intangible assets excluding goodwill

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(vii) Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 4(j)(vii)

The Group measures fair values using the following hierarchy of methods.

- Level 1: Quoted market price in an active market for an identical instrument.

- Level 2: Valuation techniques based on observable inputs either directly- i.e. as prices or indirectly- i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market date (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques. This category includes investment securities.

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

Group					
December 2012	Note	Level 1	Level 2	Level 3	Total
In thousands of Naira					
Non pledged trading assets	22	330,818	27,575,985	-	27,906,803
Pledged assets	23	-	6,560,147	-	6,560,147
Derivative financial instrument	24	-	30,949		30,949
Investment securities	30	32,501,959	24,238,652	-	56,740,611
		32,832,777	58,405,733	-	91,238,510

Group					
December 2011	Note	Level 1	Level 2	Level 3	Total
In thousands of Naira					
Non pledged trading assets	22	10,812,000	-	-	10,812,000
Pledged assets	23	-	7,491,114	-	7,491,114
Derivative financial instrument	24	-	9,909	-	9,909
Investment securities	30	6,633,106	2,588,970	37,712,321	46,934,397
		17,445,106	10,089,993	37,712,321	65,247,420

Bank					
December 2012	Note	Level 1	Level 2	Level 3	Total
In thousands of Naira					
Non pledged trading assets	22	173,725	3,595,535	-	3,769,260
Pledged assets	23	-	6,560,147	-	6,560,147
Investment securities	30	32,501,959	21,071,487	-	53,573,446
		32,675,684	31,227,169	-	63,902,853

Bank					
December 2011	Note	Level 1	Level 2	Level 3	Total
In thousands of Naira					
Non pledged trading assets	22	5,787,534	-	-	5,787,534
Pledged assets	23	-	7,491,114	-	7,491,114
Investment securities	30	-	1,647,714	13,877,450	15,525,164
		5,787,534	9,138,828	13,877,450	28,803,812

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm’s length.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives like interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with the determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(viii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the group wide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ix) Determining the value of liabilities under insurance contracts

Mortality:

The Group's life assurance business is very small and therefore the Group does not have sufficient credible data to set its own mortality assumptions based on the mortality experience of its policyholders. The Group relies on an independent actuary to set the mortality assumptions based on standard mortality tables, with appropriate adjustments.

Expense:

(a) Group life, term-assurance and mortgage protection products

The Group makes an explicit allowance for expenses of 40% of the gross premiums received, consistent with past experience.

(b) Deposit administration, Savings plan

No explicit assumption has been set to the level of the expenses. It has been assumed that the interest margin will be sufficient to cover future expenses that will be incurred.

(c) Non-life insurance

Annual expense investigations are carried out on non-life insurance policies. Further expense analyses are performed to split expenses between different lines of business, e.g. motor vehicle, aviation and marine insurance, as well as different functions, e.g. initial, renewal and management, termination as well as investment expenses. The expense assumptions for non-life insurance products are then set in-line with this expense investigation, with an additional allowance for inflation.

(x) 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 reporting period. 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.

6 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

"Access Bank recognizes the role of responsible risk management practices in achieving her strategic vision of being the most respected Bank in Africa. The Bank has a well-established risk governance structure and an experienced risk team. Our risk management framework provides essential tools to enable us take timely and informed decisions to maximize opportunities and mitigate potential threats."

Our Approach to Risk Management

Risk is an inherent part of Access Bank Plc and its subsidiary companies' ("the Bank" or "the Group") business activities. Access Bank's overall risk tolerance is established in the context of the Bank's earnings power, capital, and diversified business model. Effective risk management is critical to any Bank for achieving financial soundness. In view of this, aligning risk management to the Bank's organizational structure and business strategy has become integral part of our business. Access Bank's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Bank.

Access Bank has been disciplined in its management of risk. The Group has increased its focus on the inter-relationships between risk types and, where appropriate, underwriting standards have been tightened. It has also conducted periodic reviews of risk exposure limits and risk control so as to position itself against any adverse scenarios. To mitigate against higher level of market volatility and economic uncertainty, 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 is carefully crafted 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 the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

The Board of Directors determines Access Bank's overall objectives in terms of risk by issuing risk policies. These policies 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. The umbrella risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and actively managing these risks in a cost-effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different core risk areas of credit, market and operational risks as well as for other key risks such as liquidity, strategic and reputational risk

The evolving nature of risk management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

The Chief Risk Officer has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge to the management teams based on quantitative and qualitative metrics. All amendments to the Bank's ERM Framework require Board approval. The risk management division 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.

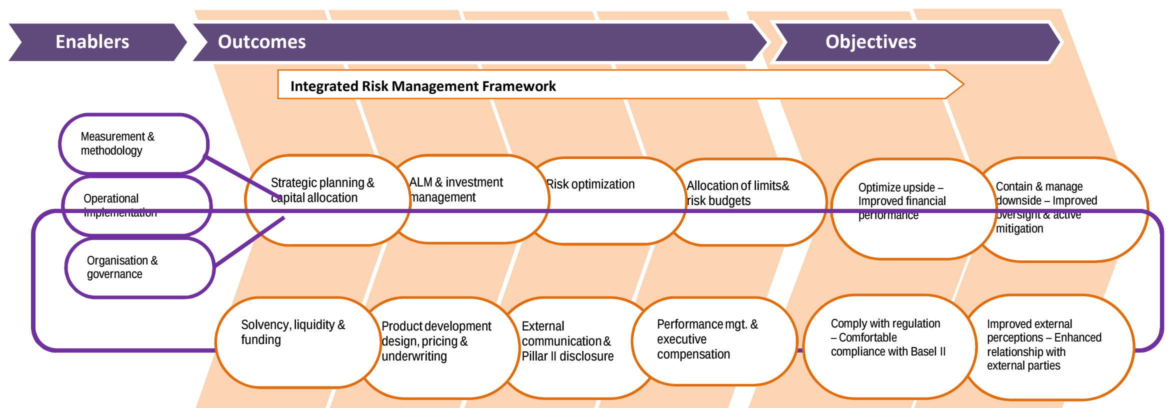
Overall, we view risk not only as a threat or uncertainty, but also as a potential opportunity to grow and develop the business, within the context of our clearly articulated and Board driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance; it also encompasses taking risk knowingly for competitive advantage. 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

We believe effective risk management is more than just the collection and analysis of data. It also encompasses the insights delivered by information which facilitate appropriate actions. Access Bank benefits from having enhanced its 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.

Risk Practice focused on the future



Ultimately the success of our risk management framework is determined by the extent to which it embeds in the corporate culture and leads to demonstrably better outcomes.

We are committed to the continued development of our risk management framework.

Risk and Capital Drive Value

The pursuit of value requires us to balance risk assumed against capital required. Hence, we have embarked on a journey, which requires us to undertake analysis involving optimizing the upside and minimizing the downside on an ongoing and rigorous basis. We believe that this process will add value for our shareholders, and provide security to our other capital providers and clients, as well as ensure overall sustainability in 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 can vary over a very wide range, 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, for taking these risks;
- Understand the capital required in order to assume these risks;
- Understand the range of returns that we can earn 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 enhance substantially our risk management methodologies, in order to be able to identify threats, uncertainties and opportunities and in turn develop mitigation and management strategies to achieve an optimal 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 that we are not taking on incremental risks which adversely affect the outcomes we have contracted to deliver to them.

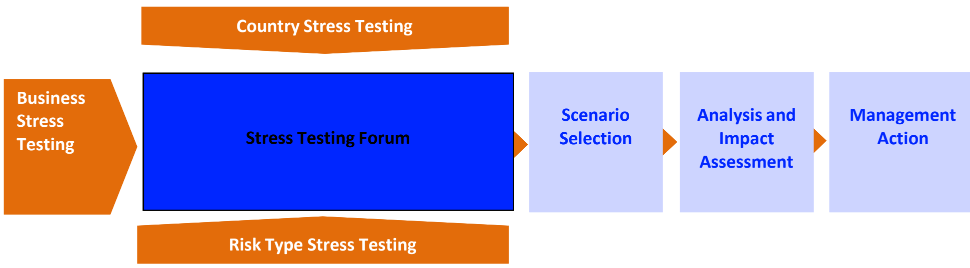
Enterprise-wide Stress Testing

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. These enterprise-wide stress tests provide an understanding of the potential impacts to 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. Scenario(s) are carefully selected by a group drawn from senior line of business, risk and finance executives. Impacts to each line of business from each scenario are then analyzed and determined, primarily leveraging the models and processes utilized in everyday management routines.

Impacts are assessed along with potential mitigating actions that may be taken in each scenario. Analysis from such stress scenarios is compiled for and reviewed through our Group ALCO, and the Enterprise Risk Management Committee and serves to inform and be incorporated, along with 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.

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
- ensure adherence to regulatory requirements

(b) Risk Management Philosophy, Culture, Appetite and Objectives

Risk Management Philosophy and Culture

Risk management is at the core of the operating structure of the group. 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.

In 2012, our risk management process continued to achieve desired results despite the increase in size and scale of operations. In line with the Group’s core value of excellence, the Group’s risk management 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 integral 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 the Bank 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 shareholder value and reputation.

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

- Risk acceptance is done in a responsible manner;
- The executive and the Board of the Bank have adequate risk management support;
- examine the nature and dynamics of the risk profile and assess the impact of stresses on our profitability and business plans

- 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 profile 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 point of influence level;
- Accept that enterprise risk management is mandatory, not optional;
- Strive to achieve best practices in enterprise risk management;
- Document and report all significant risks and enterprise-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 development of strategy and pursuit of objectives.

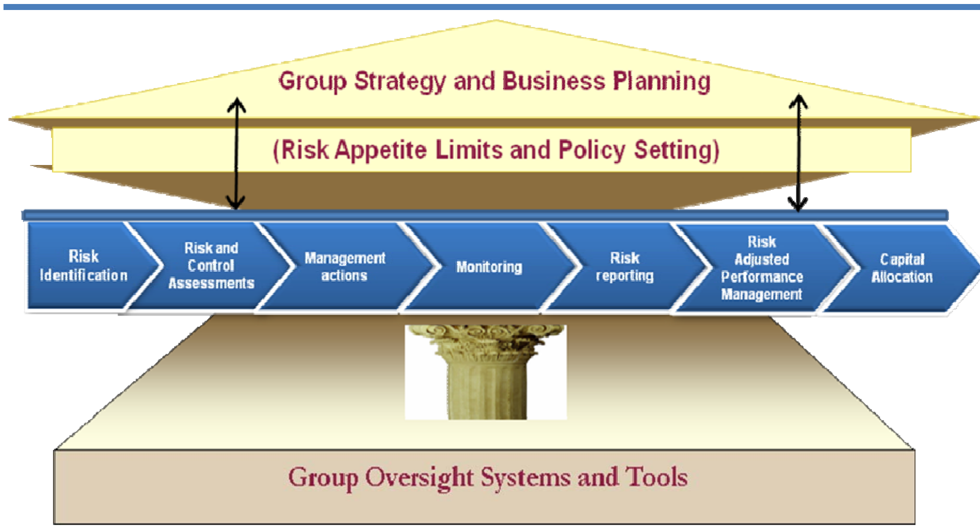
b) Risk officers work as allies and thought partners to other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

c) Risk management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is based on consensus.

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.

Risk management process



Group risk oversight approach
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.

The Bank's risk management and compliance division provides a central oversight of risk management across the Bank to ensure that the full spectrum of risks facing the Bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

The division is complemented by the financial control and regulatory/reputation risk group in the management of strategic and reputational risks respectively.

The Chief Risk Officer 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 there are weaknesses.

Strategy and Business Planning

Risk management is embedded in our business strategy and planning cycle. Testament to this is the inclusion of risk management as one of our strategic priorities. By setting the business and risk strategy, we are able to determine appropriate capital allocation and target setting for the Group and each of our businesses.

All business units are required to consider the risk implications of their annual plans. These plans include analysis of the impact of objectives on risk exposure. Throughout the year, we monitored business performance regularly focusing both on financial performance and risk exposure. The aim is to continue the process of integrating risk management into the planning and management process and to facilitate informed decisions.

Through ongoing review, the links between risk appetite, risk management and strategic planning are embedded in the business so that key decisions are made in the context of the risk appetite for each business unit.

Risk Appetite

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Access Bank Group is willing to accept in pursuit of its strategy, duly set and monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group's capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

The Bank defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Bank is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return. We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility) and, related to this, the chance of regulatory insolvency, chance of experiencing a loss and economic capital adequacy. These comprise our group-level risk appetite metrics. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (eg credit, market and asset and liability management risks).

The Bank's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses, countries 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.

In 2012, the risk appetite metrics were tracked against approved triggers and exceptions were reported to management for prompt corrective actions. Key issues were also escalated to the Enterprise Risk Management committee and the Board risk Management committee.

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 minimum 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 and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions.

Scope of risks

The scope of risks that are directly managed by the Bank is as follows:

- 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 risk management framework.

Responsibilities and functions

The responsibilities of the Risk Management and Compliance Division, the Financial Control and Strategy Group, Regulatory/Reputation Risk Group with respect to risk management are highlighted below:

Risk Management and Compliance Division

a) Champion the implementation of the ERM Framework across the Bank and subsidiaries. Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management.
b) Develop risk policies, principles, process and reporting standards that define the Bank's risk strategy and appetite in line with the Bank's overall business objectives
c) Ensure that controls, skills and systems are in place to enable compliance with the Bank's policies and standards
d) Facilitate the identification, measurement, assessment, monitoring and control of the level of risks in the Bank
e) Collect, process, verify, monitor and distribute risk information across the Bank and other material risk issues to senior management, the Board and regulators
f) Monitor compliance with bank-wide risk policies and limits
g) Provide senior management with practical, cost effective recommendations for improvement of risk management
h) Act as a key contact for senior management who may wish to request ad hoc reviews/investigations
i) Ensure that laws, regulations and supervisory requirements are complied with including consequence management
j) Champion the implementation of Basel II
k) Promote risk awareness and provide education on risk
l) 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) Conduct regular scanning of 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 in comparison with industry peers
h) Conduct strategic/operational review of branches

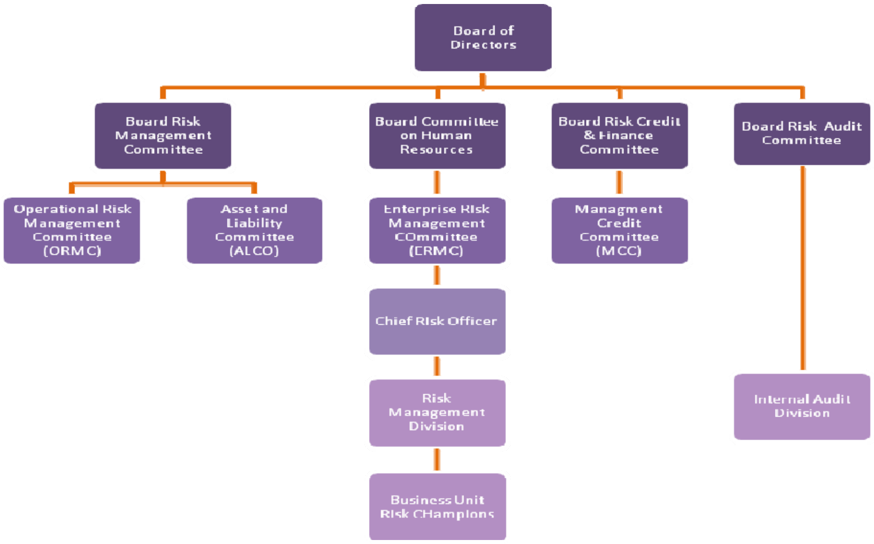
(c) Risk Management Governance Framework

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

1 The enterprise-wide risk management and corporate governance committee forums
2 The executive management committees
3 Risk management responsibilities per risk area

Risk Management Governance Structure

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



Roles of the Board of Directors

The Board of Directors' role as it relates to risk management is divided into seven areas: general; credit; market; compliance; operational, strategic and reputational risks.

Specific roles in these areas are further defined below:

1 ***General***

a) Develop a formal enterprise-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 Banks 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
m) Periodically receive risk reports from management highlighting key risk areas, control failures and remedial action steps taken by management

2 ***Credit risk***

a) Approve the Bank's overall risk tolerance in relation to credit risk based on the recommendation of the chief risk and compliance officer
b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through quarterly review of various types of credit exposure
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) Ensure that detailed policies and procedures for credit risk exposure creation, management and recovery are in place
f) Appoint credit officers and delegate approval authorities to individuals and committees

3 ***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
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

4 ***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

5 *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 Bank processes;
d) Approve the compliance structure, mechanisms and processes established by management to ensure compliance with current laws, regulations and supervisory requirements; and
e) Ensure the Bank has a compliance culture that contributes to the overall objective of risk management

6 *Reputational risk*

a) Set an appropriate tone and guidelines regarding the development and implementation of effective reputation 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; demand from management appropriate explanations for all exceptional items; ensure that management puts in place effective and remedial actions and reports on progress to the Board on an ongoing basis;
e) Ensure that Board members do not compromise their fit and proper status with regulators. They shall ensure that only Board members who do not tarnish the Bank's image and reputation remain as members; and
f) Ensure that only fit and proper persons are appointed to senior management positions in the Bank.

7 *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 performance on a continuing basis

Board committees

The Board carries out its oversight function 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 does not seat on any of the Committees. The Board's four standing committees are: the Board Risk Management Committee, the Board Audit Committee, the Board Human Resources Committee and the Board Credit & Finance Committee.

The management committees are: The Executive Committee (EXCO), Enterprise Risk Management Committee (ERMC), Management Credit Committee (MCC), Group Asset & Liability Committee (Group ALCO), and Operational Risk Management Committee (ORMC).

The roles and membership of the committees are as follows:

Committee	Key Objective	Membership
Board Risk Management Committee	The primary role of the committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to risk management..	3 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed.
Board Audit Committee	The committee assists the Board in ensuring the independence of the internal audit function of the Bank.	2 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed.
Board Credit & Finance Committee	The committee considers and approves loan applications above certain limits (as defined by the Board from time to time) which have been approved by the Management Credit Committee. It also acts as a catalyst for credit policy changes.	5 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director Executive Directors as appointed. One of the non-Executive Directors shall be Chairman of the Committee.
Board Human Resources Committee	The committee advises the Board on its oversight responsibilities in relation to compensation, benefits and all other human resource matters affecting the directors and employees of the Bank.	4 Non-Executive Directors appointed by the Board of Directors The Group Managing Director The Group Deputy Managing Director
The Executive Committee (EXCO)	The committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources.	Group Managing Director as - Chairman, Group Deputy Managing Director All the Executive Directors
Enterprise risk management committee (ERMC)	The Bank's enterprise risk management committee is responsible for managing all risks with the exception of credit, market and liquidity risks. The risks within the committee's purview include (but are not limited to) strategic, reputational, compliance and operational risks.	The Group Managing Director (Chairman) The Group Deputy Managing Director All Executive Directors Chief Risk Officer Chief Compliance Officer Chief Financial Officer All ERM Division Heads Head, Corporate Affairs Head, Legal Department Head, Information Technology

Committee	Key Objective	Membership
Management Credit Committee (MCC)	This committee is responsible for managing credit risks in the Bank. The membership of the committee is as follows:	Group Managing Director/Chief Executive Officer – Chairman Group Deputy Managing Director – Vice Chairman All Executive Directors Group Head, Credit Risk Management Team Leaders, Credit Risk Management Group Heads, Commercial Bank Group Heads, Institutional Bank Group Heads, Operations & IT Group Head, Compliance Group Head, Internal Audit Head of Legal (or his/her nominee as approved by the GMD/CEO) Other Group Heads
Group Asset & Liability Committee (Group ALCO)	The Group Alco is responsible for the optimum management of the Bank's balance sheet and taking relevant decisions as well as recommending to the Board of Directors' prudent asset/liability management policies and procedures that enable the Bank to achieve its goals while operating in full compliance with all relevant laws and regulations.	The Group Managing Director/Chief Executive Officer – Chairman The Group Deputy Managing Director The Group Executive Directors Chief Risk Officer Country Managing Directors Country Treasury Heads The Group Treasurer; Head, Financial Control – Domestic Head, Financial Control – International Head, Group Asset & Liability Management Head, Group Market Risk Head, Credit Risk
Operational Risk Management Committee (ORMC)	The committee is responsible for the effectiveness of the operational risk management function within the Bank. All decisions and deliberations of the committee are reported to the Board Risk Management Committee.	Group Managing Director/Chief Executive (GMD) - Chairman Group Deputy Managing Director; All Division Heads / Executive Directors Chief Risk Officer Head, Operational Risk Management Group Chief Information Officer Head, Group compliance and Internal Control Head, Group Internal Audit Head, Group HR Other Group Heads or persons to be designated by the committee from time to time

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

Specific roles of the Board and management committees

The Board's risk management oversight roles and responsibilities are delegated to the following committees:

Board risk management committee
Specifically, the committee performs the following functions:

a) Oversee the establishment of a formal written policy on the Bank's overall risk management framework. The policy defines risks and risk limits that are acceptable and unacceptable to the Bank. It provides guidelines and standards to administer the acceptance and ongoing management of all risks.

b) Ensure that adequate policies are in place to manage and mitigate the adverse effects of both business and control risks in its operations.

c) Ensure compliance with established policy through periodic review of reports provided by management, internal and statutory auditors and the supervisory authorities.

d) Approve the appointment of qualified officers to manage the risk function.

e) Oversee the management of all risks except credit risk in the Bank.

f) Re-evaluate the risk management policy of the Bank on a periodic basis to accommodate major changes in internal or external factors.

g) Evaluate internal processes for identifying, assessing, monitoring and managing key risk areas, particularly:

- important judgments and accounting estimates
- business and operational risks in the areas of credit, market and operations
- specific risks relating to outsourcing
- consideration of environmental, community and social risks

h) Evaluate the adequacy of the Bank's risk management systems and control environment with management and auditors (internal and external);

i) Evaluate the Bank's risk profile, the action plans in place to manage risks, and monitors progress against plan to achieve these actions.

j) Review the processes the Bank has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk

k) Approve the provision of risk management services by external providers

Board audit committee
The committee assists the board in ensuring the independence of the internal audit function of the Bank and that it performs the following functions:

a) Oversee the development of a procedure for the receipt, retention and treatment of complaints received by the Bank, regarding accounting, internal accounting controls, unethical activity/breach of the corporate governance code or audit matters, including a means for the Bank's stakeholders (employees, customers, suppliers, applicants and others) to submit such complaints in a confidential and anonymous manner;

b) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment that is appropriate, at the expense of the Bank.

c) Submit meeting minutes and, as appropriate, discuss the matters deliberated upon at each Committee meeting with the board of directors.

d) Annually review and reassess its responsibilities, functions, pre-approval policy for audit and non-audit services, and charter, making changes as necessary, and conduct an annual performance evaluation of its activities.

e) Ensure that the Bank provides adequate funding, as determined by the committee, to the committee for payment and compensation for advisers engaged by the committee, and payment of ordinary administrative expenses incurred by the committee in carrying out its duties.

f) Review the proposed audit plan(s) and review the results of internal audits completed since the previous committee meeting as well as the focus of upcoming internal audit projects.

g) Approve the appointment and termination of the Chief Internal Auditor based on the recommendations of the Bank's executive management.

h) Evaluate the process the Bank has in place for monitoring and assessing the effectiveness of the internal audit function.

i) Monitor the progress of the internal audit programme and considers the implications of internal audit findings on the control environment.

j) Monitor the implementation of agreed action plans by management.

k) Review reports from the internal auditors detailing their key findings and agreed management actions.

l) Review the appropriateness of the qualification of the internal audit personnel and work resources and;

m) Review the internal audit reporting lines and independence.

Board credit committee

The Board credit committee under delegated authority is responsible for the following:

a) Facilitate the effective management of credit risk by the Bank.
b) Approve credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the management credit committee.
c) Approve definition of risk and return preferences and target risk portfolio.
d) Approve the Bank’s credit rating methodology and ensure its proper implementation.
e) Approve credit risk appetite and portfolio strategy.
f) Approve lending decisions and limit setting.
g) Approve new credit products and processes.
h) Approve assignment of credit approval authority on the recommendation of the management credit committee.
i) Approve changes to credit policy guidelines on the recommendation of the management credit committee.
j) Approve credit facility requests and proposals within limits defined by Access Bank Plc’s credit policy and within the statutory requirements set by the regulatory/ supervisory authorities.
k) Recommend credit facility requests above stipulated limit to the board.
l) Review credit risk reports on a periodic basis.
m) Approve credit exceptions in line with board approval.
n) Make recommendations to the board on credit policy and strategy where appropriate.

Board committee on human resources

The Board committee on human resources has responsibility for the following:

a) Ensure the right calibre of executive management is attracted, retained, motivated and rewarded.
b) Make recommendations on the remuneration of the Chairman, non-executive directors and executive directors to the board for ratification.
c) Approve remuneration levels for senior management and other Bank personnel.
d) Review and approves remuneration policies and strategy.
e) Monitor the Bank’s people-risk universe.

Specific roles of management committees

The following management committees are directly responsible for risk management oversight:

Enterprise risk management committee

The committee has the following responsibilities for all risks within its purview:

a) Formulate policies
b) Monitor implementation of risk policies
c) Review risk reports for presentation to the board/board committees
d) Implement board decisions across the Bank

Management credit committee

The committee has the following responsibilities:

- Review credit policy recommendations for board approval.
- Approve individual credit exposure in line with its approval limits.
- Agree on portfolio plan/strategy for the Bank.
- Review monthly credit risk reports and remedial action plan.
- Coordinate the Bank’s response to material events that may have an impact on the credit portfolio .

The committee is assisted by the credit risk management function, whose responsibilities are to:

- Establish and maintain effective credit risk management environment in the Bank.
- Review proposals in respect of credit policies and standards and endorse to the board of directors for approval.
- Define the Bank risk and return preferences and target risk portfolio.
- Monitor on an ongoing basis the Bank’s risk quality and performance, review periodic credit portfolio reports and assess portfolio performance.
- Define credit approval framework and assign credit approval limits in line with Bank policy.
- Review defined credit product programs on recommendation of the head of the credit risk management and endorse to the Board of Directors for approval.
- Review credit policy changes initiated by management and endorse to the Board of Directors for approval.
- Ensure compliance with the Bank’s credit policies and statutory requirements prescribed by the regulatory/supervisory authorities.
- Approve credit facility requests within limits defined by Access Bank’s credit policy guideline (CPG), and within the statutory requirements set by the regulatory/ supervisory authorities.
- Review and endorse credits approved by SBU heads.
- Review and recommend to the Board credit committee, credits beyond their approval limits.

- Review periodic credit portfolio reports and assess portfolio performance.
- Approve exceptions/write-offs, waivers and discounts on non-performing credit facilities within specified limit.

Group Asset & Liability Committee (GROUP ALCO)

The purpose of the Group ALCO is to:

- monitor and control all market, liquidity risk and interest rate risk across the Access Bank Plc and its subsidiaries (hereinafter called the Group) in accordance with the risk appetite set by the Board of Directors;
- review limit, guideline or trigger breaches and agree remedial actions in order to align exposures with agreed appetite;
- approve Market Risk, Liquidity Risk and Banking Book Interest Rate Risk Policies for each of the banking subsidiaries;
- review and note the impact of internal and external factors on the net interest margin; and
- recommend to the Board, policies and guidelines under which the Bank will manage the matters listed below, and in so doing protect the Bank's capital base and reputation:
- balance sheet growth:
  - deposits, advances and investments;
  - Non earning assets
  - foreign exchange activities and positions; and
  - market and liquidity management.
  - Capital management

Responsibilities and authorities

- The ultimate responsibility for the proper management of the Bank's assets and liabilities lies with the Board of Directors.
- The Board of Directors may delegate that responsibility to Group ALCO and Group ALCO, through this mandate, is responsible for the establishment of appropriate policies and limits across the Group.
- Group ALCO is responsible for the implementation and monitoring of these policies and for the development of appropriate procedures and guidelines for adoption at Country ALCOs and specific ratification by the subsidiaries' Board of Directors.
- Country ALCO is responsible for providing the information input to Group ALCO to enable it to perform its function.
- Country ALCO is responsible for proposing amendments to Policies for approval and ratification by Group ALCO, such amendments having been first approved at the Country ALCO.
- Group ALCO reports to the Board of Directors through the Board Risk Management Committee detailing strategies, risk positions since the last report received. Any excesses during the year under review must be supported by details quoting the relevant authority for the excess i.e. Central Bank, ALCO etc.
- Group ALCO will delegate limits/authorities to line management to enable the smooth functioning of the Bank's day to day operations.
- In the event of a vote, majority will prevail with the Group ALCO chairman casting the deciding vote in the event of a tie.

Other responsibilities include:

Prudent management of market risk:

- To ensure the levels of market risk assumed by the Bank are effectively and prudently managed in accordance with the Market Risk Policy.
- To approve market risk limits and triggers in accordance with the risk appetite set by Group ALCO and the Group's Concentration Risk Policy
- To note compliance with all market risk limits and triggers, and ensure actions to address breaches are promptly executed and reported to authorised bodies.
- To manage all forms of market risk by firstly using the Alco's mandate to set exposure levels and stop-loss limits, and secondly, if necessary, by hedging any form of market risk.
- To review and approve all policies and procedures relating to market risk management.

Prudent management of liquidity risk:

- To ensure the levels of tactical and strategic liquidity risk assumed by the Bank are effectively and prudently managed in accordance with the Liquidity Risk Policy.
- To approve liquidity risk limits and guidelines in accordance with the risk appetite set by Group ALCO.
- To note compliance with all liquidity risk guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies.
- To ensure appropriate steps are taken where there is deterioration in liquidity.
- To approve funding and liquidity management strategies based on forecast balance sheet growth.
- To ensure the provision of standby funding facilities is kept within prudent levels.

- To review and approve all policies, procedures and contingency plans relating to liquidity risk management, and
- To approve liquidity stress scenarios and associated contingency plans.

Prudent management of interest rate risk:

- To ensure that the level of interest rate risk assumed by the Bank is effectively and prudently managed;
- To note compliance with all guidelines and limits, and ensure actions to address breaches are promptly executed and reported to authorising bodies;
- To approve limits and guidelines in accordance with the risk appetite set by Group ALCO and the Group Market Risk; and
- To approve the subsidiaries' market risk and hedging strategies on a case-by-case basis, or explicitly delegate the approval of such strategies to the Country ALCO.

Prudent margin management:

- To review and note the impact of internal and external factors on the Bank's current and forecasted net interest margin;
- To review and approve funds transfer pricing principles, methodologies and rates; and
- To review and approve policies and procedures relating to margin management.

General:

- To monitor adherence to regulatory requirements.
- To delegate to the Group Asset and Liability Management team the responsibility of dealing with trigger, guideline or limit breaches across the Group on a day-to-day basis.

Roles of senior management

The roles of senior management as it relates to risk management are as:

a) Implement risk strategy approved by the board of directors.

b) Develop policies and procedures for identifying, measuring and controlling risks identified in the Bank's risk universe.

c) Provide appropriate resources to evaluate and control all identified risks.

d) Review risk reports on a regular and timely basis.

e) Review periodic risk reports for operational and other risks separate from credit and market risks; and

f) Provide all reports required by the Board and its committees for the effective performance of risk management oversight functions.

Operational Risk Management Committee (ORMC)

The committee has the following responsibilities:

- Review and recommend the Operational Risk Management (ORM) framework and any amendments or enhancements to the Board of Directors (BOD) for approval;
- Oversee the implementation of the Operational risk management framework across the enterprise;
- Review methodologies and tools for identification, assessment, monitoring and control of operational risks and maintaining the loss event databases;
- Ensure operational risk exposures are within the risk tolerance limits set under the policy;
- Review the reports from the Group Operational Risk Management (ORM) unit, business lines and their respective risk profiles to concur on areas of highest priority and put in place the related mitigation strategies;
- Ensure adequate resources are allotted at various levels to manage operational risk across the enterprise;
- Ensure adequate communication to the functional departments and emphasize on, the importance of operational risk management and assure adequate participation;
- Co-ordinate an ongoing appropriate awareness and education programme on operational risk in the Bank from top to bottom through the implementation of an enterprise wide operational risk approach; and
- Set guidelines for identifying operational risk in all new products and processes.

Roles of risk champions in the business units

- Coordinate all risk management activities in the business unit, including compliance with risk policies and procedures;
- Provide on-the-job training on risk management to other staff;
- Liaise with risk management and compliance division to obtain new systems, approaches and methods for managing risks and advise staff within the unit appropriately;
- Coordinate the gathering of risk-related information, while ensuring the completeness and accuracy of the risk information gathered, analyze the information and periodically report to the group head and the risk management department in the agreed format;
- In conjunction with other managers in the business unit, articulate risk management/optimization strategies for managing risks, prepare a risk mitigation plan and communicate these to the risk management and compliance division; and
- Monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence in the unit.

Risk Management Division – relationship with other units

The relationships between risk management division (RMD) and other units are highlighted below:

- RMD sets policies and defines risk limits for other units in the Bank;
- RMD performs bank-wide risk monitoring and reporting;
- Other units provide relevant data to RMD for risk monitoring and reporting and identify potential risks in their line of business and RMD provides a framework for managing such risks;
- RMD and market facing units collaborate in designing new products;
- RMD and internal audit co-ordinate activities to provide a holistic view of risks across the Bank;
- RMD makes recommendations with respect to capital allocation, pricing and reward/sanctions based on risk reports; and
- Information technology support group provides relevant user support to the RMD function in respect of the various risk management software.

Risk management and compliance division – relationship with other units

Key risks and developments in 2012

The group's risk management framework was strengthened in 2012 in view of the expanded size of operations, branch network and increased customer base. Our credit risk management function was expanded and re-structured for improved effectiveness while a new automated credit risk solution was also implemented to enhance workflow efficiency. Our information security practices were strengthened through the ISO27001 certification process. Also, in view of increased importance of electronic banking and the need to protect our card customers, and mitigate card fraud, we aligned our card management environment with international best practice and obtained the PCIDSS (Payment card industry data security standard) certification during the year.

The acquisition of Intercontinental Bank was followed by the successful completion of the systems and people integration in 2012. The bank recognized the significance of the risks inherent in the integration process and proactively put measures in place to ensure a well controlled exercise with minimal operational losses. The risk management function was restructured and expanded during the year to support the enlarged size of the Bank. Various risk policies were reviewed to enhance operational efficiency while additional resources in terms of people and systems were deployed to the risk management function.

In order to enhance the effectiveness of strategic and reputation risk monitoring in the bank, a separate desk was created for reputational and strategic risk management in 2012.

As part of the Bank's contribution in promoting compliance and the fight against Money Laundering and Terrorism Financing in Nigeria, an awareness campaign was organised in December 2012 in collaboration with the Nigerian Financial Intelligence Unit (NFIU), Central Bank of Nigeria (CBN) and the Special Control Unit Against Money Laundering (SCUML). This is to sensitize the Bank's customers on additional Know Your Customer (KYC) requirement in respect of designated Non-Financial Businesses and Professions (DNFBPs) as per a new directive from the CBN.

Below is a summary of other key risks and developments

Risk Type	Definition	Features	Key developments in 2012	Risk mitigation
Credit risk	The risk of loss arising from the failure of a client or counterparty to fulfil its obligations to the Group.	Potential risk to earnings and capital. Significant correlation between credit risk and the macroeconomic environment. Potential for large material losses due to concentration risk.	Change in Credit risk management group structure with specialised group heads for Corporate, Commercial and Credit Admin & Portfolio Management. Reduction in NPL	Increased investment in recovery functions. Appointment of new group head for Credit Administration and Portfolio Management Implementation of new automated credit processing platform Intensified training for credit risk management staff. Strengthening of the remedial process
Market risk	The risk of losses in On and Off-balance sheet positions arising from adverse movements in market prices and rates	Potential for large material losses from complicated treasury products. Potential for losses due to volatilities and stress events	Increase in regulatory policy rate and required cash reserves led to sharp spikes in interest rates. Renewed appetite for Nigerian sovereign debt due to listing of bonds in the JP Morgan Emerging Markets Government Bond Index led to high volatility in fixed income yields. The CBN has been able to maintain the +-3% band set for the Naira-Dollar exchange rate	The use of limits and management action triggers for strict adherence to the Bank's internal policies Limiting transactions to approved counterparties Significant investments are approved by the board and all others by the relevant management committee

Operational risk	The risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events.	Frequent small losses that can become surprisingly high. Infrequent material losses with high impact.	The economic environment, rising level of external threats (e.g. fraud, Security) coupled with massive expansion in branch network and number of personnel exposed the Bank to operational risks.	Diligent implementation of our enhanced policy standards and control frameworks across the expanded business and branch network. Material events are escalated to Divisional and Group Executives. Additional resources were also allocated to the risk management functions. Bank wide training of staff on key operational risk issues.
Risk Type	**Definition**	**Features**	**Key developments in 2012**	**Risk mitigation**
Funding and liquidity risk	Diligent implementation of our enhanced policy standards and control frameworks across the expanded business and branch network. Material events are escalated to Divisional and Group Executives. Additional resources were also allocated to the risk management functions. Bank wide training of staff on key operational risk issues.	May disrupt the business model and disrupt the Group's activities. Significantly correlated with credit risk losses.	Focus was geared towards consolidating balance sheet growth through deposit mobilisation utilising the bank's Value Chain Model and the enhanced customer base	Significant liquidity reserve Bank's liquidity ratio consistently above 60%.
Regulatory risk	The risks arising from changes in law, guidelines and other regulatory enforcement.	Compliance with laws and regulations. Potential for fines and/or restrictions in business activities.	Several circulars were issued by regulators during the year in line with the ongoing reforms in the banking industry	Proactive engagement strategy with the CBN and other regulators, driven by a well developed Regulatory Risk framework New regulations and compliance plan are discussed in management and board committee risk meetings.
Other risk (Reputation, Strategic e.t.c)	The risk of failure to comply with applicable financial services regulatory rules and regulations. It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment	Expose the Group to penalties and reputation damage. Failure to meet expectations of stakeholders.	There was no major negative publicity or reputational risk event during the year	Close monitoring of all reputational risk event drivers Adherence to the principle of zero tolerance for regulatory breaches Active engagement with all stakeholders - customers, investors, regulators, staff, etc. Significant strategic actions, such as material acquisitions or capital actions, are approved by the Board A new unit was created for Reputational and Strategic risk management during the year.

(d) 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 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 weed out potential problem loans during the loan application phase, as well as constantly monitor 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 prudential guidelines set forth by the Central Bank of the countries where 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 identify and remediate credit issues proactively.

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

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 by putting in place robust credit risk management systems consisting of risk identification, risk measurement, setting of exposure & risk limits, risk monitoring & control and reporting of credit risk in the banking book.
- ***Credit Risk Mitigant Management Policy:*** The objective is to aid in effective credit portfolio management through mitigation of credit risks by using credit risk mitigation techniques.
- ***Credit Risk Rating Policy:*** The objective of this policy is to ensure reliable and consistent Obligor Risk Ratings (ORRs) and Facility Risk Ratings (FRRs) throughout Access Bank 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.
- ***Country and Cross Border Risk Management Policy:*** The objective of this policy is to establish a consistent framework for the identification, measurement and management of country risk across Access Bank.
- ***Internal Capital Adequacy Assessment Process (ICAAP) Policy:*** The objectives of the policy are identification of material risks, measurement of material risks, monitoring & control of material risks and reporting of material risks.
- ***Enterprise-wide Risk Management Policy:*** The core objective is to provide reasonable degree of assurance to the Board of Directors that the risks threatening the Bank's achievement of its vision are identified, measured, monitored and controlled through an effective integrated risk management system covering credit, market, operational, interest rate, liquidity and other material risks.

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 ORR and FRR using approved methodologies as set out in this policy, however independent credit risk management may also perform this function.

Notwithstanding who derives the risk rating, Independent Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to a borrower and facilities. This review includes ensuring the ongoing consistency of the business' Risk Rating Process with Access Bank 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.

Independent 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.

On-going 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 then submitted to the appropriate approval authority for the size 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, etc. 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.

1 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. Our long-term goal is to adopt the Internal Rating Based ("IRB") approach. The data required to facilitate the IRB approach are being gathered.

All Access Bank businesses that extend credit are subject to the Risk rating policy.

Credit Risk Rating Models in Access Bank Plc

The following are the credit risk rating models deployed by Access Bank.

(i) ***For Retail Exposures:***

Obligor Risk Rating (ORR) Models have been developed for

1. Personal Loans
2. Credit Cards
3. Auto Loans
4. Mortgage Loans

Facility Risk Rating (FRR) Models have been developed for

1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

(ii) ***For Non – Retail Exposures:***

Obligor Risk Rating (ORR) Models have been developed for

1. Sovereign (Approach to rating Sovereign Exposures using External ratings)
2. Bank and Non Banking Financial Institutions
3. Corporate
    - Manufacturing Sector
    - Trading Sector
    - Services Sector
    - Real Estate Sector
4. Small and Medium Enterprises (SME) Without Financials

Facility Risk Rating (FRR) Models have been developed for
1. Loss Given Default (LGD)
2. Exposure at Default (EAD)

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 under 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 any 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 explicitly approved.

Establishing the Risk Rating Process is the joint responsibility of the Business Manager and Independent Credit Risk Manager associated with each business. The process must be documented and must be approved by the Management Credit Committee.

The Risk Rating Process for each business must be reviewed and approved every three years, unless more frequent review is specified as a condition of the approvals. Interim material changes to the Risk Rating Process, as determined by the Independent Credit Risk Manager for the business, must be re-approved.

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 and 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	S&P Long term 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	

2 Credit Risk Control & Mitigation policy

Authority Limits on Credit

The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee and further 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 Managament 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.

This structure gives Access Bank the possibility 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:

Authority	**Approval Limit**
Group Managing Director	N 200,000,000
Group Deputy Managing Director	N 150,000,000
Group Executive Director	N 75,000,000
Managing Directors of the Bank's subsidiaries	N 25,000,000

Credit approval limits by risk rating is shown in the table below

Access Bank Risk Rating	**Credit Rating by S&P**	**Board of Directors**	**Board Credit Committee Approval Limit**	**Management Credit Committee Approval Limit**
1	AAA	Single Obligor	N20 Billion	N10 Billion
2+	AA	Single Obligor	N20 Billion	N7.5 Billion
2	A	Single Obligor	N10 Billion	N2 Billion
2-	BBB	Single Obligor	N10 Billion	N1 Billion
3+	BB+	Single Obligor	N10 Billion	N500 Million
3	BB	Single Obligor	N10 Billion	N500 Million
3-	BB-	Single Obligor		Above N100 Million
4	B	Single Obligor		
5	B-	Single Obligor		

Collateral Policies

It is the Group's policy that all credit exposures are adequately collateralised. 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. 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 primary consideration when approving credits is always the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of BCBS on "Principles for the Management of Credit Risk" (September 2000, Paragraph 34) are be taken into consideration while using a credit risk mitigant to control credit risk.

> *"Bank can utilize 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 it can compensate for the 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, Banks need to be 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 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

It is the Group's policy that all credit exposures are adequately collateralised. Notwithstanding, our account opening documentation allows the Bank to net off customers' deposits against their exposure to the Bank. Generally transactions are allowed to run on a gross basis, however, in cases of unfavorable credit migration, the Bank may elect to invoke the netting agreement.

Credit related commitments

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

Provisioning policy

A loan or loan portfolio is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the loan or loan portfolio that can be reliably estimated

Group *31 December 2012*		**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	***Note***	**December 2012**	**December 2011**	**December 2012**	**December 2011**	**December 2012**	**December 2011**
Carrying amount	25, 26, 30	604,073,399	576,228,507	4,564,944	775,765	447,281,811	561,733,704
Assets at amortised cost							
Individually impaired:							
Grade 6: Impaired		5,657,229	14,380,004	932	125,230	-	-
Grade 7: Impaired		6,284,491	15,277,296	28,111	10,365	-	-
Grade 8: Impaired		22,397,397	26,436,645	67,712	22	-	3,195,441
Gross amount		34,339,117	56,093,945	96,755	135,617	-	3,195,441
Allowance for impairment		(24,233,009)	(43,581,022)	(96,755)	(61,028)	-	(3,195,441)
Carrying amount		10,106,108	12,512,923	-	74,589	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		489,392,919	487,624,213	4,570,274	705,954	-	-
Grade 4-5: Watch list		103,789,552	78,368,977	7,269	-	-	-
Grade 6: Impaired		113,395	-	-	-	-	-
Grade 7: Impaired		4,065,320	-	-	-	-	-
Grade 8: Impaired		7,706,909	-	-	-	-	-
Gross amount		605,068,095	565,993,190	4,577,543	705,954	-	-
Allowance for impairment		(13,626,006)	(4,279,771)	(12,599)	(4,778)	-	-
Carrying amount		591,442,089	561,713,419	4,564,944	701,176	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		2,627,910	2,452,168	-	-	-	-
Gross amount		2,627,910	2,452,168	-	-	-	-
Allowance for impairment		(102,708)	(450,003)	-	-	-	-
Carrying amount		2,525,202	2,002,165	-	-	-	-
Past due but not impaired comprises:							
90 -180 days		2,627,910	2,452,168	-	-	-	-
Gross amount		2,627,910	2,452,168	-	-	-	-
Allowance for impairment		(102,708)	(450,003)	-	-	-	-
Carrying amount		2,525,202	2,002,165	-	-	-	-
Neither past due nor impaired:							
Available-for-sale assets (AFS)							
Grade 1-3: Low-fair risk		-	-	-	-	57,816,888	46,978,397
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Held to maturity assets							
Grade 1-3: Low-fair risk		-	-	-	-	389,464,923	514,755,307
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Total carrying amount -amortised cost		604,073,400	576,228,507	4,564,944	775,765	447,281,811	561,733,704

Bank		**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
31 December 2012							
In thousands of Naira	***Note***	**December 2012**	**December 2011**	**December 2012**	**December 2011**	**December 2012**	**December 2011**
Carrying amount	25, 26, 30	554,592,199	490,877,501	3,054,520	775,765	420,346,295	127,420,035
Assets at amortised cost							
Individually impaired:							
Grade 6: Impaired		1,151,622	7,691,449	932	125,230	-	-
Grade 7: Impaired		4,209,986	6,255,023	28,111	10,365	-	-
Grade 8: Impaired		18,402,656	27,631,034	67,712	22	-	118,441
Gross amount		23,764,264	41,577,506	96,755	135,617	-	118,441
Allowance for impairment		(19,843,638)	(17,333,987)	(96,755)	(61,028)	-	(118,441)
Carrying amount		3,920,626	24,243,519	-	74,589	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		449,114,326	412,048,505	3,059,850	705,954	-	-
Grade 4-5: Watch list		100,938,746	56,128,388	7,269	-	-	-
Grade 6: Impaired		113,396	-	-	-	-	-
Grade 7: Impaired		4,065,320	-	-	-	-	-
Grade 8: Impaired		7,706,909	-	-	-	-	-
Gross amount		561,938,697	468,176,893	3,067,119	705,954	-	-
Allowance for impairment		(13,280,114)	(3,545,076)	(12,599)	(4,778)	-	-
Carrying amount		548,658,583	464,631,817	3,054,520	701,176	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		2,093,919	2,452,168	-	-	-	-
Gross amount		2,093,919	2,452,168	-	-	-	-
Allowance for impairment		(80,929)	(450,003)	-	-	-	-
Carrying amount		2,012,990	2,002,165	-	-		-
Past due but not impaired comprises:							
90 -180 days		2,093,919	2,452,168	-	-	-	-
Gross amount		2,093,919	2,452,168	-	-	-	-
Allowance for impairment		(80,929)	(450,003)	-	-	-	-
Carrying amount		2,012,990	2,002,165	-	-	-	-
Neither past due nor impaired:							
Available-for-sale assets (AFS)							
Grade 1-3: Low-fair risk		-	-	-	-	53,573,446	15,525,164
Grade 4-5: Low-fair risk		-	-	-	-	-	-
Held to maturity assets							
Grade 1-3: Low-fair risk		-	-	-	-	366,772,849	111,894,871
Grade 4-5: Low-fair risk		-	-	-	-	-	
Total carrying amount -amortised cost		554,592,199	490,877,501	3,054,520	775,765	420,346,295	127,420,035

Gross loans and advances to customers per sector is as analysed follows:

	Group		Bank	
In thousands of Naira	**December 2012**	**December 2011**	**December 2012**	**December 2011**
Agriculture	11,417,905	2,211,839	10,453,336	1,840,963
Capital market	282,125	24,668,109	258,292	14,164,109
Construction	21,565,101	20,520,115	19,743,311	16,988,370
Education	588,292	879,044	538,594	331,155
Finance And insurance	9,596,584	37,320,764	8,785,877	12,180,032
General	18,679,163	22,349,725	17,101,173	17,036,615
General commerce	96,522,617	123,850,757	88,368,519	118,106,502
Government	14,650,485	20,424,152	13,412,832	13,762,558
Information And communication	84,761,316	63,099,067	77,600,797	-
Manufacturing	136,349,163	96,302,824	124,830,573	84,296,669
Oil And gas	189,196,852	153,763,307	173,213,763	131,021,850
Real estate activities	38,882,509	31,509,903	35,597,768	27,962,393
Transportation and storage	12,699,321	20,827,400	11,626,500	7,285,985
Power and energy	1,093,417	2,255,023	1,001,047	1,124,899
Professional, scientific and technical activities	542,411	238,952	496,588	225,039
others	5,207,861	4,318,322	4,767,909	4,318,322
Total	642,035,122	624,539,303	587,796,879	450,645,461

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade:

Group	**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
December 2012						
Grade 6-8: Individually impaired	34,339,117	10,106,108	96,755	-	-	-
Total	34,339,117	10,106,108	96,755	-	-	-
December 2011						
Grade 6-8: Individually impaired	56,093,945	12,512,923	135,617	74,589	3,195,441	-
Total	56,093,945	12,512,923	135,617	74,589	3,195,441	-

Estimate of the fair value of collateral and other security enhancements held against loans and advances to customers and banks is shown below:

	Loans and advances to customers		**Loans and advances to banks**	
Group	***December***	***December***	***December***	***December***
In thousands of Naira	**2012**	**2011**	**2012**	**2011**
Against individually impaired	13,118,638	10,374,786	-	-
Against collectively impaired	298,975,878	242,966,173	2,480,500	3,033,500
Against past due but not impaired	11,506,623		-	
Total	323,601,139	253,340,959	2,480,500	3,033,500

	Loans and advances to customers		**Loans and advances to banks**	
	December	***December***	***December***	***December***
	2012	**2011**	**2012**	**2011**
Against individually impaired:				
Property	5,580,278	10,373,720	-	-
Equities	19,722	1,066	-	-
Cash	418,392	-	-	-
Pledged goods/receivables	-	-	-	-
Others	7,100,246	-	-	-
	13,118,638	10,374,786	-	-
Against collectively impaired:				
Property	198,088,526	131,409,340	-	-
Equities	9,882,508	22,541,176	-	-
Cash	48,575,181	89,015,657	2,480,500	-
Pledged goods/receivables	-	-	-	3,033,500
Others	42,429,663	-	-	-
	298,975,878	242,966,173	2,480,500	3,033,500
Against past due but not impaired:				
Property	11,400,775	-	-	-
Equities	55,848	-	-	-
Cash	50,000	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
	11,506,623	-	-	-
Total	323,601,139	253,340,959	2,480,500	3,033,500

Credit concentration (Group)

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:

		Loans and advances to customers		Loans and advances to banks		Investment Securities	
		December	December	December	December	December	December
In thousands of Naira	*Note*	2012	2011	2012	2011	2012	2011
Carrying amount	25, 26, 30	604,073,399	576,228,507	4,564,943	775,765	447,281,811	561,733,704
Concentration by sector:							
Corporate		451,939,534	429,446,999	-	-	37,546,778	55,032,645
Commercial		108,591,572	95,400,391	-	-	-	-
Bank		498,798	-	4,564,943	775,765	-	83,727,623
Retail		38,187,950	32,643,127	-	-	-	-
Government		4,855,544	18,737,990	-	-	409,418,692	498,328,296
Others		-	-	-	-	316,341	-
		604,073,398	576,228,507	4,564,943	775,765	447,281,811	561,733,704
Concentration by location:							
Nigeria		554,089,379	513,824,159	4,564,943	775,765	418,941,797	530,544,232
Rest of Africa		39,642,676	56,766,669	-	-	21,469,546	27,529,468
Europe		10,341,344	5,637,679	-	-	6,870,468	3,660,004
Others		-	-	-	-	-	-
		604,073,399	576,228,507	4,564,943	775,765	447,281,811	561,733,704

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.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade:

Bank	**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
December 2012						
Grade 6-8: Individually impaired	23,764,264	3,920,626	96,755	-	-	-
Total	23,764,264	3,920,626	96,755	-	-	-
December 2011						
Grade 6-8: Individually impaired	41,577,506	24,243,519	135,617	74,589	118,441	-
Total	41,577,506	24,243,519	135,617	74,589	118,441	-

Estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

Bank	**Loans and advances to customers**		**Loans and advances to banks**	
In thousands of Naira	***December* 2012**	***December* 2011**	***December* 2012**	***December* 2011**
Against individually impaired	1,049,911	10,374,786		-
Against collectively impaired	242,275,675	242,966,173	2,480,500	3,033,500
Against past due but not impaired	11,506,623	-		-
Total	254,832,209	253,340,959	2,480,500	3,033,500

	Loans and advances to customers		**Loans and advances to banks**	
	***December* 2012**	***December* 2011**	***December* 2012**	***December* 2011**
Against individually impaired:				
Property	1,030,118	10,373,720	-	-
Equities	19,722	1,066	-	-
Cash	71	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
	1,049,911	10,374,786	-	-
Against collectively impaired:				
Property	184,333,303	131,409,340	-	-
Equities	9,669,177	22,541,176	-	-
Cash	48,273,195	89,015,657	2,480,500	-
Pledged goods/receivables	-	-	-	3,033,500
Others	-	-	-	-
	242,275,675	242,966,173	2,480,500	3,033,500
Against past due but not impaired:				
Property	11,400,775	-	-	-
Equities	55,848	-	-	-
Cash	50,000	-	-	-
Pledged goods/receivables	-	-	-	-
Others	-	-	-	-
	11,506,623	-	-	-
Total	254,832,209	253,340,959	2,480,500	3,033,500

Credit concentration (Bank)

The Bank 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:

		Loans and advances to customers		Loans and advances to banks		Investment Securities	
		December	December	December	December	December	December
In thousands of Naira	Note	2012	2011	2012	2011	2012	2011
Carrying amount	25, 26, 30	554,592,199	490,877,501	3,054,520	775,765	420,346,295	127,420,035
Concentration by sector:							
Corporate		432,970,254	365,837,280		-	37,427,797	36,118,473
Commercial		85,535,497	81,269,679		-	-	-
Bank		-	-	3,054,520	775,765	-	-
Retail		33,919,447	27,808,025		-	-	-
Government		2,167,001	15,962,517		-	382,918,498	91,301,562
Others			-		-		-
		554,592,199	490,877,501	3,054,520	775,765	420,346,295	127,420,035
Concentration by location:							
Nigeria		554,592,199	490,877,501	3,054,520	775,765	411,660,691	127,420,035
Rest of Africa		-	-	-	-	8,685,604	-
Europe		-	-	-	-	-	-
		554,592,199	490,877,501	3,054,520	775,765	420,346,295	127,420,035

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.

Market risk management
Definition
Access Bank's ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. Market risk mainly arises from trading activities and equity investments. Access Bank is also exposed to market risk through non-traded interest rate risk in its banking book:

Market risk policy, management and control
The Bank's ability to effectively identify, assess, monitor and manage market risks involved in its activities is critical to its soundness and profitability. It's strategy is to invest its own capital on a limited and carefully selected basis in transactions, underwritings and other activities that involve market risk. The Bank is exposed to market risk through adverse movements in equity prices, foreign exchange and interest rates.

Access Bank manages market risk in line with its principal risks and control policy requirements approved by the Board Risk Committee. 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. Market Risk monitors exposures against these limits.
The Bank's GMD/CEO is responsible for approving specific position limits, which are used for positions, which are sometimes specific medium-term investment cases and other times strategic (or have the potential of becoming strategic) in the medium term.

Each trading unit within the Bank adheres to the general rules set out by the Board of Directors. Moreover, each trading unit has its own set of working procedures and rules that further specify their targets, limits and scope in trading.

The position limits, or any changes to them, are proposed by the Bank's head of trading and then accepted by the Bank's Chief Risk Officer and reviewed by the Bank's CEO. The size of each position limit is based on, among other factors, underlying liquidity, the Bank's risk appetite, as well as legal limitations on individual positions imposed by authorities in Nigeria.

All market risks are reported to the Risk Committee daily (through a dashBoard) and quarterly with recommendations made concerning the risk profile including risk appetite, limits and utilization. The head of each business, assisted by the business risk management team, is accountable for all market risks associated with its activities, which are reported to business risk governance and control committees. Oversight and support is provided to the business by the central market risk team.

Access Bank has a dedicated market risk team with the sole responsibility of implementing the market risk control framework. Daily market risk and stress testing reports are produced for trading portfolios covering all risk categories including interest rate, equity and foreign exchange credit spread risk.

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 period at a set statistical confidence level.

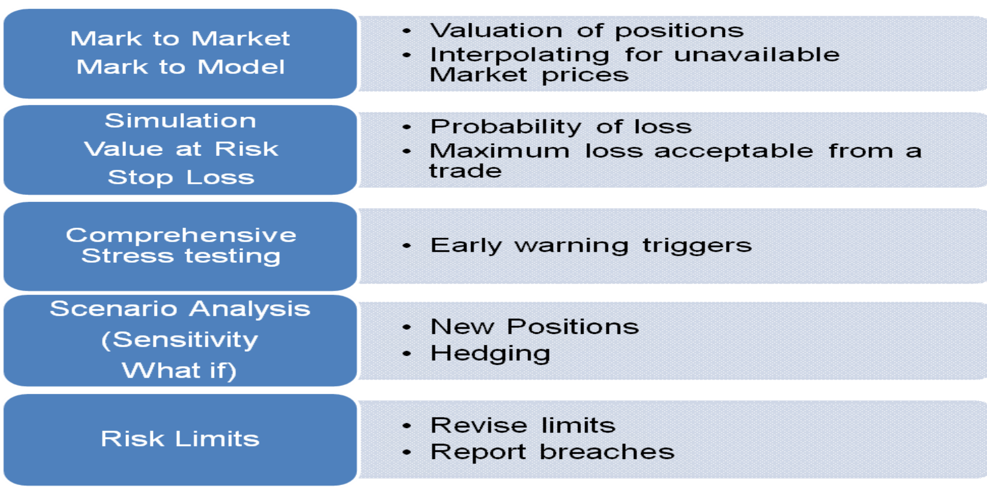
VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. To assess their predictive power, VaR models are back tested against actual results.

Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved.

Identifying the growing importance of market risks in the Bank's operations, management has continued to ensure adequate internal controls and capital resources to address these risks. Prominent among the steps taken by management is the documentation of Internal Capital Adequacy Assessment Process (ICAAP), for effective risk and capital management, and approving more stringent limits to ensure market risk exposures are within its appetite.

Traded market risk measurement and control

The measurement/control techniques used to measure and control traded market risk include daily valuation of positions, limit monitoring, gap analysis, sensitivity analysis, Value at risk, tail risk, stress testing, e.t.c.



Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/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 on a daily basis. As a general guide, marking to market is performed independently of the trading unit i.e. prices/rates are obtained from external sources.

Daily value at risk (DVaR)

DVaR is an estimate of the potential loss that might arise from unfavourable market movements if current positions were to be held unchanged for one business day, measured to a confidence level of 99%. This is to guard against incidence of significant market movements, consequently improving management, transparency and control of the market risk profile. Daily losses exceeding the DVaR figure are likely to occur, on average, five times in every 100 business days.

Access Bank uses an internal DVaR model based on the historical simulation method. Two years of unweighted historical price and rate data is applied and updated daily. This internal model is also used for measuring value at risk over both a one-day and 10-day holding period at a 99% confidence level for regulatory backtesting and regulatory capital calculation purposes respectively. This model covers general market (position) risk across all approved interest rate, foreign exchange, commodity, equity and traded credit products.

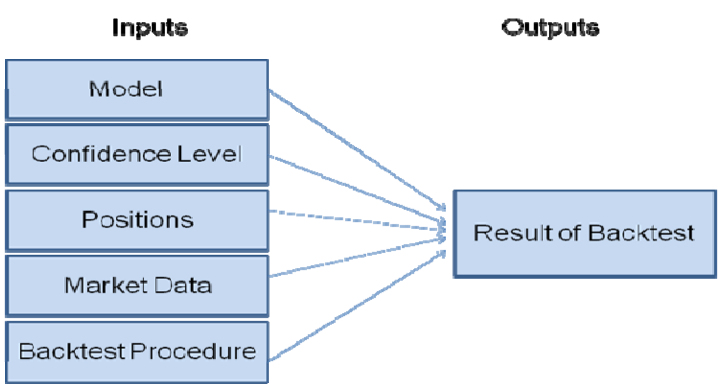
There are a number of considerations that should be taken into account when reviewing DVaR numbers. These are as follows:

- 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.
- DVaR does not indicate the potential loss beyond the selected percentile.
- Intra-day risk is not captured.
- Prudent valuation practices are used in the DVaR calculation when there is difficulty obtaining rate/price information.

To complement DVaR, tail risk metrics, stress testing and other sensitivity measures are used.

Backtesting

DVaR 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 backtesting, which counts the number of days when daily trading losses exceed the corresponding DVaR estimate.



The regulatory standard for backtesting is to measure daily losses against DVaR assuming a one-day holding period and a 99% level of confidence. The regulatory green zone of four or less exceptions over a 12-month period is consistent with a good working DVaR model. Backtesting reports are produced regularly.

Stress testing

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.

A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. The Bank performs two main types of stress/scenario testing. Firstly, risk factor stress testing, where extended historical stress moves are applied to each of the main risk categories, which include interest rate, equity, foreign exchange, commodity 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 scenarios are applied to interest rates, credit spreads, exchange rates, commodity prices and equity prices. Ad hoc scenarios are also prepared reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

Risk limits

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 DVaR. This is further supported by a comprehensive set of non-DVaR 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.

Open Position Limits (OPL): The Bank, in keeping with the prudency concept, sets its policy limit for Open Position at a level lower than the maximum OPL approved by the regulatory authority. In setting the internal OPL, the following considerations are imperative:

- The Regulatory OPL;
- 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;
- The Bank's desired positioning in the relevant FX market with requirements for international business support.

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, takes into account 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 of a position in order to avoid any further loss based on existing exposures. Positions are liquidated uniformly when stop loss limits are breached.

Dealer Stop Loss Limit: This limit sets a maximum tolerable unrealized profit/loss to date based on existing exposures for a specific dealer. Positions are liquidated uniformly when the dealer stop limit is breached independent of the global stop loss limit.

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 time period may be changed depending on the volume of position held and current market realities. At a maximum of 99% confidence level, and a holding period of 1 day, the bank maintains a VaR limit of 0.25% of Gross earnings.

Interest rate risk

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.

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 also 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 NBOR 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 Group balance sheet, mainly due to re-pricing timing differences between assets, liabilities and equity. 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.

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 each of the Africa subsidiary treasuries in the course of balance sheet management and facilitating customer activity. The risk is managed by local treasury functions, subject to modest risk limits and other controls.

A summary of the Group's interest rate gap position on non-trading portfolios is as follows:

Market risks

Group

		Re-pricing period				
In thousands of Naira	**Carrying amount**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-12						
Non-derivative assets						
Cash and cash equivalents	160,870,921	128,629,857	26,954,044	4,143,727	-	-
Pledged assets	60,949,855	6,526,539	-	-	-	54,423,316
Loans and advances to banks	4,564,943	2,195,641	588,582	1,092,643	278,997	409,080
Loans and advances to customers	604,073,399	210,307,160	104,433,918	64,696,555	121,757,041	102,878,725
Investment securities	407,290,377	23,001,397	8,681,346	19,911,683	286,891,916	68,804,035
	1,237,749,495	**370,660,594**	**140,657,890**	**89,844,608**	**408,927,954**	**226,515,156**
Non-derivative liabilities						
Deposits from banks	105,170,552	111,118,761	(2,648,637)	3,906,323	2,641,477	4,545,982
Deposits from customers	1,201,481,996	1,099,176,826	36,423,289	20,746,656	1,838,104	-
Debt securities issued	54,685,891	-	-	-	54,685,891	-
Liabilities on investment contracts	65,591	65,591	-	-	-	-
Interest bearing loans & borrowings	40,092,312	2,369,748	40,800	81,600	408,000	40,540,885
	1,401,496,342	**1,212,730,926**	**33,815,452**	**24,734,579**	**59,573,472**	**45,086,867**
Total interest re-pricing gap	(163,746,847)	(842,070,332)	106,842,438	65,110,029	349,354,482	181,428,289

		Re-pricing period				
In thousands of Naira	**Carrying amount**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11						
Non-derivative assets						
Cash and cash equivalents	191,518,475	161,881,083	16,872,570	2,274,342	5,538,672	4,951,808
Pledged assets	66,191,144	28,321,144	3,750,000	3,750,000	160,000	30,210,000
Loans and advances to banks	775,765	109,670	666,095	-	-	-
Loans and advances to customers	576,228,508	139,259,660	105,151,722	123,319,809	134,461,382	74,035,935
Investment securities	561,733,704	-	53,856,424	46,708,405	387,189,821	73,979,054
	1,396,447,596	**329,571,557**	**180,296,811**	**176,052,556**	**527,349,875**	**183,176,796**
Non-derivative liabilities						
Deposits from banks	146,808,286	82,955,976	51,494,339	9,533,527	-	2,824,445
Deposits from customers	1,101,703,921	940,324,902	121,153,139	33,573,444	4,096,410	2,556,026
Liabilities on investment contracts	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	29,258,273	40,157	3,212,557	1,010,617	7,589,655	17,405,287
	1,277,831,481	**1,023,382,035**	**175,860,035**	**44,117,588**	**11,686,065**	**22,785,758**
Total interest re-pricing gap	118,616,115	(693,810,478)	4,436,776	131,934,968	515,663,810	160,391,039

A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

Market risks

Bank

In thousands of Naira	**Carrying amount**	**Re-pricing period** Less than 3 months	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-12						
Non-derivative assets						
Cash and cash equivalents	66,311,887	40,844,037	21,467,850	4,000,000	-	-
Pledged assets	60,949,855	6,526,539	-	-	-	54,423,316
Loans and advances to banks	3,054,519	2,349,246	-	98,374	197,819	409,080
Loans and advances to customers	554,592,199	190,705,529	85,236,301	61,242,050	116,235,179	101,173,140
Investment securities	388,024,777	14,525,937	6,225,976	15,442,055	283,238,249	68,592,560
	1,072,933,237	**254,951,288**	**112,930,127**	**80,782,479**	**399,671,247**	**224,598,096**
Non-derivative liabilities						
Deposits from banks	24,590,053	17,314,737	106,511	637	2,622,187	4,545,982
Deposits from customers	1,093,979,209	1,028,421,343	36,595,982	28,694,236	267,648	-
Debt securities issued	-	-	-	-	-	-
Interest bearing loans & borrowings	95,594,904	-	-	-	55,502,694	40,092,210
	1,214,164,166	**1,045,736,080**	**36,702,493**	**28,694,873**	**58,392,529**	**44,638,192**
Total interest re-pricing gap	(141,230,929)	(790,784,792)	76,227,634	52,087,606	341,278,718	179,959,904

In thousands of Naira	**Carrying amount**	**Re-pricing period** Less than 3 months	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11						
Non-derivative assets						
Cash and cash equivalents	98,255,964	98,255,964	-	-	-	-
Pledged assets	66,191,144	28,321,144	3,750,000	3,750,000	160,000	30,210,000
Loans and advances to banks	775,765	109,670	666,095	-	-	-
Loans and advances to customers	490,877,502	118,632,510	89,576,641	105,053,671	114,544,953	63,069,727
Investment securities	127,420,034	-	12,216,442	10,595,032	87,827,631	16,780,929
	783,520,409	**245,319,288**	**106,209,178**	**119,398,703**	**202,532,584**	**110,060,656**
Non-derivative liabilities						
Deposits from banks	143,073,663	80,845,677	50,184,386	9,291,006	-	2,752,594
Deposits from customers	522,922,292	446,323,957	57,505,175	15,935,590	1,944,355	1,213,214
Interest bearing loans & borrowings	29,243,818	40,137	3,210,970	1,010,118	7,585,906	17,396,688
	695,239,773	**527,209,771**	**110,900,531**	**26,236,714**	**9,530,261**	**21,362,496**
Total interest re-pricing gap	88,280,636	(281,890,483)	(4,691,353)	93,161,989	193,002,323	88,698,160

(ii) Foreign exchange risk

Foreign Exchange risk is the exposure of the Bank’s financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers’ deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks.

The Bank’s foreign exchange risk is considered at a Group level since an effective overview of such risk is a critical element of the Bank’s asset/liability risk management. The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels.

Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.

Our net total currency balance is always within specified regulatory limits which is currently 1% of shareholders’ funds.

The table below summarises the Group's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Group	***Note***						
In thousands of Naira							
31-Dec-12							
Cash and cash equivalents	21	296,184,966	113,779,037	143,085,678	19,319,736	12,368,726	7,631,790
Non-pledged trading assets	22	27,906,803	3,926,353	-	-	-	23,980,449
Pledged assets	23	60,949,856	60,949,856	-	-	-	-
Derivative financial instruments	24	30,949	-	1,522	22,070	7,357	-
Loans and advances to banks	25	4,564,943	704,756	3,326,694	344,500	188,993	-
Loans and advances to customers	26	604,073,399	451,093,811	139,956,934	2,798,233	531,304	9,693,117
Insurance receivables	27	627,337	296,317	108,276	-	-	222,745
Investment securities	30	447,281,811	417,472,818	15,313,659	546,431	2,827,031	11,121,872
		1,441,620,065	1,048,222,948	301,792,763	23,030,970	15,923,411	52,649,973
Deposits from banks	37	105,170,552	17,861,205	79,114,684	4,609,128	2,501,197	1,084,338
Deposits from customers	38	1,201,481,996	957,610,171	195,127,090	10,568,567	9,304,049	28,872,119
Derivative financial instruments	24	35,515	-	-	20,041	15,474	-
Debt securities issued	39	54,685,891	-	54,685,891	-	-	-
Claims payable	42	118,226	118,226	-	-	-	-
Liabilities on investment contracts	43	65,591	65,591	-	-	-	-
Liabilities on insurance contract	44	3,351,234	2,850,013	-	-	-	501,221
Interest bearing loans & borrowings	45	40,092,312	5,036,111	35,049,741	405	6,055	-
		1,405,001,317	983,541,317	363,977,406	15,198,141	11,826,774	30,457,678

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Group	***Note***						
In thousands of Naira							
31-Dec-11							
Cash and cash equivalents	21	191,518,474	111,016,908	44,525,246	11,546,440	7,261,947	17,167,932
Non-pledged trading assets	22	10,812,122	10,812,122	-	-	-	-
Pledged assets	23	66,191,144	66,191,144	-	-	-	-
Derivative financial instruments	24	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	775,765	-	-	-	-
Loans and advances to customers	26	576,228,507	387,764,322	151,929,715	3,605,296	641,358	32,287,816
Insurance receivables	27	1,405,000	1,405,000	-	-	-	-
Investment securities	30	561,733,704	513,329,941	35,221,269	7,466,785	-	5,715,708
		1,408,674,625	1,091,295,202	231,686,139	22,618,521	7,903,305	55,171,456
Deposits from banks	37	146,808,286	84,753,260	52,907,610	5,176,139	3,971,278	-
Deposits from customers	38	1,101,703,921	849,395,347	156,007,951	18,485,194	3,453,816	74,361,613
Derivative financial instruments	24	9,413	-	-	9,413	-	-
Claims payable	39	450,000	450,000	-	-	-	-
Liabilities on investment contracts	43	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	45	29,258,273	21,533,498	7,724,775	-	-	-
		1,278,290,893	956,193,105	216,640,336	23,670,746	7,425,094	74,361,613

The table below summaries the Bank's financial instruments at carrying amount, categorised by currency:

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Bank	***Note***						
In thousands of Naira							
31-Dec-12							
Cash and cash equivalents	21	176,228,932	49,271,124	111,228,905	7,126,505	8,353,044	249,354
Non-pledged trading assets	22	3,769,260	3,769,260	-	-	-	-
Pledged assets	23	60,949,856	60,949,856	-	-	-	-
Derivative financial instruments	24	-	-	-	-	-	-
Loans and advances to banks	25	3,054,520	704,756	2,349,764	-	-	-
Loans and advances to customers	26	554,592,199	416,190,727	135,379,149	731,461	469,427	1,821,435
Investment securities	30	420,346,295	410,634,801	9,711,494	-	-	-
		1,218,941,061	941,520,524	258,669,312	7,857,966	8,822,471	2,070,789
Deposits from banks	37	24,590,053	17,689,951	6,154,403	333,573	412,126	-
Deposits from customers	38	1,093,979,220	909,883,159	169,381,246	8,250,995	6,463,622	198
Interest bearing loans & borrowings	45	95,594,904	31,041,437	64,553,467	-	-	-
		1,214,164,177	958,614,547	240,089,116	8,584,568	6,875,748	198

Financial instruments by currency		**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Bank	***Note***						
In thousands of Naira							
31-Dec-11							
Cash and cash equivalents	21	98,255,964	43,278,630	46,100,388	4,890,759	3,868,519	117,668
Non-pledged trading assets	22	5,787,534	5,787,534	-	-	-	-
Pledged assets	23	66,191,144	66,191,144	-	-	-	-
Derivative financial instruments	24	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	775,765	-	-	-	-
Loans and advances to customers	26	490,877,501	368,233,603	122,179,165	11,366	373,938	79,429
Investment securities	30	127,420,035	119,577,916	7,842,119	-	-	-
		789,317,852	603,844,592	176,131,581	4,902,125	4,242,457	197,097
Deposits from banks	37	143,073,663	91,470,543	51,452,019	24,641	126,460	-
Deposits from customers	38	522,922,292	397,302,393	117,063,268	4,988,042	1,994,236	1,574,353
Interest bearing loans & borrowings	45	29,243,818	21,549,236	7,694,582	-	-	-
		695,239,773	510,322,172	176,209,869	5,012,683	2,120,696	1,574,353

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 at all times including periods of financial stress.

The Bank has developed a liquidity management framework based on a statistical model underpinned by conservative assumptions with regard to 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 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, maximizes access to funding sources, minimizes borrowing costs and facilitates timely responses to liquidity events. We analyze and monitor our liquidity risk, maintain excess liquidity and access diverse funding sources including our stable deposit base.

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.

Quantifications

Access Bank has adopted both qualitative and quantitative approaches to measuring liquidity risk. Specifically, the Bank adopted the following approaches;

a) Funding and Liquidity plan;
b) Gap Analysis; and
c) 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 a + or – 20% of the total risk assets and the gap as a + or – 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 sufficient 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 contingency funding plan which incorporate 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 in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet twice a month that project 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 materialise, 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 shortages; 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.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Group's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	2012	**2011**
At end of year	59.66%	35.7%
Average for the year	64.08%	36.6%
Maximum for the year	77.12%	41.5%
Minimum for the year	55.90%	33.2%

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 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.

(iii) Residual contractual maturities of financial assets and liabilities

In thousands of Naira	**Note**	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
Group								
31-Dec-12								
Non-derivative assets								
Cash and cash equivalents	21	296,184,966	296,184,965	267,791,282	24,248,836	4,144,847	-	-
Non-pledged trading assets	22	27,906,803	29,922,220	16,294,030	7,969,908	1,305,755	4,352,527	-
Pledged assets	23	60,949,856	131,847,049	6,671,114	2,403,657	2,443,496	19,401,892	100,926,891
Derivative financial instrument	24	30,949	53,899	36,277	15,982	-	-	1,640
Loans and advances to banks	25	4,564,943	66,476,669	5,416,514	958,506	573,418	58,813,714	714,517
Loans and advances to customers	26	604,073,399	673,439,738	209,750,681	95,953,623	93,261,863	135,447,307	139,026,264
Insurance receivables	27	627,337	1,065,571	1,065,571	-	-	-	-
Investment securities	30	447,281,811	551,460,057	31,785,712	5,088,282	227,646,901	156,521,497	130,417,665
		1,441,620,064	1,750,450,169	538,811,181	136,638,794	329,376,280	374,536,937	371,086,977
Non-derivative liabilities								
Deposits from banks	37	105,170,552	125,801,717	114,601,423	106,511	3,925,613	2,622,187	4,545,982
Deposits from customers	38	1,201,481,996	1,207,459,308	1,105,376,078	56,923,657	42,148,887	3,010,686	-
Derivative financial instrument	24	35,515	54,542	54,542	-	-	-	-
Debt securities issued	39	54,685,891	74,714,752	2,005,875		2,005,875	70,703,002	-
Claims payable	42	118,226	118,226	118,226	-	-	-	-
Liabilities on investment contracts	43	65,591	65,591	65,591	-	-	-	-
Interest bearing loans & borrowings	45	40,092,312	93,580,943	20,400	40,800	81,600	55,093,891	38,344,252
		1,401,650,083	1,501,795,078	1,222,242,135	57,070,968	48,161,976	131,429,766	42,890,234
Gap (asset - liabilities)		39,969,981	248,655,090	(683,430,954)	79,567,826	281,214,304	243,107,171	328,196,743
Cumulative liquidity gap				(683,430,954)	(603,863,128)	(322,648,824)	(79,541,653)	248,655,090

In thousands of Naira	***Note***	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 years**	**More than 5 years**
31-Dec-11								
Non-derivative assets								
Cash and cash equivalents	21	191,518,474	191,518,475	161,881,083	16,872,570	2,274,342	5,538,672	4,951,808
Non-pledged trading assets	22	10,812,122	10,812,122	3,612,206	61,942	4,851,000	194,622	2,092,352
Pledged assets	23	66,191,144	66,191,144	26,158,144	2,163,000	3,750,000	160,000	33,960,000
Derivative financial instrument	24	9,909	9,909	-	9,909	-	-	-
Loans and advances to banks	25	775,765	748,348	109,670	638,678	-	-	-
Loans and advances to customers	26	576,228,507	576,236,897	139,259,660	105,160,111	123,319,809	134,461,382	74,035,935
Insurance receivables	27	1,405,000	1,405,000	1,405,000	-	-	-	-
Investment securities	30	561,733,704	561,733,704	53,856,424	46,708,405	387,189,821	73,979,054	-
		1,408,674,625	1,408,655,599	386,282,187	171,614,615	521,384,972	214,333,730	115,040,095
Non-derivative liabilities								
Deposits from banks	37	146,808,286	1,133,648,048	82,955,975	51,494,339	9,533,527	-	2,824,445
Deposits from customers	38	1,101,703,921	1,103,869,362	940,324,902	123,318,580	33,573,444	4,096,410	2,556,026
Derivative financial instrument	24	9,413	9,413	-	9,413	-	-	-
Claims payable	39	450,000	450,000	450,000	-	-	-	-
Liabilities on investment contracts	42	61,000	61,000	61,000	-	-	-	-
Interest bearing loans & borrowings	45	29,258,273	29,258,273	40,156	3,212,557	1,010,617	7,589,655	17,405,287
		1,278,290,893	2,267,296,096	1,023,832,033	178,034,889	44,117,588	11,686,065	22,785,758
Gap (asset - liabilities)		130,383,732	(858,640,497)	(637,549,846)	(6,420,274)	477,267,384	202,647,665	92,254,337
Cumulative liquidity gap				(637,549,846)	(643,970,120)	(166,702,736)	35,944,929	128,199,266

The following table shows the undiscounted cash flows on the Bank'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.

(iii) Residual contractual maturities of financial assets and liabilities

In thousands of Naira	*Note*	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
Bank								
31-Dec-12								
Non-derivative assets								
Cash and cash equivalents	21	176,228,932	176,288,616	150,777,731	21,509,765	4,001,120	-	-
Non-pledged trading assets	22	3,769,260	5,097,490	5,097,490	-	-	-	-
Pledged assets	23	60,949,856	131,847,050	6,671,114	2,403,657	2,443,496	19,401,892	100,926,891
Loans and advances to banks	25	3,054,520	3,163,874	2,349,246	-	100,111	-	714,517
Loans and advances to customers	26	554,592,199	590,119,610	191,365,896	88,284,244	53,959,405	121,198,015	135,312,050
Investment securities	30	420,346,295	523,180,978	16,198,997	3,500,204	225,215,720	148,089,361	130,176,695
		1,218,941,062	1,429,697,617	372,460,474	115,697,870	285,719,852	288,689,268	367,130,152
Non-derivative liabilities								
Deposits from banks	37	24,590,053	24,590,054	17,314,737	106,511	637	2,622,187	4,545,982
Deposits from customers	38	1,093,979,220	1,093,979,209	1,028,421,343	36,595,982	28,694,236	267,648	-
Interest bearing loans & borrowings	45	95,594,904	110,260,980	2,005,875	-	2,005,875	70,703,002	35,546,228
		1,214,164,177	1,228,830,243	1,047,741,955	36,702,493	30,700,748	73,592,837	40,092,210
Gap (asset - liabilities)		4,776,885	200,867,374	(675,281,481)	78,995,377	255,019,104	215,096,431	327,037,942
Cumulative liquidity gap				(675,281,481)	(596,286,104)	(341,267,000)	(126,170,568)	200,867,374

In thousands of Naira	*Note*	Carrying amount	Gross nominal inflow/(outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
31-Dec-11								
Non-derivative assets								
Cash and cash equivalents	21	98,255,964	98,255,964	92,506,425	1,760,039	3,989,500	-	-
Non-pledged trading assets	22	5,787,534	5,787,534	3,500,560	-	-	2,286,974	-
Pledged assets	23	66,191,144	66,191,144	7,491,114	-	-	58,700,030	-
Derivative financial instrument	24	-	-	-	-	-	-	-
Loans and advances to banks	25	775,765	775,765	775,765	-	-	-	-
Loans and advances to customers	26	490,877,501	490,877,501	219,105,265	87,354,667	25,761,920	109,986,412	48,669,237
Insurance receivables	27	-	-	-	-	-	-	-
Investment securities	30	127,420,035	127,420,035	41,705,554	-	-	85,714,481	-
		789,307,943	789,307,943	365,084,683	89,114,706	29,751,420	256,687,897	48,669,237
Non-derivative liabilities								
Deposits from banks	37	143,073,663	143,073,663	135,668,393	7,405,270	-	-	-
Deposits from customers	38	522,922,292	522,922,292	508,651,194	5,565,447	8,702,588	3,063	-
Interest bearing loans & borrowings	43	29,243,818	29,243,818	3,339,905	800,000	206,667	7,559,990	17,337,256
		695,239,773	695,239,773	647,659,492	13,770,717	8,909,255	7,563,053	17,337,256
Gap (asset - liabilities)		94,068,170	94,068,170	(282,574,809)	75,343,989	20,842,165	249,124,844	31,331,981
Cumulative liquidity gap				(282,574,809)	(207,230,820)	(186,388,655)	62,736,189	94,068,170

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:

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, the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank group 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 will 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 emphasises effective operational risk 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 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, provide 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 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, improve process efficiencies and 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 being exercised 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 management and future mitigation of such events.

The role of the Independent Operational Risk department 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 introduced by the current 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. Amongst others, business management are responsible to ensure that processes for identifying and addressing ineffective controls and the mitigating 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 identified weaknesses are acted upon. The Group operational risk profile is presented to the Board quarterly. Control effectiveness is monitored at the Enterprise Risk Management Committee and at the Board; and the multi-layered system of defences ensures pro-active operational risk management.

Measuring and managing operational risk
The Group recognises 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 and to provide 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 and is part of a consortium of international banks that share loss data information anonymously 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 KRIIs 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 a regular and an 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 instance an allocation from, Access Bank to Commercial Banking Division, Retail Banking Division, Institutional Banking Group, e.t.c.). For each business unit, the allocation takes into consideration not only the size of the business unit, but also measures of the business unit’s control environment. This translates to a risk-sensitive allocation with the opportunity afforded to business to identify actions to positively impact on their respective allocated operational risk capital.

Expected loss (EL) budgeting mitigation
Basel II makes provision for mitigation of operational risk due to appropriate budgeting and managing for Expected Loss. A significant portion of the Group business already budgets for expected losses and while the Group has developed a methodology for the modelling of Expected Loss budgeting, the Group will not apply risk mitigation in the calculation of its operational risk exposure until such time as policies and procedures are compliant to regulatory minimum requirements.

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 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 and Continuity of Business

Information security and the protection of confidential and sensitive customer data are a priority of Access Bank. The Bank has developed and implemented an Information Security Risk Management framework that is in line with best practice. The framework is reviewed and enhanced regularly to address emerging threats to customers' information.

The Bank mitigates business continuity risks by reviewing and testing recovery procedures. The Bank's business continuity plan has been reviewed in view of recent enlarged operations. Regular bank wide awareness campaigns are also used to drive information security and business continuity culture in the bank.

Compliance Risk Management

Compliance Risk is the risk of loss resulting from failure (or perceived failure) to comply with relevant laws, regulations, internal policies and procedures or ethical standards. In addition to reputational damage, failure to effectively manage Compliance Risk can expose financial institutions to fines, civil/criminal penalties, and payment of damages, court orders and suspension or revocation of licenses. A failure (or perceived failure) can adversely impact customers, staff and shareholders of Access Bank.

The Bank believes that fully embedded Compliance Risk Management preserves the trust its customers, shareholders and staff have in the Bank and is important for the way Access Bank does business. Managing Compliance Risk is fundamental to driving value. The pursuit of long term business sustainability requires proper conduct of business activities in accordance with the high ethical standards of Access Bank's Business Principles. These principles not only reflect laws and regulations, but are also based on the Bank's core values: excellence, ethics, passion for customers, team work, trust and continuous learning.

Ongoing changes and the continuous introduction of new legislation, have placed greater emphasis on the formal and structured monitoring of compliance with legal, regulatory, supervisory and internal requirements. Although legislative changes place an administrative burden on the Bank, the development of a framework provide the Bank with an opportunity to commit more openly to a culture of compliance within the Bank, its subsidiaries and divisions. In ensuring compliance with laws and regulations, the Bank put in place a robust Compliance Risk Management policy with set out guidelines to manage the Group's compliance risk made indispensable by the expansion of Access Bank activities in various jurisdictions, the evolving nature of the Global financial services industry, the introduction of new legislation, and the update of existing legislation; as well as the increasing complexities of the Bank's activities.

An efficient infrastructure has been put in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. Access Bank understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby improving the quality of key relationships based on honesty, integrity and fairness.

Our Compliance framework provides the platform for the compliance programmes that are consistently applied across the Bank to manage compliance risk. The framework has put in place a Group-wide reporting compliance framework encompassing both mandatory (regulatory) and non- mandatory (self regulatory) compliance. This framework includes a common approach to commitment and accountability, policies and procedures, controls and supervision, monitoring, regulatory change management, reporting, education and awareness.

We approach Compliance Risk Management on an enterprise and line of business level. The Compliance and Internal Control function provides oversight of significant compliance risk issues. The function also develops and guides the strategies, policies and practices for assessing and managing compliance risks across the organization. We re-established Compliance Resource Officers Meeting set up to develop, manage and integrate a compliance culture that meets global standards within the organization. Through education and communication efforts, a culture of compliance is emphasized across the organization.

We also mitigate compliance risk through a broad-based approach to process management and improvement. The lines of business are responsible for all the risks within the business line, including compliance risks. Compliance Risk Officers, working in conjunction with senior line of business executives, have developed key tools to address and measure compliance risks and to ensure compliance with laws and regulations in each line of business

Compliance Risk Management Framework

Strategic Risk Management
Strategic risk is embedded in every line of business and is part of the other major risk categories (credit, market, liquidity, compliance and operational).

Strategic risk relates to the consequences that arise when the environment in which decisions that are hard to implement quickly and to reverse has an unattractive or adverse impact. Strategic risk ultimately has two elements: doing the right thing at the right time; and doing it well.

It is the risk that results from adverse business decisions, ineffective or inappropriate business plans, or failure to respond to changes in the competitive environment, business cycles, customer preferences, product obsolescence, regulatory environment, business strategy execution, and/or other inherent risks of the business including reputational risk.

The bank's appetite for strategic risk is continually assessed within the context of the strategic plan, with strategic risks selectively and carefully taken to maintain relevance in the evolving marketplace.

Significant strategic actions, such as material acquisitions or capital actions, are reviewed and approved by the Board. Using a plan developed by management, executive management and the Board approve a strategic plan every three years. Annually, executive management develops a financial operating plan and the Board reviews and approves the plan. Executive management, with Board oversight, ensures that the plans are consistent with the Bank's strategic plan, core operating tenets and risk appetite.

The following are assessed in their reviews: forecasted earnings and returns on capital; the current risk profile and changes required to support the plan; current capital and liquidity requirements and changes required to support the plan; stress testing results; and other qualitative factors such as market growth rates and peer analysis. Executive management, with Board oversight, performs similar analyses throughout the year, and will define changes to the financial forecast or the risk, capital or liquidity positions as deemed appropriate to balance and optimize between achieving the targeted risk appetite and shareholder returns and maintaining the targeted financial strength.

We use robust models to measure the capital requirements for credit, country, market, operational and strategic risks. The economic capital assigned to each line of business is based on its unique risk exposures. With oversight by the Board, executive management assesses the risk-adjusted returns of each business in approving strategic and financial operating plans. The businesses use economic capital to define business strategies, price products and transactions, and evaluate customer profitability.

Reputational Risk Management

Reputation risk management is essentially concerned with protecting an organization from potential threats to its reputation. Most importantly, reputational threat should be dealt with proactively and effects of reputational events should be minimized. The ultimate aim of reputation risk management is to avert the likelihood of any crisis and ultimately ensure the survival of the organization. Nevertheless, managing reputational risk poses particular challenges for many organizations. Access Bank, in responding to the challenges posed by reputational risk, has put in place a framework to properly articulate, analyze and manage reputational risk factors.

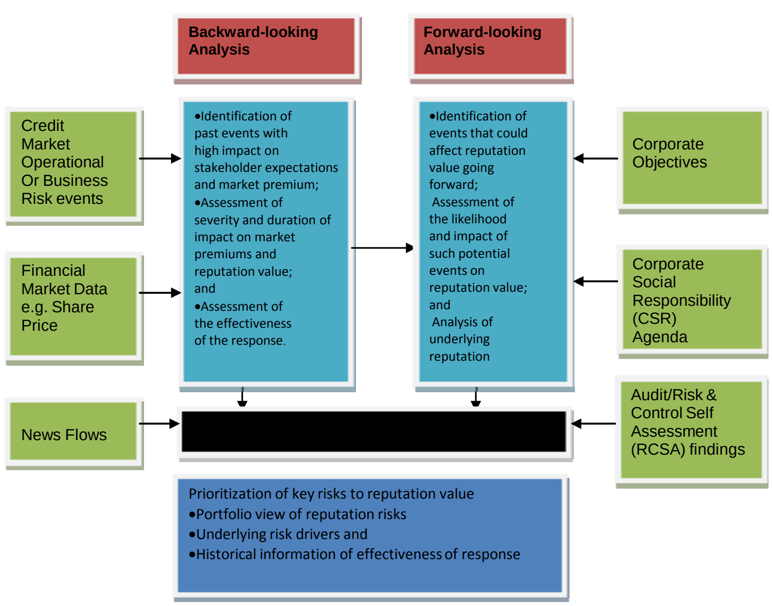
The potential factors which affect the Bank's reputational risk profile include:

- 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);
- Consolidation activities ignited resulting in a fusion of different cultures;
- 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.

It is Group policy that, at all times, the protection of the Group's reputation should 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.



Risk Identification Process

In identifying reputational risk factors, the Bank makes use of the output of the operational risk identification process. At the end of the operational 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. 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
Risk Drivers	**Trigger Events**
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 are 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. Sample 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 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 so that they can take appropriate actions to improve its approach to managing reputation risk.

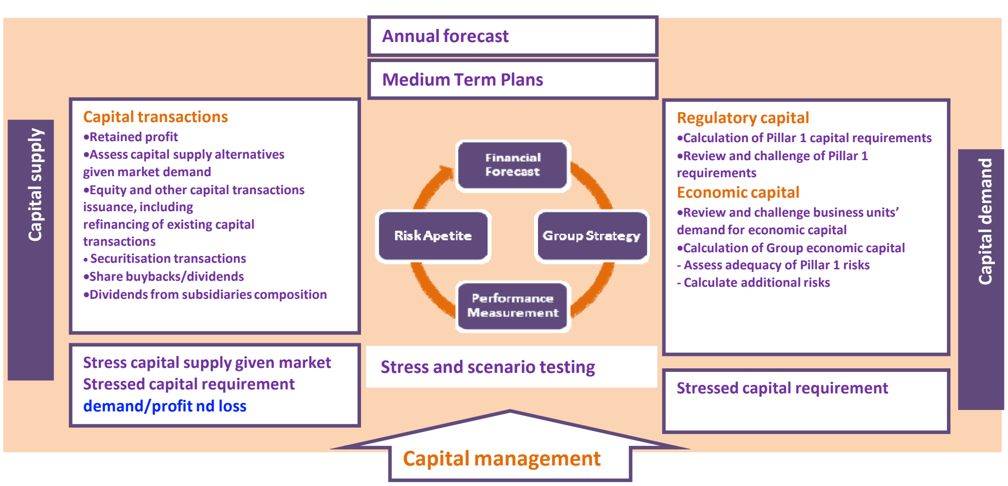
Capital Risk Management
Capital risk is the risk that the Bank's total capital base is not properly managed in a prudent manner.

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
- to 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 is managed as a Board level priority in the Group which reflects the importance of capital planning. 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, Basel II alignment, EC utilisation and economic profit (EP) performance measurement criteria. The following diagram 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 and product pricing requirements and achievement of the overall strategy within risk appetite.

Capital management

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 15% is to be maintained for deposit money banks with international subsidiaries. The following table provides an overview of the development of the capital ratios and risk-weighted assets (RWA):

In thousands of Naira	Note	Group 2012	Group 2011	Bank 2012	Bank 2011
Tier 1 capital					
Ordinary share capital	47	11,441,460	8,944,126	11,441,460	8,944,126
Share premium	47	165,186,795	146,160,837	165,186,795	146,160,837
Retained earnings	47	17,764,295	(6,744,577)	18,880,711	3,376,997
Other reserves	47	38,498,341	20,649,521	42,115,245	28,555,118
Non-controlling interests	47	8,099,594	23,054,841	-	-
		240,990,485	192,064,748	237,624,211	187,037,078
Add/(Less):					
Fair value reserve for available-for-sale securities and property and equipments	47	136,772	(4,623,657)	132,303	(4,623,657)
Investments in subsidiaries	29	-	-	(43,209,688)	(80,400,287)
Deferred tax assets	35	(8,113,973)	-	(7,007,387)	-
Intangible assets	34	(3,404,945)	(3,277,608)	(2,339,510)	(1,146,412)
Shareholders' funds		229,608,339	184,163,483	185,199,929	100,866,722
Tier 2 capital					
Fair value reserve for available-for-sale securities		(136,772)	4,623,657	(132,303)	4,623,657
Collective allowances for impairment	25,26	13,741,314	4,734,552	13,373,641	3,995,079
Total		13,604,543	9,358,209	13,241,338	8,618,736
Less:					
Total regulatory capital		243,212,881	193,521,692	198,441,267	109,485,458
Risk-weighted assets		**1,043,455,144**	**895,301,332**	**897,606,906**	**636,132,942**
Capital ratios					
Total regulatory capital expressed as a percentage of total risk-weighted assets		23%	22%	22%	17%
Total tier 1 capital expressed as a percentage of risk-weighted assets		22%	21%	21%	16%

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 Management Committee, which is the Group's Chief Operating Decision Maker, based on Nigerian Generally Acceptable Accounting Practice (GAAP) whose requirements differ from those of International Financial Reporting Standards in certain respects. Some of the key differences include:

1. Interest income on impaired assets is not recognised under Nigerian GAAP while IFRS requires that such interest income be recognised in the income statement.

2. Provision for loan loss is determined based on Central Bank of Nigeria Prudential Guidelines under Nigeria GAAP while an incurred loss model is used in determining the impairment loss under IFRS.

3. Credit related fees are recognised in the profit and loss account at the time of occurrence under Nigeria GAAP while under IFRS, credit related fees are recognised as part of effective interest or over the period of the contract depending on the nature of the contract.

The following summary describes the operations in each of the Group's reportable segments:

- **Institutional banking -** The institutional banking division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients.

- **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.
- **Financial markets -** The financial markets division 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. The group is also responsible for formulation and implementation of financial market products for the Bank's customers.

- **Retail banking -** The retail banking division provides finanicial products and services to individuals. These include private banking services, private customer current accounts, savings accounts deposits, investment savings products, custody, credit and debit cards and customer loans.

  Retail banking also includes loans, deposits and other transactions and balances with retail and public sector customers.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

7 Operating segments (Continued)
Information about operating segments

31 December 2012

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total continuing operations**	**Discontinued operations**	**Total N'000**
Revenue:								
Derived from external customers	50,006,127	108,688,009	19,837,384	25,776,518	4,000,836	208,308,873	2,181,942	210,490,815
Derived from other business segments	(315,702)	1,009,737	518,265	(462,801)	(749,498)	-	-	-
Total Revenue	49,690,424	109,697,745	20,355,649	25,313,717	3,251,338	208,308,873	2,181,942	210,490,815
Interest expenses	(23,466,071)	(25,399,204)	(11,236,116)	(4,957,975)	(92)	(65,059,458)	(471,002)	(65,530,460)
	26,224,353	84,298,542	9,119,533	20,355,742	3,251,246	143,249,415	1,710,940	144,960,355
(Loss)/profit on ordinary activities before taxation	11,137,578	25,639,103	5,109,531	2,800,074	193,861	44,880,148	(4,116,440)	40,763,708
Income tax expense						(2,018,307)	(34,521)	(2,052,828)
Pre-tax loss on re-measurement of assets of disposal group						-	(306,096)	(306,096)
Profit after tax						42,861,841	(4,457,057)	38,404,784
Other segment information:								
Depreciation and amortisation	(1,255,019)	(5,404,589)	(620,019)	(3,582,264)	(159,619)	(11,021,511)	(305,442)	(11,326,953)
Assets and liabilities:								
Tangible segment assets	933,056,038	495,047,753	195,870,779	30,319,137	60,056,414	1,714,350,120	30,827,257	1,745,177,377
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	933,056,038	495,047,753	195,870,779	30,319,137	60,056,414	1,714,350,120	30,827,257	1,745,177,377
Segment liabilities	249,524,634	699,901,327	246,067,330	263,383,693	19,516,397	1,478,393,380	25,793,512	1,504,186,892
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Total liabilities	249,524,634	699,901,327	246,067,330	263,383,693	19,516,397	1,478,393,380	25,793,512	1,504,186,892
Net assets	683,531,404	(204,853,574)	(50,196,552)	(233,064,556)	40,540,017	235,956,740	5,033,745	240,990,485

31 December 2011

In thousands of Naira	**Institutional Banking**	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total continuing operations**	**Discontinued operations**	**Total N'000**
Revenue:								
Derived from external customers	45,739,642	66,426,748	14,229,744	5,630,829	2,176,812	134,203,775	2,723,184	136,926,959
Derived from other business segments	(5,444,811)	5,368,426	56,854	19,531	-	-	-	-
Total Revenue	40,294,831	71,795,174	14,286,598	5,650,360	2,176,812	134,203,775	2,723,184	136,926,959
Interest expenses	(13,704,561)	(20,336,999)	(156,757)	(1,884,697)	(404,309)	(36,487,323)	(552,032)	(37,039,355)
	26,590,270	51,458,175	14,129,841	3,765,663	1,772,503	97,716,452	2,171,152	99,887,604
(Loss)/profit on ordinary activities before taxation	(1,979,085)	17,462,759	5,217,825	1,275,933	(46,383)	21,931,049	(1,629,684)	20,301,365
Income tax expense								(3,593,110)
Profit after tax								16,708,255
Other segment information:								
Depreciation and amortisation	(117,481)	(3,643,673)	(1,420,580)	(234,165)	(224,637)	(5,640,536)	(340,543)	(5,981,079)
Assets and liabilities:								
Tangible segment assets	462,036,436	676,058,388	230,926,177	36,424,643	229,301,111	1,634,746,755	-	1,634,746,755
Unallocated segment assets	-	-	-	-	-	-	-	-
Total assets	462,036,436	676,058,388	230,926,177	36,424,643	229,301,111	1,634,746,755	-	1,634,746,755
Segment liabilities	132,187,398	1,038,038,515	156,155,009	85,256,202	26,067,422	1,437,704,546	-	1,437,704,546
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Total liabilities	132,187,398	1,038,038,515	156,155,009	85,256,202	26,067,422	1,437,704,546	-	1,437,704,546
Net assets	329,849,038	(361,980,127)	74,771,168	(48,831,559)	203,233,689	197,042,209	-	197,042,209

Reconciliation of reportable segment revenues, profit or loss and assets and liabilities

In thousands of Naira	December 2012	December 2011
Revenues		
Total revenue from reportable segments	210,490,815	136,926,959
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	-	774,405
Consolidated revenue	210,490,815	137,701,364
Profit or loss		
Total profit or loss for reportable segments	40,763,708	20,301,365
	40,763,708	20,301,365
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	-	2,185,977
Unallocated amounts:		
– Share of profit of equity accounted investees	-	(10,000)
Consolidated profit before income tax	40,763,708	22,477,342

	December 2012	December 2011
Assets		
Total assets for reportable segments	1,745,177,377	1,634,746,755
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	-	(8,556,365)
	1,745,177,377	1,626,190,390
Equity accounted investees	-	2,812,805
Consolidated total assets	1,745,177,377	1,629,003,195
Liabilities		
Total liabilities for reportable segments	1,504,186,892	1,437,704,546
Adjustments to reconcile segment results to amounts reported in these IFRS financial statements	-	(766,099)
Consolidated total liabilities	1,504,186,892	1,436,938,447

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

December 2012 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	184,108,189	20,183,185	4,017,499	208,308,873	2,181,942	210,490,815
Derived from other segments	-	-	-	-		-
Total Revenue	184,108,189	20,183,185	4,017,499	208,308,873	2,181,942	210,490,815
Interest expense	(58,802,160)	(4,409,570)	(1,847,728)	(65,059,458)	(471,002)	(65,530,460)
Fee and commission expenses	(562,003)	-	(43,832)	(605,835)	(3,793)	(609,628)
Operating Income	124,744,026	15,773,615	2,125,939	142,643,580	1,707,147	144,350,727
Profit/(loss) before income tax	41,596,937	3,574,026	(290,814)	44,880,148	(4,116,440)	40,763,708
Assets and liabilities:						
Total assets	1,520,521,677	86,303,746	107,524,697	1,714,350,120	30,827,257	1,745,177,377
Total liabilities	1,268,188,256	104,416,837	105,788,287	1,478,393,380	25,793,512	1,504,186,892
Net assets	252,333,421	(18,113,091)	1,736,410	235,956,740	5,033,745	240,990,485

December 2011 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total continuing operations**	**Discontinued operations**	**Total**
Derived from external customers	123,060,106	10,622,025	2,544,099	136,226,230	2,723,184	138,949,414
Derived from other segments	-	-	-	-	-	-
Total Revenue	123,060,106	10,622,025	2,544,099	136,226,230	2,723,184	138,949,414
Interest expense	(33,639,642)	(2,576,674)	(128,660)	(36,344,976)	(552,032)	(36,897,008)
Fee and commission expenses	-	(142,347)	-	(142,347)	-	(142,347)
Operating Income/(loss)	89,420,464	7,903,004	2,415,439	99,738,907	(552,032)	101,910,059
Profit/(loss) before income tax	21,629,111	(16,325)	318,263	21,931,049	(1,629,684)	20,301,365

December 2011

Assets and liabilities:						
Total assets	1,468,941,873	76,018,471	89,786,411	1,634,746,755	-	1,634,746,755
Total liabilities	1,271,467,526	82,234,532	84,002,489	1,437,704,547	-	1,437,704,547
Net assets	197,474,347	(6,216,061)	5,783,922	197,042,208	-	197,042,208

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

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

Group *In thousands of Naira*	Note	**Trading**	**Derivative Designated at fair value**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2012									
Cash and cash equivalents	21	-	-	-	-	-	296,184,966	296,184,966	296,184,966
Non pledged trading assets	22	27,906,803	-	-	-	-	-	27,906,803	27,906,803
Pledged assets	23	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Derivative financial instruments	24	-	30,949	-		-	-	30,949	30,949
Loans and advances to banks	25	-	-	-	4,564,943	-	-	4,564,943	4,597,931
Loans and advances to customers	26	-	-	-	604,073,399	-	-	604,073,399	634,389,210
Insurance receivables	27	-	-	-	627,337	-	-	627,337	627,337
Investment securities	30	-	-	390,541,200		56,740,611	-	447,281,811	410,215,324
		27,906,803	30,949	451,491,056	609,265,679	56,740,611	296,184,966	1,441,620,064	1,420,671,403
Deposits from banks	37	-	-	-	-	-	105,170,552	105,170,552	117,249,799
Deposits from customers	38	-	-	-	-	-	1,201,481,996	1,201,481,996	1,188,514,320
Derivative financial instruments	24	-	35,515	-	-	-	-	35,515	35,515
Debt Securities issued	39	-	-	-	-	-	54,685,891	54,685,891	55,070,670
Claims payable	42	-	-	-	-	-	118,226	118,226	118,226
Liabilities on investment contracts	43	-	-	-	-	-	65,591	65,591	65,591
Interest bearing loans and borrowings	45	-	-	-	-	-	40,092,312	40,092,312	58,034,715
		-	35,515	-	-	-	1,401,614,568	1,401,650,083	1,419,088,836

In thousands of Naira	Note	**Trading**	**Derivative Designated at fair value**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2011									
Cash and cash equivalents	21	-	-	-	-	-	191,518,474	191,518,474	185,018,474
Non pledged trading assets	22	10,812,122	-	-	-	-	-	10,812,122	10,812,122
Pledged assets	23	-	-	66,191,144	-	-	-	66,191,144	60,442,599
Derivative financial instruments	24	-	9,909	-	-	-	-	9,909	9,909
Loans and advances to banks	25	-	-	-	775,765	-	-	775,765	760,636
Loans and advances to customers	26	-	-	-	576,228,507	-	-	576,228,507	541,971,884
Insurance receivables	27	-	-	-	1,405,000	-	-	1,405,000	1,405,000
Investment securities	30	-	-	514,755,308	-	46,978,397	-	561,733,704	508,846,837
		10,812,122	9,909	580,946,452	578,409,272	46,978,397	191,518,474	1,408,674,625	1,309,267,461
Deposits from banks	37	-	-	-	-	-	146,808,286	146,808,286	149,481,617
Deposits from customers	38	-	-	-	-	-	1,101,703,921	1,101,703,921	1,093,115,656
Derivative financial instruments	24	-	9,413	-	-	-	-	9,413	9,413
Claims payable	42	-	-	-	-	-	450,000	450,000	395,000
Liabilities on investment contracts	43	-	-	-	-	-	61,000	61,000	59,000
Interest bearing loans and borrowings	45	-	-	-	-	-	29,258,273	29,258,273	29,243,369
		-	9,413	-	-	-	1,278,281,480	1,278,290,893	1,272,304,055

8 Financial assets and liabilities

Accounting classification measurement basis and fair values

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

Bank *In thousands of Naira*	**Note**	**Trading**	**Derivative Designated at fair value**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2012									
Cash and cash equivalents	21	-	-	-	-	-	176,228,932	176,228,932	176,228,932
Non pledged trading assets	22	3,769,260	-	-	-	-	-	3,769,260	3,769,260
Pledged assets	23	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Loans and advances to banks	25	-	-	-	3,054,520	-	-	3,054,520	3,054,520
Loans and advances to customers	26	-	-	-	554,592,198	-	-	554,592,198	557,144,866
Investment securities	30	-	-	366,772,849	-	53,573,446		420,346,295	382,608,406
		3,769,260	-	427,722,705	557,646,718	53,573,446	176,228,932	1,218,941,061	1,169,524,867
Deposits from banks	37	-	-	-	-	-	24,590,053	24,590,053	16,190,124
Deposits from customers	38	-	-	-	-	-	1,093,979,220	1,093,979,220	1,083,040,794
Interest bearing loans and borrowings	45	-	-	-	-	-	95,594,904	95,594,904	98,388,315
		-	-	-	-	-	1,214,164,177	1,214,164,177	1,197,619,233

In thousands of Naira	**Note**	**Trading**	**Derivative Designated at fair value**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
31 December 2011									
Cash and cash equivalents	21	-	-	-	-	-	98,255,964	98,255,964	98,255,964
Non pledged trading assets	22	5,787,534	-	-	-	-	-	5,787,534	5,787,534
Pledged assets	23	-	-	-	-	-	66,191,144	66,191,144	50,736,401
Loans and advances to customers	26	-	-	-	490,877,501	-	-	490,877,501	493,136,904
Investment securities	30	-	-	111,894,871	-	15,525,164	-	127,420,035	115,980,507
		5,787,534	-	111,894,871	490,877,501	15,525,164	164,447,108	788,532,178	763,897,310
Deposits from banks	40	-	-	-	-	-	143,073,663	143,073,663	94,199,892
Deposits from customers	41	-	-	-	-	-	522,922,292	522,922,292	517,693,722
Interest bearing loans and borrowings	48	-	-	-	-	-	29,243,818	29,243,818	30,098,361
		-	-	-	-	-	695,239,773	695,239,773	641,991,976

9 (a) Business combination of Access Bank and Intercontinental Bank

Pursuant to the acquisition of Intercontinental Bank, the Group was restructured based on a scheme of merger dated 01 December 2011. As part of the merger process, Intercontinental Bank was dissolved as a legal entity on 23 January 2012 and its operations integrated into Access Bank Plc.

This business combination has been accounted for as a common control transaction where the acquirer (Access Bank Plc) has applied the book value accounting as the basis in recognizing the assets acquired and liabilities assumed of the acquiree (Intercontinental Bank) in the financial statements. The difference between the consideration paid and Access bank's share of the net assets of the acquiree has been accounted for in capital reserve.

The net assets of Intercontinental Bank acquired as at 23 January 2012 are as follows:

In thousands of Naira	**Recognized book values on acquistion**
Cash and cash equivalents	81,984,000
Non pledged trading assets	963,000
Loans and advances to customers	26,338,000
Investments in equity accounted investee	1,980,808
Investment in subsidiary	17,328,039
Investment securities	364,280,317
Investment properties	1,710,320
Property and equipment	40,554,795
Intangible assets	758,000
Deferred tax assets	4,369,987
Other assets	68,707,000
TOTAL ASSETS	**608,974,266**
Deposits from banks	2,600,000
Deposits from customers	450,184,000
Retirement benefit obligations	600,000
Current tax liabilities	4,298,000
Other liabilities	58,645,286
Interest-bearing loans and borrowings	7,521,000
Contingent settlement provisions	3,548,000
TOTAL LIABILITIES	**527,396,286**
Net identifiable assets and liabilities	**81,577,980**
Non controlling interest	(21,523,292)
Access Bank's share of the net identifiable assets and liabilities acquired	**60,054,688**
Cost of investment in the Bank	(50,000,000)
Reserve from business combination	**10,054,688**

(b) Transactions with non-controlling interest of Intercontinental Bank

Pursuant to the business combination between Access Bank Plc and Intercontinental Bank as disclosed in note 9(a) above and based on the scheme of merger document dated 01 December 201, Access Bank issued, alloted and credited as fully paid to the Intercontinental Bank Shareholders, 1 Scheme Share for every 4 ordinary shares of 50 kobo each in Intercontinental Bank previously held as follows:

Number of ordinary shares issued ('000)	1,244,668
Nominal value of shares issued (N'000)	622,334
Value of shares issued at a premium (N'000)	20,900,958
Fair value of consideration paid (N'000)	21,523,292
Non-controlling interest	(21,523,292)
Gain/loss on business combination	-

(b) Loss of control of subsidiaries

The Access Bank Group formulated a plan for the integration and/or disposal of non banking subsidiaries in a manner that is intended to allow Access Bank to comply with existing regulations on banking operations.

Based on the plan, management has approved the winding up of Intercontinental Capital Markets Limited, Intercontinental Registrars Limited, Intercontinental Securities Limited, Intercontinental Trustees Limited, Intercontinental Finance and Investment Limited and Flexmore, due to the operational losses these subsidiaries continue to incur, as well as the belief that, operationally, they do not fit in within the Access Bank Group's strategy. Winding up proceedings have commenced for these subsidiaries and a receiver manager have been appointed by the Court. As a result of these events the Bank has lost control without a change in absolute or relative ownership levels. The loss of control in these subsidiaries are as accounted for below;

In thousands of Naira	**Intercontinental Registrars September 2012**	**Intercontinental Finance & Investment September 2012**	**Intercontinental Securities September 2012**	**Intercontinental Trustees September 2012**	**Intercontinental Capital Markets September 2012**	**Flexmore Technologies September 2012**	**Total September 2012**
Cash and cash equivalents	43,273	78,521	59,398	33,887	321,547	49	536,675
Loans and advances to customers	-	51,965	-	-	46,555	-	98,520
Investment securities	18,811	-	-	-	13,011	-	31,822
Investment properties	-	314,624	-	-	63,000	-	377,624
Property and equipment	-	12,854	436	-	6,000	1,387	20,677
Other assets	-	-	-	3,000	-	361,684	364,684
Total assets	**62,084**	**457,964**	**59,834**	**36,887**	**450,113**	**363,120**	**1,430,002**
Current tax liabilities	-	(5,828)	-	(42,160)	-	(46,698)	(94,686)
Other liabilities	(1,803,991)	(1,270,536)	(1,518,501)	(586,275)	(1,448,811)	(777,539)	(7,405,653)
Interest-bearing loans and borrowings	-	(365,468)	-	(1,771,852)	-	(950,027)	(3,087,347)
Total liabilities	**(1,803,991)**	**(1,641,832)**	**(1,518,501)**	**(2,400,287)**	**(1,448,811)**	**(1,774,264)**	**(10,587,686)**
Net liability of subsidiaries as at date of loss of control	**(1,741,907)**	**(1,183,868)**	**(1,458,667)**	**(2,363,400)**	**(998,698)**	**(1,411,144)**	**(9,157,685)**
Non controlling interest	-	-	708,183	-	372,034	-	**1,080,217**
Access Bank's share of net liability of subsidiaries as at date of loss of control	**(1,741,907)**	**(1,183,868)**	**(750,484)**	**(2,363,400)**	**(626,664)**	**(1,411,144)**	**(8,077,468)**
Group's share of pre-acquisition reserves							9,198,624
Consideration received on loss of control							-
Post acquisition reserves							(846,321)
Net loss on loss of control of subsidiaries to the Group (see Note 18)							**274,835**

10 Discontinued operations

At the end of the reporting year, the Group accounted for the Bank's subsidiaries; FinBank Burundi, Intercontinental Bank (UK), Intercontinental Homes and Savings Plc and Access Bank Cote d'Ivoire; as discontinued operations as they were classified as held for sale. Management is committed to a plan to sell these subsidiaries within 12 months from the reporting period. Analysis of the result of discontinued operations and the result recognised in the re-measurement of assets or disposal groups is as:

For the year ended 31 December 2012

In thousands of Naira	**Access Burundi**	**Intercontinental Homes & Savings Limited**	**Intercontinental Bank UK**	**Omni Finance Bank Cote D'Ivoire**	**Total**
Results of discontinued operations					
Interest income	374,077	315,206	192,707	157,937	1,039,927
Interest expense	(92,171)	(149,069)	(41,981)	(187,781)	(471,002)
Net interest income	281,906	166,137	150,726	(29,844)	568,925
Fee and commission income	143,346	18,530	55,131	106,419	323,427
Fee and commission expense	-	-	(3,793)	-	(3,793)
Net fee and commission income	143,346	18,530	51,338	106,419	319,634
Net trading income	37,937	5,396	-	45,712	89,045
Other operating income	92,694	554,744	6,828	75,278	729,544
Total operating income	**555,882**	**744,807**	**208,892**	**197,565**	**1,707,147**
Net impairment loss on financial assets	(21,507)	(5,932)	(4,805)	(210,295)	(242,539)
Personnel expenses	(204,292)	(366,345)	(334,669)	(272,447)	(1,177,753)
Operating lease expenses	(74,178)	(53,957)	-	(32,411)	(160,546)
Depreciation and amortization	(51,066)	(58,810)	-	(195,566)	(305,442)
Other operating expenses	(554,149)	(338,373)	(161,057)	(2,883,728)	(3,937,307)
Total expenses	(905,191)	(823,417)	(500,531)	(3,594,447)	(5,823,587)
Loss before tax from discontinued operations	**(349,309)**	**(78,610)**	**(291,639)**	**(3,396,882)**	**(4,116,440)**
Income tax expense	(5,530)	(28,991)	-	-	(34,521)
Loss from discontinued operations (net of tax)	(354,839)	(107,601)	(291,639)	(3,396,882)	(4,150,961)
Pre-tax loss recognised on the remeasurement of assets of disposal group	-	(306,096)	-	-	(306,096)
Tax	-	-	-	-	-
After tax losses recognised on the remeasurement of assets of disposal group	(354,839)	(413,697)	(291,639)	(3,396,882)	(4,457,057)
After tax loss attributable to:					
Owners of the Bank	(308,710)	(361,920)	(151,302)	(3,193,069)	(4,015,002)
Non-controlling interests	(46,129)	(51,777)	(140,337)	(203,813)	(442,056)
After tax loss for the year	(354,839)	(413,697)	(291,639)	(3,396,882)	(4,457,057)
Basic loss per share (kobo)					(19)
Cash flows from/(used in) discontinued operation					
Net cash used in operating activities	(134,725)	(191,854)	1,650,435	(5,785,785)	(4,461,929)
Net cash from investing activities	(21,472)	91,821	(506)	-	69,842
Net cash from financing activities	(82,496)	-	228,357	(21,472)	124,389
Effect on cashflows	(238,693)	(100,033)	1,878,286	(5,807,257)	(4,267,698)

For the year ended 31 December 2011

In thousands of Naira	**Access Burundi**	**Intercontinental Homes & Savings Limited**	**Intercontinental Bank UK**	**Omni Finance Bank Cote D'Ivoire**	**Total**
Results of discontinued operations					
Interest income	363,296	440,286	195,427	388,933	1,387,941
Interest expense	(68,052)	(135,893)	(65,474)	(282,612)	(552,032)
Net interest income	295,244	304,393	129,953	106,321	835,910
Fee and commission income	186,271	29,623	241,483	177,834	635,211
Fee and commission expense	-	-	-	-	-
Net fee and commission income	186,271	29,623	241,483	177,834	635,211
Net trading income	37,999	-	-	96,686	134,685
Other operating income	99,590	431,000	32,862	1,895	565,347
Total operating income	**619,104**	**765,016**	**404,298**	**382,736**	**2,171,152**
Net impairment loss on financial assets	27,310	205,721	(12,945)	(26,657)	193,429
Personnel expenses	(213,838)	(519,184)	-	(610,357)	(1,343,379)
Operating lease expenses	(40,170)	-	-	(37,938)	(78,108)
Depreciation and amortization	(46,367)	(72,177)	-	(221,999)	(340,543)
Other operating expenses	(287,953)	(219,187)	(1,154,886)	(570,209)	(2,232,235)
Total expenses	(561,018)	(604,827)	(1,167,831)	(1,467,160)	(3,800,836)
Loss before tax from discontinued operations	**58,086**	**160,189**	**(763,534)**	**(1,084,424)**	**(1,629,684)**
Income tax expense	(20,330)	(49,582)	-	-	(69,912)
Loss from discontinued operations (net of tax)	37,756	110,607	(763,534)	(1,084,424)	(1,699,596)
Pre-tax loss recognised on the remeasurement of assets of disposal group		-	-	-	-
Tax		-	-	-	-
After tax losses recognised on the remeasurement of assets of disposal group	37,756	110,607	(763,534)	(1,084,424)	(1,699,596)
After tax loss attributable to:					
Owners of the Bank	32,848	57,383	(396,121)	(1,019,359)	(1,325,249)
Non-controlling interests	4,908	53,224	(367,413)	(65,065)	(374,346)
After tax loss for the year	37,756	110,607	(763,534)	(1,084,424)	(1,699,596)
Basic loss per share (kobo)					(9.50)
Cash flows from/(used in) discontinued operation					
Net cash used in operating activities	8,986	26,324	(181,717)	(258,087)	(404,494)
Net cash from investing activities	393	1,150	(7,940)	(11,277)	(17,675)
Net cash from financing activities	19,319	56,595	(390,686)	(554,880)	(869,652)
Effect on cashflows	28,698	84,069	(580,343)	(824,244)	(1,291,821)

11 Non-current assets and non-current liabilities held for sale

FinBank Burundi, Intercontinental Bank (UK), Intercontinental Homes and Savings Plc and Access Bank Cote d'Ivoire are presented as disposal group held for sale following the commitment of the Group's management to a plan to sell the operations of the subsidiaries. Efforts to sell the disposal groups have commenced and the sale is expected within 12 months from the end of the reporting period. As at 31 December 2012, the disposal groups comprised assets of N30,827,258,000 less liabilities of N25,793,512,000 as follows:

For the year ended 31 December 2012

In thousands of Naira	**Access Burundi**	**Intercontinental Homes & Savings Limited**	**Intercontinental Bank UK**	**Omni Finance Bank Cote D'Ivoire**	**Total**
Cash and cash equivalents	457,124	426,452	11,296,202	942,493	13,122,271
Non pledged trading assets	368,575	-	-	-	368,575
Derivative financial instruments	-	-	21,309	-	21,309
Loans and advances to banks	-	-	2,306,730	-	2,306,730
Loans and advances to customers	1,984,588	1,560,303	784,131	1,293,427	5,622,449
Investment securities	-	135,035	1,592,361	57,963	1,785,359
Trading properties	-	2,870,974	-	-	2,870,974
Investment properties	-	403,707	-	-	403,707
Property and equipment	199,328	652,315	55,049	1,326,433	2,233,126
Intangible assets	427,109	29,859	20,041	18,591	495,599
Deferred tax assets	-	722,718	-	-	722,718
Other assets	130,557	313,433	191,530	238,920	874,440
Total assets	**3,567,282**	**7,114,796**	**16,267,353**	**3,877,827**	**30,827,257**
Deposits from banks	-	-	(12,698,049)	(3,077,493)	(15,775,542)
Deposits from customers	(2,513,741)	(1,257,171)	-	(3,485,893)	(7,256,805)
Derivative financial instruments	-	(31,286)	(19,026)	-	(50,312)
Current tax liabilities	(185,170)	(914,585)	-	-	(1,099,755)
Other liabilities	-	-	(199,648)	(411,976)	(611,624)
Interest-bearing loans and borrowings	-	(999,475)	-	-	(999,475)
Total liabilities	**(2,698,911)**	**(3,202,517)**	**(12,916,722)**	**(6,975,362)**	**(25,793,512)**
Net assets of disposal group	**868,371**	**3,912,279**	**3,350,631**	**(3,097,535)**	**5,033,745**

12 Net interest income

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Interest income				
Cash and cash equivalents	2,729,307	3,357,725	1,626,693	1,114,496
Loans and advances to banks and customers	100,183,478	78,752,317	89,437,481	63,139,022
Investment securities	58,524,501	24,111,293	53,357,186	13,936,896
Total interest income	161,437,286	106,221,335	144,421,360	78,190,414
Interest expense				
Deposit from banks	(12,488,557)	(9,487,561)	(13,233,673)	(6,907,312)
Deposit from customers	(46,668,960)	(24,075,657)	(42,078,513)	(18,135,937)
Securities dealing	(1,795,284)	(2,574,398)	(1,777,588)	(2,401,706)
Interest bearing loans and borrowings	(2,317,821)	-	(2,335,104)	-
Other borrowed funds	(1,777,207)	(104,220)	-	-
Other interest expense	(11,629)	(232,397)	-	-
Total interest expense	(65,059,458)	(36,474,233)	(59,424,878)	(27,444,955)
Net interest income	96,377,828	69,747,102	84,996,482	50,745,459

Interest income for the year ended 31 December 2012 includes N30,444,561(December 2011: N4,354,110,000) accrued on impaired financial assets.

13 Fee and commission income

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Credit related fees and commissions	7,898,357	7,181,592	6,138,962	3,465,879
Commission on turnover and handling commission	6,499,558	3,715,713	6,499,558	3,715,713
Other fees and commissions	14,336,370	11,433,488	10,484,419	8,444,936
Total fee and commission income	28,734,285	22,330,793	23,122,939	15,626,528

Credit related fees and commissions relate to fees charged to corporate customers other than fees included in determining the effective interest rates relating to loans and advances carried at amortized cost

14 Net trading income

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Fixed income securities	256,305	(36,481)	256,215	313,956
Foreign exchange	7,429,698	7,526,611	5,396,987	3,321,655
Equity securities	(141,150)	(5,221,000)	(197,068)	-
Net trading income	7,544,853	2,269,130	5,456,134	3,635,611

Net trading income includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

15 Other operating income

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Dividends on available for sale equity securities	1,684,579	886,292	1,643,081	292,352
Gain on bargain purchase	-	299,272	-	-
Gain on disposal of property and equipment	59,197	478,507	32,808	146,369
Profit on sale of trading properties	18,843	543,765	-	-
Profit on sale of subsidiary	-	557,801	-	-
Rental income	1,119,619	619,489	420,488	619,498
Gain on disposal of equity investment	1,704,186	-	1,640,018	-
Bad debt recovered	2,919,420	-	2,919,420	-
Other income	2,072,069	771,797	1,069,602	7,289
	9,577,913	4,156,923	7,725,417	1,065,508

16 Net impairment loss on financial assets

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Additional/(reversal) of collective impairment charges on loans and advances to banks(see note 25)	7,822	(6,878)	7,821	(6,878)
Additional/(reversal) of collective impairment charges on loans and advances to customers (see note 26)	9,268,429	(2,919,525)	9,100,199	(3,129,226)
Write back of specific impairment charges on loans and advances to customers (see note 26)	(1,403,250)	-	(3,128,844)	-
Additional specific impairment charges on loans and advances to banks (see note 25)	35,727	39,873	35,727	39,873
Additional specific impairment charges on loans and advances to customers (see note 26)	-	13,827,117	-	22,117,456
Additional/(reversal) of impairment charge on available for sale equities (see note 30)	175,664	(443,000)	175,664	-
Additional /(reversals) impairment allowance on other assets (see note 36)	1,937,587	(1,968,107)	1,815,575	(10,534)
Reversal of impairment allowance on investment property (see note 32)	-	(211,543)	-	(211,544)
Dimunition of investment in subsidiaries (see note 29)	-	-	3,609,936	356,350
Impairment charge on insurance receivables (see note 27	768,672	746,000	-	-
	10,790,651	9,063,937	11,616,078	19,155,497

17 Personnel expenses

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Wages and salaries	26,861,544	20,303,707	21,029,788	12,254,098
Increase in liability for defined benefit plans (see note 40 (a) (i))	1,152,061	1,068,780	1,152,061	1,068,780
Contributions to defined contribution plans	574,428	485,599	366,603	296,654
Termination benefits	3,725,937	31,000	3,725,937	-
Other staff costs (see note (a) below`	1,369,186	-	1,369,186	-
Increase/(decrease) in liability for share appreciation rights	-	94,886	-	-
	33,683,156	21,983,972	27,643,575	13,619,532

(a) Amount represents the net loss incurred by the Bank on the winding down of the Staff Investment Trust Scheme (SIT) during the year. Details of the termination of the SIT scheme and the introduction of a new plan is as disclosed in note 41(a).

(b) Staff and executive directors' costs

i. Employee costs, including those of executive directors, during the year amounted to:

	Group 2012	Group 2011	Bank 2012	Bank 2011
Wages and salaries	26,861,544	20,505,332	21,726,358	11,433,865
Pension costs	574,428	485,599	366,603	296,654
	27,435,972	20,990,931	22,092,961	11,730,519
Other retirement benefit cost	1,152,061	1,099,780	1,152,061	1,068,780
	28,588,033	22,090,711	23,245,022	12,799,299

ii. The average number of persons in employment at the Group level during the year comprise:

	Group 2012 Number	Group 2011 Number	Bank 2012 Number	Bank 2011 Number
Managerial	409	1,594	266	316
Other staff	3,792	4,384	2,630	941
	4,201	5,978	2,896	1,257

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 2012 Number	Group 2011 Number	Bank 2012 Number	Bank 2011 Number
Below N900,000			32	151	-	-
N900,001	-	N910,000	1	7	-	7
N910,001	-	N1,000,000	11	25	7	-
N1,200,001	-	N1,440,000	21	79	-	-
N1,490,001	-	N1,500,000	1	17	-	-
N1,540,001	-	N1,550,000	18	-	-	-
N1,650,001	-	N1,660,000	3	20	-	-
N1,990,001	-	N2,010,000	442	428	382	143
N2,340,001	-	N2,370,000	2	24	-	-
N2,370,001	-	N2,380,000	-	-	-	-
N2,610,001	-	N2,620,000	359	16	298	-
N2,990,001	-	N3,000,000	313	944	-	245
N3,100,001	-	N3,300,000	68	44	45	-
N3,490,001	-	N3,500,000	-	8	-	-
N3,501,001	-	N3,910,000	1	119	-	-
N3,910,001	-	N3,920,000	6	7	-	-
N3,980,001	-	N3,990,000	-	17	-	-
N4,100,001	-	N4,310,000	-	2	-	-
N4,310,001	-	N4,320,000	7	-	-	-
N4,310,001	-	N4,320,000	5	28	-	-
N4,700,001	-	N4,740,000	-	14	-	-
N4,740,001	-	N4,750,000	783	344	783	337
N4,930,001	-	N4,940,000	57	986	-	-
N5,430,001	-	N5,440,000	-	-	-	-
N4,941,001	-	N5,529,000	-	-	-	-
N5,530,001	-	N5,740,000	503	9	497	-
N6,100,001	-	N6,750,000	672	1,013	-	118
N6,750,001	-	N6,760,000	2	-	-	-
N6,900,001	-	N7,200,000	314	635	312	91
N7,431,001	-	N7,489,000	3	8	-	-
N7,900,001	-	N8,750,000	1	1	-	-
N8,750,001	-	N8,760,000	-	-	-	-
N9,180,001	-	N9,190,000	1	256	-	-
N9,350,001	-	N10,810,000	193	217	192	84
N10,810,001	-	N10,820,000	-	-	-	-

N11,000,001 - N11,350,000	114	71	114	71
N11,350,001 - N11,360,000	-	-	-	-
N11,950,001 - N12,160,000	-	1	-	-
N12,620,001 - N12,630,000	-	94	-	-
N13,261,001 - N14,949,000	121	61	121	61
N14,950,001 - N15,100,000	-	-	-	-
N15,101,001 - N17,949,000	68	97	68	46
N18,101,001 - N21,940,000	2	29	-	-
N22,101,001 - N26,250,000	30	33	30	19
N26,251,001 - N30,260,000	19	12	19	11
N30,261,001 - N45,329,000	19	21	19	16
Above N45,329,000	9	140	9	8
	4,201	5,978	2,896	1,257

(c) Directors' remuneration:

Remuneration paid to Directors of the Bank (excluding pension contributions and other benefits) was as follows:

	Bank 2012	**Bank 2011**
Non-executive Directors		
Fees as directors	39,000	7,350
Other emoluments:		
Allowances	182,491	91,768
	221,491	99,118
Executive Directors		
Short term employer's benefit	145,100	145,100
Contributions to defined contribution plans	18,403	7,309
Long term incentive plan	2,125,744	1,068,780
	2,289,247	1,221,189
	2,510,738	1,320,307

The director's remuneration shown above includes:

	Bank 2012	**Bank 2011**
Chairman	25,641	9,974
Highest paid director	35,700	36,250

The emoluments of all other directors fell within the following ranges:

	Bank 2012	**Bank 2011**
N1,000,000 - N9,000,000	2	2
N9,000,001 - N13,000,000	1	1
N13,000,001 - N20,000,000	9	9
N20,000,001 - N37,000,000	2	1
	14	13

18 Other operating expenses

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Other premises and equipment costs	4,187,644	2,852,411	4,006,438	1,742,685
Professional fees	1,078,410	4,235,996	644,125	405,556
Insurance	911,257	4,298,188	741,030	494,990
Business travel expenses	1,196,985	1,332,718	930,655	1,239,228
AMCON surcharge (see note (a) below)	2,837,900	2,713,068	2,837,900	2,184,068
Loss of control of subsidiaries (see note 9(b))	274,835	-	-	-
Loss on disposal of investments	7,733,771	193,674	7,417,651	193,674
Deposit insurance premium	2,105,297	2,105,297	2,105,297	2,105,297
Auditor's renumeration	339,528	180,000	250,000	180,000
General administrative expenses	20,091,277	17,535,305	15,016,940	12,490,766
	40,756,904	35,446,657	33,950,036	21,036,264

(a) This represents the Group’s contribution to AMCON’s sinking fund for the period ended 31 December 2012. Effective 1 January 2011, the Bank is required to contribute 0.3% of its total assets as at the preceding year end (31 December 2011) to AMCON's sinking fund in line with existing guidelines. This is based on the total assets as determined under prudential regulation.

19 Income tax expense recognised in the profit or loss

For the year ended 31 December 2012 *In thousands of Naira*	**Group 2012**	**Group 2011**	**Bank 2012**	**Bank 2011**
Current tax expense				
Corporate Income Tax	7,698,209	3,825,568	5,813,999	6,532,309
Education Tax	242,323	-	242,323	-
Prior year's under provision	96,985	101,000	96,985	101,000
	8,037,517	3,926,568	6,153,307	6,633,309
Deferred tax expense				
(Origination)/reversal of temporary differences	(6,019,210)	3,102,540	(5,478,803)	259,287
Total income tax expense/(credit)	2,018,307	7,029,108	674,504	6,892,596

Reconciliation of effective tax rate	**Group**				**Bank**			
In thousands of Naira	**December 2012**	**December 2012**	**December 2011**	**December 2011**	**December 2012**	**December 2012**	**December 2011**	**December 2011**
Profit before income tax		44,880,148		22,477,342		37,028,147		12,141,462
Income tax using the domestic corporation tax	30%	13,464,044	30%	6,637,149	30%	11,108,444	30%	3,642,439
Effect of tax rates in foreign jurisdictions	-2%	(1,011,797)	18%	4,077,123	0%	-	0%	-
Non-deductible expenses	12%	5,578,585	23%	5,202,584	15%	5,578,585	0%	-
Tax exempt income	-42%	(18,971,065)	0%	(9,798,667)	-51%	(18,971,065)	25%	2,990,870
Education tax levy	1%	242,323	4%	879,831	1%	242,323	0%	-
Balancing charge	0%	107,695	0%	-	0%	107,695	0%	-
Over provided in prior years	-4%	(1,898,922)	0%	101,000	-5%	(1,898,922)	2%	259,287
Impact of dividend as tax base	10%	4,507,444	0%	-	12%	4,507,444	0%	-
Total income tax expense in comprehensive income	4%	2,018,307	32%	7,099,020	2%	674,504	57%	6,892,596

20 Basic earnings per share

Basic earnings per share and diluted earnings per shares are calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares. The calculation of basic earnings per share at 31 December 2012 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, which are calculated as follows for both continued and discontinued operations for both years:

Basic earnings per share (Basic EPS) - Continued Operations
Number of ordinary shares

In thousands	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
- Profit for the year from continuing operations	42,861,841	17,077,918	36,353,643	5,248,866
Weighted average number of ordinary shares in issue	22,882,919	17,888,251	22,882,919	17,888,251
Basic earnings per share (expressed in Naira per share)	187	95	159	29

Basic earnings per share (Basic EPS) - Discontinued Operations
Number of ordinary shares

In thousands	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
- Loss for the year from discontinued operations	(4,150,961)	(1,699,596)	-	-
Weighted average number of ordinary shares in issue	22,882,919	17,888,251	22,882,919	17,888,251
Basic loss per share (expressed in Naira per share)	(18)	(10)	-	-

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

21 Cash and cash equivalents

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Cash on hand and balances with banks	110,075,694	65,362,706	90,455,766	55,084,056
Unrestricted balances with central banks	25,238,351	35,566,237	19,461,280	7,389,672
Money market placements and other cash equivalents	160,870,921	90,589,531	66,311,886	35,782,236
	296,184,966	191,518,474	176,228,932	98,255,964

(i) Included in cash and cash equivalents is an amount of N687,665,000 (2011: N3,148,000,000) representing unclaimed dividend held in the account of the Registrar with the Bank. The corresponding liability is included in other liabilities (see Note 41)

(ii) Included in cash in hand and balances with other banks is an amount of N24,611,573,000 (2011: N18,536,179,000) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in other liabilities (see Note 41).

22 Non pledged trading assets

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Government bonds	1,393,240	7,311,562	711,495	2,286,974
Treasury bills	26,182,745	3,500,560	2,884,040	3,500,560
Equities	330,818	-	173,725	-
	27,906,803	10,812,122	3,769,260	5,787,534

23 Pledged assets

Financial assets that may be re-pledged or resold by counterparties:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Treasury bills	6,560,147	7,491,114	6,560,147	7,491,114
Government bonds	54,389,709	58,700,030	54,389,709	58,700,030
	60,949,856	66,191,144	60,949,856	66,191,144

As at 31 December 2012, the Bank held no collateral, which it was permitted to sell or repledge in the absence of default by the owner of the collateral (December 2011: nil).

24 Derivative financial instruments

Group

	Assets	Liabilities	Assets	Liabilities
In thousands of Naira	December 2012		December 2011	
Instrument type:				
Foreign exchange	30,949	35,515	9,909	9,413
	30,949	35,515	9,909	9,413

The Group uses derivatives not designated in a qualifying hedge relationship, to manage its exposure to foreign currency risks. The instruments used include forward contracts and cross currency linked forward contracts.

25 Loans and advances to banks

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Loans and advances to banks	4,674,298	841,571	3,163,874	841,571
Less specific allowances for impairment	(96,755)	(61,028)	(96,755)	(61,028)
Less collective allowances for impairment	(12,600)	(4,778)	(12,599)	(4,778)
	4,564,943	775,765	3,054,520	775,765

Specific allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance beginning of year	61,028	21,155	61,028	21,155
Impairment loss for the year:				
- Charge for the year	35,727	39,873	35,727	39,873
- Allowance no longer required	-	-	-	-
Balance end of year	96,755	61,028	96,755	61,028

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance beginning of year	4,778	11,656	4,778	11,656
Impairment loss for the year:				-
- Charge for the year	7,822	-	7,821	-
- Allowance no longer required	-	(6,878)	-	(6,878)
Balance end of year	12,600	4,778	12,599	4,778

26 Loans and advances to customers
a Group

December 2012 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	47,915,666	(2,724,644)	(225,374)	(2,950,018)	44,965,649
Loans to corporate entities and other organizations	594,119,456	(21,508,365)	(13,503,341)	(35,011,706)	559,107,750
	642,035,122	(24,233,009)	(13,728,715)	(37,961,724)	604,073,399

December 2011 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	41,690,204	(5,682,480)	(213,926)	(5,896,406)	35,793,798
Loans to corporate entities and other organizations	582,849,099	(37,898,542)	(4,515,848)	(42,414,390)	540,434,709
	624,539,303	(43,581,022)	(4,729,774)	(48,310,796)	576,228,507

Specific allowances for impairment on loans and advances to customers

In thousands of Naira	**December 2012**	**December 2011**
Balance beginning of year	43,581,022	23,535,063
Acquired through business combination	-	60,734,000
Impairment loss for the year:		
- Charge for the year	8,510,904	19,411,373
- Allowance no longer required	(9,914,154)	(5,584,256)
Net impairment for the year	(1,403,250)	13,827,117
Effect of foreign currency movements	807,084	123,995
Write-offs	(18,751,847)	(54,639,153)
Balance end of year	24,233,009	43,581,022

Collective allowances for impairment on loans and advances to customers

In thousands of Naira	**December 2012**	**December 2011**
Balance beginning of year	4,729,774	6,792,884
Acquired through business combination	-	801,246
Impairment loss for the year:		
- Charge for the year	9,268,429	68,873
- Allowance no longer required	-	(2,988,398)
Net impairment for the year	9,268,429	(2,919,525)
Effect of foreign currency movements	(269,488)	55,169
Balance end of year	13,728,715	4,729,774

Loans and advances to customers at amortised cost include the following finance lease receivables for leases of certain property and equipment where the group is the lessor:

In thousands of Naira	December 2012	December 2011
Gross investment in finance lease, receivable	2,569,890	3,398,206
Unearned finance income	(265,343)	(557,119)
Net investment in finance leases	2,304,547	2,841,087
Net investment in finance leases, receivable:		
Less than one year	292,051	565,504
Between one and five years	2,012,496	2,275,583
	2,304,547	2,841,087

Loans and advances to customers

b **Bank**

December 2012 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	15,849,122	(2,724,644)	(225,374)	(2,950,018)	12,899,104
Loans to corporate entities and other organizations	571,947,757	(17,118,994)	(13,135,668)	(30,254,662)	541,693,095
	587,796,879	(19,843,638)	(13,361,042)	(33,204,680)	554,592,199

December 2011 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	34,191,597	(2,260,159)	(180,696)	(2,440,855)	31,750,742
Loans to corporate entities and other organizations	478,014,970	(15,073,828)	(3,814,383)	(18,888,211)	459,126,759
	512,206,567	(17,333,987)	(3,995,079)	(21,329,066)	490,877,501

Specific allowances for impairment on loans and advances to customers

In thousands of Naira	December 2012	December 2011
Balance beginning of year	17,333,987	26,191,456
Acquired through business combination	25,421,641	-
Impairment loss for the year:		
- Charge for the year	6,472,443	22,117,456
- Allowances no longer required	(9,601,287)	-
Net impairment for the year	(3,128,844)	22,117,456
Write-offs	(19,783,146)	(30,974,925)
Balance end of year	19,843,638	17,333,987

Collective allowances for impairment on loans and advances to customers

In thousands of Naira	December 2012	December 2011
Balance beginning of year	3,995,079	7,114,059
Acquired through business combination	265,764	10,246
Impairment loss for the year:		
- Charge for the year	9,100,199	(3,129,226)
Net impairment for the year	9,100,199	(3,129,226)
Balance end of year	13,361,042	3,995,079

Loans and advances to customers at amortised cost include the following finance lease receivables for leases of certain property and equipment where the Bank is the lessor:

In thousands of Naira	December 2012	December 2011
Gross investment in finance lease, receivable:	2,569,890	2,764,346
Unearned finance income	(265,343)	(445,119)
Net investment in finance leases	2,304,547	2,319,227
Net investment in finance leases, receivable:		
Less than one year	292,051	293,911
Between one and five years	2,012,496	2,025,316
More than five years	-	-
	2,304,547	2,319,227

27 Insurance receivables

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Due from agents, brokers and reinsurers	2,795,326	2,615,000	-	-
	2,795,326	2,615,000	-	-
Allowance for doubtful receivables	(2,167,989)	(1,210,000)	-	-
	627,337	1,405,000	-	-

Specific allowances for impairment for insurance receivables

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	1,210,000	-	-	-
Acquired from business combination	-	1,336,000	-	-
(Writeback)/additional allowance	768,672	746,000	-	-
Write-off during the year	-	(872,000)	-	-
Exchange difference	189,317	-	-	-
Balance, end of year	2,167,989	1,210,000	-	-

28 Investments in equity accounted investee

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	2,812,805	-	-	-
Acquired through business combination	-	3,257,805	1,980,808	-
Reversal of share of impairment	429,000	(429,000)	-	-
Share of result for the year	544,569	(10,000)	-	-
Exchange difference	37,582	(6,000)	-	-
Disposal during the period	(1,275,128)	-	-	-
Balance, end of period/year	2,548,828	2,812,805	1,980,808	-

	Reporting date	Owner ship	Total assets	Total liabilities	Net Assets	Profit/(Loss)	Group share of profit/(loss)
In thousands of Naira							**12 months**
2012							
Associated Discount House (associate)	31 December	38%	88,963,895	82,964,559	5,999,336	1,421,108	544,569
Magnate Technology and Services (associate)	31 December	40%	94,192	58,559	35,633	(21,841)	-
			89,058,087	83,023,118	6,034,969	1,399,267	544,569

	Reporting date	Owner ship	Total assets	Total liabilities	Net Assets	Profit/(Loss)	Group share of profit/(loss)
In thousands of Naira							**3 months**
2011							
Associated Discount House (associate)	31 December	38%	78,727,000	72,579,000	6,148,000	537,000	(56,160)
Blue Intercontinental Microfinance Bank Limited	31 December	35%	897,000	1,290,000	(393,000)	(239,000)	6,560
Magnate Technology and Services (associate)	31 December	40%	193,000	83,000	110,000	39,600	39,600
			79,817,000	73,952,000	5,865,000	337,600	(10,000)

All associates are incorporated in Nigeria except Magnate Technology and Services Limited, which was incorporated in Ghana.

29 (a) Investment in subsidiary

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Significant subsidiaries				
Access Bank, UK	-	-	7,458,100	7,458,100
Access Bank, Ghana	-	-	13,704,428	7,427,000
Access Bank Rwanda	-	-	1,578,825	1,578,825
Access Bank, Congo	-	-	2,779,650	2,779,650
Access Bank, Zambia	-	-	1,819,425	1,819,425
Access Investment and Securities	-	-	500,000	500,000
Intercontinental Bank Limited			-	50,000,000
Intercontinental Properties Limited	-	-	100,000	-
Access Bank, Sierra Leone	-	-	1,019,952	1,019,952
Access Bank, Gambia	-	-	1,853,756	1,853,756
Access Bank Finance B.V.	-	-	4,092	4,092
Intercontinental Wapic Insurance Plc	-	-	4,768,119	-
Subsidiaries held for sale				
FinBank, Burundi	-	-	1,141,874	1,141,874
Intercontinental Bank (UK)	-	-	7,301,401	-
Access Bank, Cote D'Ivoire	-	-	5,438,520	5,438,520
Intercontinental Homes and Savings Loans Plc	-	-	3,387,938	-
Subsidiaries undergoing liquidation				
Intercontinental Capital Markets Limited	-	-	672,500	-
Intercontinental Finance and Investment Limited	-	-	100,000	-
Intercontinental Registrars Limited	-	-	200,000	-
Intercontinental Trustees Limited	-	-	100,000	-
Intercontinental Securities Limited	-	-	391,598	-
Flexmore Technologies Limited	-	-	100,000	-
	-	-	54,420,178	81,021,194
Specific allowances for impairment on investment in subsidiaries	-	-	(11,210,490)	(620,907)
Balance, end of year	-	-	43,209,688	80,400,287

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	-	-	620,907	264,557
Acquired from business combination	-	-	6,979,647	-
Charge for the year	-	-	3,609,936	356,350
Allowance no longer required	-	-	-	-
Balance, end of year	-	-	11,210,490	620,907

(d) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2012, are as follows:

Condensed profit and loss — **31 December 2012**

	Group balances	Elimination entries	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK	Access Bank Rwanda	FinBank Burundi	Access Bank Cote d'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Operating income	143,188,149	(703,801)	121,300,972	549,335	534,337	993,067	2,631,380	1,378,163	554,386	192,997	943,121	-
Operating expenses	(87,517,350)	5,238,351	(72,656,747)	(528,693)	(394,156)	(1,247,953)	(2,404,415)	(1,203,919)	(883,685)	(3,384,152)	(1,116,419)	-
Net impairment on financial assets	(10,790,651)	3,370,715	(11,616,078)	23,282	(52,288)	9,842	-	23,162	(21,507)	21,988	(38,953)	-
Profit before tax	44,880,148	7,905,265	37,028,147	43,924	87,893	(245,044)	226,965	197,406	(350,806)	(3,169,167)	(212,251)	-
Taxation	(2,018,307)	(129,327)	(674,504)	(10,544)	57,718	89,392	-	(83,941)	(5,530)	-	-	-
Profit for the year	42,861,841	7,775,938	36,353,643	33,380	145,611	(155,652)	226,965	113,465	(356,336)	(3,169,167)	(212,251)	-

Condensed financial position — **31 December 2012**

	Group balances	Elimination entries	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK	Access Bank Rwanda	FinBank Burundi	Access Bank Cote d'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities
Assets												
Cash and cash equivalents	296,184,966	(16,438,845)	176,228,932	526,983	1,140,930	1,499,801	90,217,916	4,451,114	932,360	1,143,293	3,498,235	400,516
Non pledged trading assets	27,906,803	(368,575)	3,769,260	-	-	-	-	-	368,575	-	-	-
Pledged assets	60,949,856	-	60,949,856	-	-	-	-	-	-	-	-	-
Derivative financial instruments	30,949	(21,309)	-	-	-	-	30,949	-	-	-	-	-
Loans and advances to banks	4,564,943	(61,802,373)	3,054,520	-	-	-	5,935,396	-	-	-	-	-
Loans and advances to customers	604,073,399	(3,059,619)	554,592,199	2,733,406	410,458	2,573,996	11,860,898	2,932,674	1,984,588	1,525,711	3,272,997	-
Insurance receivables	627,337	(249,476)	-	-	-	3,054	-	-	-	-	-	-
Investments in equity accounted investee	2,548,828	544,568	1,980,808	-	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	(43,209,688)	43,209,688	-	-	-	-	-	-	-	-	-
Investment securities	447,281,811	(1,817,181)	420,346,295	323,884	1,843,303	2,321,807	6,870,467	2,550,574	-	57,963	8,178,988	-
Trading properties	2,693,227	(2,862,873)	-	-	-	-	-	-	-	-	-	-
Investment properties	14,360,567	(781,331)	14,072,673	-	-	-	-	-	-	-	-	-
Property and equipment	64,565,889	(2,253,801)	58,938,450	654,388	211,431	599,612	71,792	91,880	199,328	1,326,433	883,474	31,304
Intangible assets	3,404,945	555,121	2,339,510	-	10,218	13,238	84,983	19,608	57,395	18,591	58,929	-
Deferred tax assets/(liabilities)	8,113,973	(886,565)	7,007,387	-	85,652	632,531	225,523	-	-	-	-	-
Other assets	177,042,627	(4,794,125)	169,264,885	530,247	137,837	2,011,103	664,393	161,879	130,557	238,920	720,045	181,548
Assets classified as held for sale	30,827,257	30,827,257	-	-	-	-	-	-	-	-	-	-
	1,745,177,377	(106,618,815)	1,515,754,463	4,768,908	3,839,829	9,655,143	115,962,317	10,207,729	3,672,803	4,310,911	16,612,668	613,368
Financed by:												
Deposits from banks	105,170,552	(20,631,164)	24,590,053	91,055	144,122	151,964	82,081,068	19,290	-	3,077,492	-	-
Deposits from customers	1,201,481,996	(7,256,804)	1,093,979,220	3,518,426	2,605,686	8,086,377	24,730,436	8,205,697	2,513,741	3,485,893	14,438,029	-
Debt securities issued	54,685,891	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	35,515	(19,026)	-	-	-	-	35,515	-	-	-	-	-
Retirement Benefit obligations	2,487,589	-	2,485,093	-	2,496	-	-	-	-	-	-	-
Current tax liabilities	8,937,964	(125,973)	7,686,568	-	(61,023)	-	-	165	-	-	-	205
Deferred tax liabilities	58,418,260	58,418,260	-	-	-	-	-	-	-	-	-	-
Other liabilities	118,226	(67,455,254)	50,246,164	147,054	203,471	238,120	385,089	188,263	187,337	419,136	368,833	84,050
Claims payable	65,591	(52,635)	-	-	-	-	-	-	-	-	-	-
Liabilities on investment contracts	3,351,234	3,285,643	-	-	-	-	-	-	-	-	-	-
Liabilities on insurance contracts	40,092,312	36,741,078	-	-	-	-	-	-	-	-	-	-
Interest-bearing loans and borrowings	-	(102,031,074)	95,594,904	-	-	-	2,349,348	-	-	-	-	-
Contingent settlement provisions	3,548,250	-	3,548,250	-	-	-	-	-	-	-	-	-
Liabilities classified as held for sale	25,793,512	25,793,512	-	-	-	-	-	-	-	-	-	-
Equity and reserves	240,990,485	(33,285,378)	237,624,211	1,012,373	945,077	1,178,682	6,380,861	1,794,314	971,725	(2,671,610)	1,805,806	529,113
	1,745,177,377	(106,618,815)	1,515,754,463	4,768,908	3,839,829	9,655,143	115,962,317	10,207,729	3,672,803	4,310,911	16,612,668	613,368

(d) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 31 December 2012, are as follows:

Condensed profit and loss

31 December 2012

	Access Bank Ghana	Access Finance BV	Intercontinental Registrars	Intercontinental Finance and Investment Limited	Intercontinental Homes and Savings	Intercontinental Bank UK	Intercontinental Properties	Intercontinental Securities	Intercontinental Trustees	Intercontinental Capital Market Limited	Flexmore Technologies	Intercontinental WAPIC Insurance
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Operating income	10,946,912	34,001	-	-	744,807	208,892	536,748	-	-	-	-	2,342,833
Operating expenses	(5,266,675)	(14,821)	(539,203)	3,079,880	(817,485)	(1,189,332)	(288,307)	(1,542,069)	(850,148)	(60,402)	(44,464)	(1,402,536)
Net impairment on financial assets	(1,867,616)	-	-	-	(5,932)	(4,805)	(19,608)	-	-	-	-	(612,853)
Profit before tax	3,812,621	19,180	(539,203)	3,079,880	(78,610)	(985,245)	228,833	(1,542,069)	(850,148)	(60,402)	(44,464)	327,444
Taxation	(1,020,243)	-	-	-	(28,991)	-	(119,958)	-	-	-	-	(92,379)
Profit for the year	2,792,378	19,180	(539,203)	3,079,880	(107,601)	(985,245)	108,875	(1,542,069)	(850,148)	(60,402)	(44,464)	235,065

Condensed financial position

31 December 2012

	Access Bank Ghana	Access Finance BV	Intercontinental Registrars	Intercontinental Finance and Investment Limited	Intercontinental Homes and Savings	Intercontinental Bank UK	Intercontinental Properties	Intercontinental Securities	Intercontinental Trustees	Intercontinental Capital Market Limited	Flexmore Technologies	Intercontinental WAPIC Insurance
Assets												
Cash and cash equivalents	13,094,513	207	43,273	78,521	426,452	11,296,202	3,174,348	59,398	33,887	321,547	49	4,055,334
Non pledged trading assets	23,980,449	-	-	-	-	-	-	-	-	-	-	157,094
Pledged assets	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	21,309	-	-	-	-	-	-
Loans and advances to banks	-	55,070,670	-	-	-	2,306,730	-	-	-	-	-	-
Loans and advances to customers	22,772,513	-	-	51,965	1,560,303	784,131	30,625	-	-	46,555	-	-
Insurance receivables	-	-	-	-	-	-	-	-	-	-	-	873,759
Investments in equity accounted investee	23,452	-	-	-	-	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities	-	-	18,811	-	135,035	1,592,361	-	-	-	13,011	-	4,846,493
Trading properties	-	-	-	-	3,290,410	-	2,265,690	-	-	-	-	-
Investment properties	-	-	-	314,624	403,707	-	-	-	-	63,000	-	287,894
Property and equipment	2,273,192	-	-	12,854	652,315	55,049	211,202	436	-	6,000	1,387	599,163
Intangible assets	132,511	-	-	-	29,859	20,041	-	-	-	-	-	64,941
Deferred tax assets/(liabilities)	313,976	-	-	-	722,718	-	-	-	-	-	-	12,751
Other assets	2,711,890	2,219,036	-	-	313,433	191,530	57,539	-	3,000	-	361,684	1,937,226
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-
	65,302,496	57,289,913	62,084	457,964	7,534,232	16,267,353	5,739,404	59,834	36,887	450,113	363,120	12,834,655
Financed by:												
Deposits from banks	2,948,623	-	-	-	-	12,698,049	-	-	-	-	-	-
Deposits from customers	44,718,471	-	-	-	1,257,171	-	1,199,653	-	-	-	-	-
Debt securities issued	-	54,685,891	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	19,026	-	-	-	-	-	-
Retirement Benefit obligations	-	-	-	-	-	-	-	-	-	-	-	-
Current tax liabilities	650,995	-	-	5,828	31,286	-	284,873	-	42,160	-	46,698	376,182
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,970,681	2,197,763	1,803,991	1,270,536	914,585	199,648	463,784	1,518,501	586,275	1,448,594	677,539	1,054,066
Claims payable	-	-	-	-	-	-	-	-	-	-	-	118,226
Liabilities on investment contracts	-	-	-	-	-	-	-	-	-	-	-	65,591
Liabilities on insurance contracts	-	-	-	-	-	-	-	-	-	-	-	3,351,234
Interest-bearing loans and borrowings	-	-	-	365,468	999,475	-	-	-	1,771,852	-	950,027	-
Contingent settlement provisions	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Equity and reserves	14,013,726	406,259	(1,741,907)	(1,183,868)	4,331,715	3,350,630	3,791,094	(1,458,667)	(2,363,400)	(998,481)	(1,311,144)	7,869,356
	65,302,496	57,289,913	62,084	457,964	7,534,232	16,267,353	5,739,404	59,834	36,887	450,113	363,120	12,834,655

(d) Condensed results of consolidated entities

(ii) The condensed financial data of the consolidated entities as at 31 December 2011, are as follows:

Condensed profit and loss

31 December 2011

	Group balances	Elimination entries	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK	Access Bank Rwanda	FinBank Burundi	Access Bank Cote d'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities	Access Bank Ghana	Intercontinental Bank (3months)
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Operating income	99,160,948	(4,784,788)	71,073,106	463,469	577,893	1,194,375	2,415,440	1,352,933	619,101	382,735	943,121	-	2,564,563	22,359,000
Operating expenses	(65,598,995)	9,448,722	(39,776,147)	(466,249)	(341,703)	(1,568,347)	(2,096,926)	(1,079,836)	(588,327)	(1,440,503)	(1,116,419)	-	(1,136,261)	(25,437,000)
Net impairment on financial assets	(9,454,927)	3,211,069	(19,155,497)	(202,875)	(169,578)	12,513	-	(30,162)	27,310	(26,657)	(38,953)	-	(231,097)	7,149,000
Profit before tax	24,107,026	7,875,003	12,141,462	(205,655)	66,612	(361,459)	318,514	242,935	58,084	(1,084,425)	(212,251)	-	1,197,205	4,071,000
Taxation	(7,029,108)	1,100,285	(6,892,596)	(11,693)	(19,984)	138,747	-	(86,003)	(20,330)	-	-	-	(332,534)	(905,000)
Profit for the year	17,077,918	8,975,288	5,248,866	(217,348)	46,628	(222,712)	318,514	156,932	37,754	(1,084,425)	(212,251)	-	864,671	3,166,000

Condensed financial position

31 December 2011

	Group balances	Elimination entries	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK	Access Bank Rwanda	FinBank Burundi	Access Bank Cote d'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities	Access Bank Ghana	Intercontinental Bank (3months)
Assets														
Cash and cash equivalents	191,518,474	(127,239,317)	98,255,964	771,734	1,488,826	1,483,431	56,596,922	8,477,147	1,695,770	4,934,770	1,286,560	400,516	3,853,151	139,513,000
Non pledged trading assets	10,812,122	5,024,588	5,787,534	-	-	-	-	-	-	-	-	-	-	-
Pledged assets	66,191,144	-	66,191,144	-	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	9,909	-	-		-	-	9,909	-	-	-	-	-	-	-
Loans and advances to banks	775,765	(57,654,000)	775,765	-	-	-	-	-		-	-	-	-	57,654,000
Loans and advances to customers	576,228,507	37,642,556	490,877,501	2,596,453	504,177	2,887,951	23,136,678	3,215,888	2,295,569	3,213,658	2,157,215	-	7,700,861	-
Insurance receivables	1,405,000	-	-	-	-	-	-	-	-	-	-	-	-	1,405,000
Investments in equity accounted investee	2,812,805	(14,956,649)	-	-	-	-	-	-	-	-	-	-	14,982,649	2,786,805
Investment in subsidiaires	-	(81,050,691)	80,400,287	-	-	-	-	-	650,404	-	-	-	-	-
Investment securities	561,733,704	12,643,889	127,420,035	783,802	1,416,845	4,208,648	8,733,228	2,793,573	-	141,223	986,169	-	-	402,606,292
Trading properties	6,688,000	-	-	-	-	-	-	-	-	-	-	-	-	6,688,000
Investment properties	16,097,044	1	12,417,043	-	-	-	-	-	-	-	-	-	-	3,680,000
Property and equipment	67,647,817	199,991	17,042,268	719,512	248,559	713,203	88,435	105,427	226,979	1,828,381	1,055,374	31,304	789,589	44,598,795
Intangible assets	3,277,608	957,008	1,146,412	-	-	28,093	112,959	31,657	-	39,014	-	-	63,465	899,000
Deferred tax assets/(liabilities)	2,930,928	(3,125,162)	-	-	-	565,870	220,220	-	-	-	-	-	-	5,270,000
Other assets	120,874,368	34,198,245	49,068,144	569,392	131,923	523,622	887,814	151,230	165,567	234,980	435,050	181,343	758,058	33,569,000
Assets classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,629,003,195	(193,359,541)	949,382,097	5,440,893	3,790,330	10,410,818	89,786,165	14,774,922	5,034,289	10,392,026	5,920,368	613,163	28,147,773	698,669,892
Financed by:				-										
Deposits from banks	146,808,286	(72,658,498)	143,073,663	1,681	6,439	1,301	59,938,362	30,485	-	2,824,264	-	-	639,589	12,951,000
Deposits from customers	1,101,703,921	(29,110,020)	522,922,292	3,912,869	2,552,460	10,309,838	23,692,800	12,322,743	3,537,328	7,972,961	3,430,299	-	16,701,351	523,459,000
Debt securities issued	-	(1)	-	1	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	9,413	-	-	-	-	-	9,413	-	-	-	-	-	-	-
Retirement Benefit obligations	1,876,578	-	1,149,578	-	-	-	-	-	-	-	-	-	-	727,000
Current tax liabilities	9,747,004	63,537	2,084,899	-	20,477	-	-	75,170	19,338	-	-	-	38,583	7,445,000
Deferred tax liabilities	-	(3,134,362)	2,841,403	-	9,893	-	-	-	-	-	-	-	9,066	274,000
Other liabilities	140,772,972	(3,707,697)	61,029,366	471,153	289,781	280,398	361,916	609,696	285,675	1,433,429	434,739	84,050	827,467	78,372,999
Claims payable	450,000	-	-	-	-	-	-	-	-	-	-	-	-	450,000
Liabilities on investment contracts	61,000	-	-	-	-	-	-	-	-	-	-	-	-	61,000
Liabilities on insurance contracts	2,703,000	-	-	-	-	-	-	-	-	-	-	-	-	2,703,000
Interest-bearing loans and borrowings	29,258,273	(186,266)	29,243,818	-	200,721	-	-	-	-	-	-	-	-	-
Contingent settlement provisions	3,548,000	-	-	-	-	-	-	-	-	-	-	-	-	3,548,000
Liabilities classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity and reserves	192,064,748	(84,626,234)	187,037,078	1,055,189	710,559	(180,719)	5,783,674	1,736,828	1,191,948	(1,838,628)	2,055,330	529,113	9,931,717	68,678,893
	1,629,003,195	(193,359,541)	949,382,097	5,440,893	3,790,330	10,410,818	89,786,165	14,774,922	5,034,289	10,392,026	5,920,368	613,163	28,147,773	698,669,892

30 Investment securities

Available for sale investment securities *In thousands of Naira*	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Government bonds	12,023,268	1,683,248	12,023,268	-
Treasury bills	3,414,102	4,949,858	321,670	-
Eurobonds	8,906,991	2,588,970	8,906,991	1,647,714
Underwriting commitment (see note (a) below)	-	-	-	
Equity securities with readily determinable fair values	32,501,959	37,712,321	32,501,959	13,877,450
Unquoted equity securities at cost	3,282,468	3,162,441	3,191,162	118,441
Others	-	77,000	-	-
	60,128,788	50,173,838	56,945,050	15,643,605
Specific impairment for underwriting commitment	-	-		
Specific allowance for impairment on equity securities	(3,388,177)	(3,195,441)	(3,371,604)	(118,441)
	56,740,611	46,978,397	53,573,446	15,525,164

Held to maturity investment securities *In thousands of Naira*	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Treasury bills	15,971,283	48,906,566	-	-
Government bonds	109,104,849	137,145,770	107,441,917	47,981,708
AMCON bonds (see note (b) below)	238,833,801	305,642,854	238,833,801	43,319,854
Corporate bonds	10,702,325	5,193,225	5,080,987	4,941,340
Eurobonds	1,317,301	5,783,793	804,503	5,409,713
Local Contractors bonds	14,611,641	10,242,256	14,611,641	10,242,256
Other bonds	-	1,840,843	-	-
	390,541,200	514,755,307	366,772,849	111,894,871
Investment securities	447,281,811	561,733,704	420,346,295	127,420,035

Specific allowance for impairment on unquoted equity securities at cost

In thousands of Naira	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Balance, beginning of year	3,195,441	268,441	118,441	118,441
Acquired through business combination	-	3,370,000	3,077,499	-
Allowance no longer required	-	(443,000)	-	-
Charge for the year	175,664	-	175,664	-
Exchange difference	17,072	-	-	-
Balance, end of year	3,388,177	3,195,441	3,371,604	118,441

(b) AMCON consideration bonds represent consideration bonds issued by the Asset Management Corporation of Nigeria (AMCON) and fully guaranteed by the Federal Government of Nigeria. The consideration bonds were issued in exchange for non-performing loans and the issued shares in Intercontinental Bank, as part of the acquisition by Access Bank. Based on the terms of the transactions, AMCON reserves the right to re-evaluate the valuation of the sale. Any changes to the transaction consideration is prospectively adjusted.

31 Trading properties

(a) This represents the cost of real estate properties held by the Bank's subsidiaries which are designated for resale to customers. The movement on the trading properties account during the year was as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	6,688,000	-	-	-
Acquired through business combination	-	6,878,000	-	-
Additions and capital improvements	1,318,679	1,135,000	-	-
Asset classified as held for sales (see note 11)	(2,870,974)	-	-	-
Disposal of trading property	(2,421,534)	(1,325,000)	-	-
Transfer to investment properties	(20,944)	-	-	-
Balance, end of year	2,693,227	6,688,000	-	-

The profit on disposal of trading properties during the year was as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Proceeds from disposal	2,620,494	2,276,000	-	-
Less: cost of trading property	(2,421,534)	(1,325,000)	-	-
	198,960	951,000		
Profit on disposal transferred to discontinued operations	(180,117)	(407,235)		
Profit on disposal of trading properties in continuing operations	18,843	543,765	-	-

(b) The profit on disposal of trading properties represents the excess of proceeds over the cost of trading properties disposed during the period by the Bank's subsidiary, Intercontinental Homes and Savings Limited. This is presented as part of the operating income of discontinued operations as Intercontinental Homes and Savings Limited was classified as discontinued operations as at 31 December 2012.

32 Investment properties

These investment properties have been valued by reputable estate surveyors and valuers using the comparative method of valuation to arrive at the open market value. As at 31 December 2012, the Directors are of the opinion that there were no material fluctuations in the value of the Bank's investment properties since its last valuation.

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	16,201,199	13,258,776	12,521,198	13,258,776
Acquired through business combination	-	2,826,000	2,187,747	-
Additions during the year	1,799,293	1,163,815	-	29,815
Transfer from trading properties	20,944	-	-	-
Asset classified as held for sales (see note 11)	(403,707)	-	-	-
Loss of control	(377,624)	-	-	-
Transfer from property and equipment	-	-	-	
Disposals during the year	(2,297,956)	(1,047,392)	(54,690)	(767,393)
	14,942,149	16,201,199	14,654,255	12,521,198
Allowances for impairment	(581,582)	(104,155)	(581,582)	(104,155)
Balance, end of year	14,360,567	16,097,044	14,072,673	12,417,043

The movement in allowance for impairment on investment properties during the year is as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	104,155	315,698	104,155	315,698
Acquired from business combination	477,427	-	477,427	-
Allowance during the year	-	-	-	-
Allowance no longer required	-	(211,543)	-	(211,543)
Balance, end of year	581,582	104,155	581,582	104,155

33 Property and equipment
Group

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2012	50,945,208	23,373,422	29,172,987	12,054,881	8,590,283	124,136,781
Acquisitions	2,559,322	2,682,760	2,524,644	2,412,995	2,339,284	12,519,005
Disposals	(477,210)	(130,769)	(565,297)	(1,214,600)	(70,000)	(2,457,876)
Reversals	166,443	1,704	(175,918)	99	(260,733)	(268,405)
Write off	-	-	-	-	(2,225)	(2,225)
Transfers to assets held for sale	(2,684,437)	(601,954)	(356,680)	(263,974)	-	(3,907,045)
Transfers	568,130	5,702	(396,883)	1,126	(178,075)	-
Transfer (to)/from other assets	(70,323)	-	-	-	-	(70,323)
Translation difference	(607,333)	186,475	(432,791)	(25,681)	339,755	(539,575)
Balance at 31 December 2012	50,399,801	25,517,339	29,770,062	12,964,846	10,758,289	129,410,337
Balance at 1 January 2011	15,486,414	6,264,740	14,331,870	5,336,480	4,255,380	45,674,884
Acquired from business combination	33,880,420	21,411,384	14,385,566	5,957,594	6,755,000	82,389,964
Acquisitions	341,804	803,934	1,294,649	1,590,072	502,754	4,533,213
Disposals	(1,087,818)	(3,350,992)	(264,080)	(572,179)	(627,722)	(5,902,791)
Reversals	-	-	-	-	(6,607)	(6,607)
Write off	(54,622)	(1,748,726)	(21,884)	(47,986)	(42,615)	(1,915,833)
Transfers	2,333,155	(56,050)	(83,143)	(34,000)	(2,159,962)	-
Transfer (to)/from other assets	-	16,043	-	-	(82,389)	(66,346)
Translation difference	45,855	33,089	(469,991)	(175,100)	(3,556)	(569,703)
Balance at 31 December 2011	50,945,208	23,373,422	29,172,987	12,054,881	8,590,283	124,136,781

Depreciation and impairment losses

Group *In thousands of Naira*	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2012	7,818,486	18,215,334	21,032,716	9,422,427	-	56,488,963
Charge for the year	2,065,495	3,179,497	3,296,526	1,651,156	-	10,192,675
Disposal	(158,502)	(113,752)	(471,439)	(1,067,023)	-	(1,810,716)
Transfers to assets held for sale	(721,399)	(530,096)	(247,485)	(174,940)	-	(1,673,920)
Reversal	27,454	24,147	(24,788)	(5,995)		20,818
Translation difference	145,049	109,555	178,499	132,523	-	565,626
Balance at 31 December 2012	9,176,583	20,884,685	23,764,029	9,958,148	-	63,783,446
Balance at 1 January 2011	3,013,651	4,483,171	9,322,102	3,543,909	-	20,362,833
Acquired from business combination	3,706,659	16,871,687	9,298,017	5,376,314	-	35,252,677
Charge for the year	1,334,731	836,620	2,586,113	1,214,926	-	5,972,390
Disposal	(23,205)	(3,903,658)	(155,234)	(632,101)	-	(4,714,198)
Translation difference	(213,350)	(72,486)	(18,281)	(80,621)	-	(384,738)
Balance at 31 December 2011	7,818,486	18,215,334	21,032,717	9,422,427	-	56,488,964
Carrying amounts:						
Balance at 31 December 2012	41,223,218	4,632,654	6,006,033	3,006,697	10,758,289	64,565,889
Balance at 31 December 2011	43,126,722	5,158,088	8,140,270	2,632,454	8,590,283	67,647,817

(a) Included in property and equipment is land which is a leased asset. Land has been accounted for as a finance lease in line with the amendment to IAS 17

(b) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2011: nil).

33 Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2012	11,889,374	5,763,677	13,088,887	4,404,278	2,443,503	37,589,719
Acquired from business combination	31,696,794	15,041,000	13,341,000	5,481,000	4,926,272	70,486,066
Acquisitions	2,482,183	1,934,721	2,249,312	2,053,484	1,763,123	10,482,823
Disposals	(5,822)	(110,984)	(425,329)	(885,926)	(70,000)	(1,498,061)
Reversals	-	-	-	-	(234,443)	(234,443)
Write off	-	-	-	-	(2,225)	(2,225)
Transfers	154,630	5,702	12,460	-	(172,792)	-
Balance at 31 December 2012	46,217,159	22,634,116	28,266,330	11,052,836	8,653,438	116,823,879
Balance at 1 January 2011	11,431,244	4,641,425	12,746,373	4,154,338	4,087,845	37,061,225
Acquired from business combination	55,625	7,384	26,566	11,594	-	101,169
Acquisitions	91,825	491,485	534,298	816,888	302,754	2,237,250
Disposals	(219,795)	(37,920)	(243,053)	(578,542)	(627,722)	(1,707,032)
Reversals	-	-	-	-	(6,607)	(6,607)
Write off	(27,968)	-	(1,972)	-	-	(29,940)
Transfers	558,443	645,260	26,675	-	(1,230,378)	-
Transfer (to)/from other assets	-	16,043	-	-	(82,389)	(66,346)
Balance at 31 December 2011	11,889,374	5,763,677	13,088,887	4,404,278	2,443,503	37,589,719

Depreciation and impairment losses

Bank *In thousands of Naira*	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2012	2,912,924	4,455,786	10,001,282	3,177,459	-	20,547,451
Acquired from business combination	3,590,887	12,370,384	8,976,000	4,994,000	-	29,931,271
Charge for the year	1,668,994	2,922,855	2,828,489	1,270,242	-	8,690,580
Disposal	(4,012)	(94,073)	(366,676)	(819,112)	-	(1,283,873)
Reversals					-	-
Translation difference		-	-	-	-	-
Balance at 31 December 2012	8,168,793	19,654,952	21,439,095	8,622,589	-	57,885,429
Balance at 1 January 2011	2,140,382	3,609,400	8,486,049	3,056,157	-	17,291,988
Acquired from business combination	55,937	2,687	9,017	5,314	-	72,955
Charge for the year	728,810	880,547	1,642,209	661,308	-	3,912,874
Disposal	(12,205)	(36,848)	(135,993)	(545,320)	-	(730,366)
Reversals		-	-	-	-	-
Translation difference	-	-	-	-	-	-
Balance at 31 December 2011	2,912,924	4,455,786	10,001,282	3,177,459	-	20,547,451
Carrying amounts:						
Balance at 31 December 2012	38,048,366	2,979,164	6,827,235	2,430,247	8,653,438	58,938,450
Balance at 31 December 2011	8,976,450	1,307,891	3,087,605	1,226,819	2,443,503	17,042,268

(a) Included in property and equipment is land which is a leased asset. Land has been accounted for as a finance lease in line with the amendment to IAS 17 *Leases* which deletes previous guidance stating that “a lease of land with an indefinite economic life is classified as an operating lease”.

(b) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2011: nil).

(c) The amount of contractual commitments for the acquisition of property and equipment as at 31 December 2012 is N3,007,622,023 (2011: N854,485,784)

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

During the year under review, the useful life of certain classes of property and equipment was reviewed. The impact of the change in accounting estimate is as disclosed in Note 3(d) to the financial statements.

34 Intangible assets

(a) Group

In thousands of Naira	**Goodwill**	**Purchased Software**	**Total**
Cost			
December 2012			
Balance at 1 January 2012	1,738,148	8,317,323	10,055,471
Acquisitions	-	1,971,261	1,971,261
Transfer (to)/from other assets	-	(8,916)	(8,916)
Disposals	-	(23,761)	(23,761)
Transfers to assets held for sale (see Note 11)	(1,057,141)	(519,540)	(1,576,681)
Translation difference	-	(53,415)	(53,415)
Balance at 31 December 2012	681,007	9,682,952	10,363,959
December 2011			
Balance at 1 January 2011	1,738,148	2,972,013	4,710,161
Acquired through business combination	-	3,306,000	3,306,000
Acquisitions	-	484,227	484,227
Transfer from other assets	-	1,757,268	1,757,268
Disposals	-	(9,327)	(9,327)
Translation difference	-	(192,858)	(192,858)
Balance at 31 December 2011	1,738,148	8,317,323	10,055,471
Amortization and impairment losses			
Balance at 1 January 2012	687,427	6,090,436	6,777,863
Amortization for the period	-	1,335,149	1,335,149
Disposals	-	(33,019)	(33,019)
Reclassification	-	(9,412)	(9,412)
Transfers to assets held for sale (see Note 11)	(687,427)	(391,567)	(1,078,994)
Translation difference	-	(32,573)	(32,573)
Balance at 31 December 2012	-	6,959,014	6,959,014
Balance at 1 January 2011	306,437	1,293,194	1,599,631
Acquired through business combination	-	2,480,000	2,480,000
Amortization for the period	-	622,308	622,308
Disposals	-	(9,327)	(9,327)
Translation difference	-	181,261	181,261
Reclassification	-	1,523,000	1,523,000
Impairment losses	380,990	-	380,990
Balance at 31 December 2011	687,427	6,090,436	6,777,863
Carrying amounts			
Balance at 31 December 2012	681,007	2,723,938	3,404,945
Balance at 31 December 2011	1,050,721	2,226,887	3,277,608

There were no capitalised borrowing costs related to the internal development of software during the year. (2011: nil)

34 Intangible assets

(b) Bank

In thousands of Naira	Goodwill	Purchased Software	Total
Cost			
December 2012			
Balance at 1 January 2012	-	2,527,369	2,527,369
Acquired through business combination	-	4,668,245	4,668,245
Acquisitions	-	1,422,816	1,422,816
Transfer (to)/from other assets	-	-	-
Balance at 31 December 2012	-	8,618,430	8,618,430
December 2011			
Balance at 1 January 2011	-	1,991,166	1,991,166
Acquired through business combination	-	-	-
Acquisitions	-	442,935	442,935
Transfer from other assets	-	93,268	93,268
Balance at 31 December 2011	-	2,527,369	2,527,369
Amortization and impairment losses			
Balance at 1 January 2012	-	1,380,957	1,380,957
Acquired through business combination	-	3,910,245	3,910,245
Amortization for the period	-	987,718	987,718
Balance at 31 December 2012	-	6,278,920	6,278,920
Balance at 1 January 2011	-	1,037,847	1,037,847
Acquired through business combination	-	-	-
Amortization for the year	-	343,110	343,110
Balance at 31 December 2011	-	1,380,957	1,380,957
Carrying amounts			
Balance at 31 December 2012	-	2,339,510	2,339,510
Balance at 31 December 2011	-	1,146,412	1,146,412

There were no capitalised borrowing costs related to the internal development of software during the year. (2011: nil)

(a) Goodwill is attributable to the acquisition of following subsidiaries:

In thousands of Naira	**December 2012**	**December 2011**
Access Bank Rwanda	681,007	681,007
FinBank Burundi	369,714	369,714
Omni Finance Bank Cote d'Ivoire	687,427	687,427
	1,738,148	1,738,148
Provision for dimunition	(687,427)	(687,427)
Transfer to asset held for sale	(369,714)	-
	681,007	1,050,721

(b) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairmant may have occurred. No impairment losses on goodwill were recognized during the year ended 31 December 2012 (2011: N380,990,000)

35 Deferred tax assets and liabilities

a Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2012			December 2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	4,199,548	-	4,199,548	4,353,000	(2,587,823)	1,765,177
Allowances for loan losses	2,752,691	-	2,752,691	77,000	(769,558)	(692,558)
Tax loss carry forward	946,258	-	946,258	840,000	-	840,000
Employee benefits	345,618	-	345,618	-	336,490	336,490
Others	-	(130,142)	(130,142)	786,088	(104,269)	681,819
Net defered tax assets/(liabilities)	8,244,115	(130,142)	8,113,973	6,056,088	(3,125,160)	2,930,928

b Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	December 2012			December 2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	3,929,363	-	3,929,363	-	(2,841,403)	(2,841,403)
Allowances for loan losses	2,732,406	-	2,732,406	-	-	-
Tax loss carry forward	-	-	-	-	-	-
Employee benefits	345,618	-	345,618	-	-	-
Others	-	-	-	-	-	-
Net defered tax assets/(liabilities)	7,007,387	-	7,007,387	-	(2,841,403)	(2,841,403)

There were no unrecognized deferred tax assets or liabilities as at 31 December 2012 (31 December 2011: nil)

35 Deferred tax assets and liabilities

(c) Movement on the net deferred tax assets / (liabilities) account during the year:

In thousands of Naira	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Balance, beginning of year	2,930,928	2,458,597	(2,841,403)	(2,582,116)
Acquired from business combination	-	2,946,095	4,369,987	-
Tax Credit	6,019,210	(3,102,540)	5,478,803	(259,287)
Assets classified as held for sale	(722,718)	-	-	-
Translation adjustments	(113,445)	628,776	-	-
Net deferred tax assets/(liabilities)	8,113,975	2,930,928	7,007,387	(2,841,403)
Out of which				
Deferred tax assets	8,244,115	6,056,088	7,007,387	-
Deferred tax liabilities	(130,142)	(3,125,160)	-	(2,841,403)

36 Other assets

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Restricted deposits with central banks (see note (a) below)	109,107,275	76,398,814	107,833,227	33,391,194
Accounts receivable	44,311,488	31,193,077	35,798,679	3,944,334
Cash collateral receivable on letters of credit transactions	14,184,249	6,049,337	14,184,249	6,049,337
Receivable from AMCON (see note (b) below)	26,581,778	25,810,000	26,581,778	-
Prepayments	8,515,186	8,186,583	6,276,947	4,975,334
Subscription for investment	28,911	34,951	3,741,861	1,396,520
	202,728,887	147,672,762	194,416,741	49,756,719
Allowance for impairment on other assets	(25,686,260)	(26,798,394)	(25,151,856)	(688,575)
	177,042,627	120,874,368	169,264,885	49,068,144

(a) This balance is made up of Central Bank of Nigeria's cash reserve requirement and statutory deposits required by the National Insurance Commission (NAICOM). Restricted deposits with central banks are not available for use in the Group's day-to-day operations.

(b) This balance represents a receivable from Asset Management Corporation of Nigeria (AMCON) in connection with the acquisition of Intercontinental Bank in line with the Transaction Implementation Agreement (TIA) executed on 6 July 2011 and entered with the Bank. The receivable is expected to be settled via consideration such as cash or bonds issued by AMCON

Movement in allowance for impairment on other assets:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of period/year	26,798,394	833,895	688,575	727,972
Asset classified as held for sale	(87,710)	-	-	-
Acquired through business combination	-	28,135,470	24,655,287	-
Impairment loss for the year:				
- Allowance during the year	2,801,248	1,410,321	2,679,236	89,953
- Allowance no longer required	(863,661)	(3,378,428)	(863,661)	(100,488)
Net impairment for the year	1,937,587	(1,968,107)	1,815,575	(10,535)
Allowance written off	(2,907,611)	(133,714)	(2,007,581)	(28,862)
Translation difference	(54,400)	(69,150)	-	-
Balance, end of period/year	25,686,260	26,798,394	25,151,856	688,575

37 Deposits from banks

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Money market deposits	61,975,171	99,856,773	8,267,867	52,167,207
Other deposits from banks	43,195,381	46,951,513	16,322,186	90,906,456
	105,170,552	146,808,286	24,590,053	143,073,663

38 Deposits from customers

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Term deposits	455,189,956	428,832,125	422,272,257	224,834,458
Demand deposits	596,874,756	527,492,830	530,142,705	278,226,363
Saving deposits	149,417,284	145,378,966	141,564,258	19,861,471
	1,201,481,996	1,101,703,921	1,093,979,220	522,922,292

39 Debt securities issued

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Debt securities at amortized cost:				
Eurobond debt security (see Note (a) below)	54,685,891	-	-	-
	54,685,891	-	-	-

(a) The amount of N54,685,891,000 (USD350,191,415) represents the net of balances held by Group entities in respect to dollar guaranteed notes issued by Access Finance B.V., Netherlands, which is due on 25 July 2017. The principal amount is repayable at the end of the tenor while interest on the notes is payable semi-annually at 7.25% per annum issued on 25 July 2012.

The net proceeds from the issue of the Notes, was used by the Issuer for the sole purpose of providing a loan to Access Bank, which was in turn be used by the Bank to support its existing trade finance business, serve as a source of long term foreign currency funding and could be used to support the business of its customers, especially those active in the Nigerian oil and gas and power sector.

Access Bank in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums by the Issuer (Access Finance B.V.) in respect of the Notes.

40 Retirement benefits obligaitions

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Recognised liability for defined benefit obligations (see note (a) below)	2,220,841	1,795,780	2,220,841	1,068,780
Liability for defined contribution obligations	266,748	80,798	264,252	80,798
	2,487,589	1,876,578	2,485,093	1,149,578

(a) **Defined benefit obligations**
The amounts recognised in the statement of financial position are as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Long term incentive plan (see note (i) below)	2,220,841	1,068,780	2,220,841	1,068,780
Other defined benefit plans	-	727,000	-	-
Recognised liability for defined benefit obligations	2,220,841	1,795,780	2,220,841	1,068,780

(i) **Long term incentive plan**
The Bank operates a non-contributory, unfunded lump sum defined benefit long term incentive 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 objective

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 2012	Group December 2011	Bank December 2012	Bank December 2011
Deficit on defined benefit obligations at 1 January	1,068,780	-	1,068,780	-
Charge for the period:				
-Interest costs	367,126		367,126	
-Current service cost	284,807	333,770	284,807	333,770
-Past service cost	1,268,745	735,010	1,268,745	735,010
Net actuarial gain for the year	(768,617)		(768,617)	
	2,220,841	1,068,780	2,220,841	1,068,780
Contributions paid	-	-	-	-
Balance, end of year	2,220,841	1,068,780	2,220,841	1,068,780

This represents the Bank's obligations to its top executive management under the long-tem incentive plan (LTIP) to reward directors and other senior executives for the part they play in achieving the Bank's long-term growth objectives.

Expense recognised in profit or loss:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Current service cost	284,807	333,770	284,807	333,770
Interest on obligation	367,126	735,010	367,126	735,010
Unrecognized past service cost	1,268,745	-	1,268,745	-
Net actuarial gain recognized in the year	(768,617)	-	(768,617)	-
Total expense recognised in profit and loss (see Note 17)	1,152,061	1,068,780	1,152,061	1,068,780

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Future salary increases	0%	0%	0%	0%
Retirement age for both male and female	60 years	60 years	60 years	60 years
Retirement rate: 50 – 59 (average rate)	22%	22%	22%	22%
Withdrawal rate: 16 – 29	5%	5%	5%	5%
Withdrawal rate: 30 – 44	6%	6%	6%	6%
Withdrawal rate: 45 – 50	5%	5%	5%	5%
Withdrawal rate: 51 – 55 (average rate)	8%	8%	8%	8%

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 14% as at 31 December 2012. The inflation component has been worked out at 11.00% per annum.

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.

41 Other liabilities

In thousands of Naira	*Note*	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Cash settled share based payment liability (see note (a) below)		-	2,995,576	-	-
Creditors and accruals		5,499,135	7,281,103	238,239	139,472
Certified cheques		3,682,992	3,669,203	3,541,404	1,277,791
Deferred income		1,258,227	-	-	-
Customers' deposit for foreign trade		24,611,573	18,536,179	24,611,573	14,883,179
Collections		7,060,531	37,417,417	6,981,570	37,416,565
Unclaimed dividend		687,665	3,148,000	-	-
Other current liabilities		15,618,137	67,725,494	14,873,378	7,312,359
		58,418,260	140,772,972	50,246,164	61,029,366

(a) During the year, the liability in the cash settled share based payment scheme was settled based on the termination of the scheme. It was replaced by a new plan called the Restricted Share Performance Plan (RSPP). Under the RSPP, shares of the Bank are awarded to employees based on their performance at no cost to them and the shares will have a vesting period of 3 years from date of award.

This new plan will be accounted for as an equity-settled transaction, where the Bank will recognize a cost and a corresponding increase in equity. The cost is recognized as an expense unless it qualifies for recognition as an asset. 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. The RSPP becomes effective in the next financial year i.e. 31 December 2013.

42 Claims payable

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	450,000	-	-	-
Acquired from business combination	-	358,000	-	-
Additions during the year	954,771	92,000	-	-
Payment during the year	(1,286,545)	-	-	-
Balance, end of year	118,226	450,000	-	-

43 Liabilities on investment contracts

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Deposit administration funds	65,591	61,000	-	-
	65,591	61,000	-	-

Deposit administration funds arose from investment contracts of the insurance subsidiary of the Group. Holders of such contracts are guaranteed their funds plus interest for the tenor of the contract. These contracts have additional benefits - life assurance cover and death benefits

44 Liabilities on insurance contracts

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Life assurance contracts	1,706,069	1,032,000	-	-
Non-life insurance contracts	1,645,165	1,671,000	-	-
	3,351,234	2,703,000	-	-

45 Interest bearing loans and borrowings

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
European Investment Bank	-	511,220	-	511,088
African Development Bank (see note (a))	2,342,400	644,336	2,342,400	644,336
Nigeria Export Import Bank	-	12,993	-	-
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (b))	7,154,970	7,186,128	7,154,970	7,184,667
Bank of Industry-Intervention Fund for SMEs (see note (c))	17,401,885	17,449,100	17,401,885	17,453,727
Bank of Industry-Power & Airline Intervention Fund (see note (d))	13,192,955	3,454,496	13,192,955	3,450,000
Access Finance B.V. (see note (e))	-		55,502,694	
Other loans and borrowings	102	-		-
	40,092,312	29,258,273	95,594,904	29,243,818

(a) The amount of N2,342,400,000 (USD 22,957,000) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in May 2007 for a year of 7 years. The principal amount is repayable semi-annually from 2012 while interest is paid semi annually at 3% above 6 months LIBOR.

(b) The amount of N7,154,970,000 represents the outstanding balance in 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 period of 7 years at a zero percent interest rate to the Bank. The principal amount is repayable at the expiration of the loan. The Bank did not provide security for this facility.

(c) The amount of N17,401,885,000 represents an 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 has a 15 year tenor. 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.

(d) The amount of N13,192,955,000 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 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% 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.

(e) The amount of N55,502,694,000 (USD355,421,960) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the balances dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.25%, in arrears on 25 January and 25 July in each year.

46 Contingent settlement provisions

The Transaction Implementation Agreement executed on 6 July 2011, provides that the deferred tax assets recognised from the acquisition of Intercontinental Bank shall accrue for the benefit of both AMCON and Access Bank in the ratio 75 per cent and 25 per cent respectively. The value of ₦3,548,000,000 represents contingent settlement provisions in respect of a liability to AMCON of an amount equivalent to 75% of deferred tax assets in the event of Access Group's realisation of the deferred tax asset from future taxable profits.

47 Capital and reserves

A Share capital

	In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
(a)	Authorised:				
	Ordinary shares:				
	24,000,000,000 Ordinary shares of 50k each	12,000,000	12,000,000	12,000,000	12,000,000
	Preference shares:				
	2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000	1,000,000	1,000,000
		13,000,000	13,000,000	13,000,000	13,000,000

	In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
(b)	Issued and fully paid-up :				
	22,882,918,908 Ordinary shares of 50k each				
	(31 December 2011: 17,888,251,478 of 50k each) (see note (c) below)	11,441,460	8,944,126	11,441,460	8,944,126

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 reporting period.

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

	In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
(c)	Balance, beginning of year	8,944,126	8,944,126	8,944,126	8,944,126
	Issue of scheme shares to shareholders (see note (i) below)	2,497,334	-	2,497,334	-
	Balance, end of year	11,441,460	8,944,126	11,441,460	8,944,126

(i) Pursuant to the business combination between Access Bank Plc and Intercontinental Bank and based on the scheme of merger document dated 01 December 2011and court sanctioned effective 23 January 2012:

(a) The Bank issued, alloted and credited as fully paid to the Intercontinental Bank Shareholders, 1 Scheme Share for every 4 ordinary shares of 50 kobo each in Intercontinental Bank previously held.

(b) The proportion of the Scheme Shares allotted to Project Star Investments Limited in its capacity as a shareholder of Intercontinental Bank was distributed and allocated to the Access Bank Shareholders pro rata in the proportion of their shareholding in Access Bank.

(c) The Scheme Shares allotted pursuant to the foregoing sub-clause (a), for the purpose of all dividends and other distributions declared after the effective date and in all respects, rank pari passu and form a single class with the ordinary shares of 50 kobo each in the present issued share capital of Access Bank.

The nominal value of the shares as well as the premium on the shares issued have been accounted for in share capital and share premium respectively as follows:

	No. of ordinary shares issued	*Value of shares issued*	*Consideration received/net assets acquired*	*Transfer to Share capital*	*Transfer to Share premium*
	000	N'000	N'000	N'000	N'000
Number of shares issued and alloted to Intercontinantal Bank shareholders in the ratio of 1 scheme share for every 4 ordinary shares of 50 kobo each in Intercontinental Bank previously held.	1,244,668	622,334	21,523,292	622,334	20,900,958
Scheme Shares allotted to Project Star Investments Limited in its capacity as a shareholder of Intercontinental Bank and distributed to the Access Bank Shareholders pro rata in the proportion of their shareholding in Access Bank.	3,750,000	1,875,000	-	1,875,000	(1,875,000)
Total number and value of shares issued and alloted	**4,994,668**	**2,497,334**	**21,523,292**	**2,497,334**	**19,025,958**

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

In thousands of units	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	17,888,251	17,888,251	17,888,251	17,888,251
Issue of scheme shares	4,994,668	-	4,994,668	-
Balance, end of year	22,882,919	17,888,251	22,882,919	17,888,251

B Share premium

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

In thousands of units	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	146,160,837	146,160,837	146,160,837	146,160,837
Premium on scheme shares issued during the year	19,025,958	-	19,025,958	-
Balance, end of year	165,186,795	146,160,837	165,186,795	146,160,837

C Reserves

(i) 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. The Bank made a transfer of N5,453,046,000 (December 2011: N2,049,067,000) to statutory reserves during the year, being 15% of profit after tax (December 2011: 30%).

(ii) Small and Medium Scale Industries Reserve (SMEEIS)

The SMEEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by 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' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

(iii) Treasury shares

The Group had no treasury shares as at 31 December 2012 (31 December 2011: 832,275,863). During the year, the Bank wound down the Staff Investment Trust Scheme and disposed of treasury shares held by the scheme (see note 41(a)) for further details). The consideration received has been included in shareholder's equity.

(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) Merger reserve

This balance represents the difference between the consideration paid by Access Bank as the acquirer and Access Bank's share of the net assets of Intercontinental Bank Limited (acquiree).Pursuant to the acquisition of Intercontinental Bank, Access Bank Group was restructured based on a scheme of merger dated 01 December 2011. As part of the merger process, Intercontinental Bank was dissolved as a legal entity on 23 January 2012 and its operations integrated into Access Bank Plc.

This business combination has been accounted for as a common control transaction where the acquirer (Access Bank Plc) has applied the book value accounting as the basis in recognizing the assets acquired liabilities assumed of the acquiree (Intercontinental Bank) in the financial statements.

(vi) 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. This reserve also includes valuation of property and equipment.

(vii) Regulatory risk reserve

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

(viii) Retained earnings

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

D Non-controlling interest

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Access Bank, Gambia	(88,493)	(138,355)	-	-
Access Bank, Sierra Leone	16,607	(8,224)	-	-
Access Bank, Zambia	-	229,780	-	-
Access Bank, Rwanda	448,578	420,472	-	-
Access Bank, Burundi	126,324	(190,425)	-	-
Omni Finance Bank, Cote D'Ivoire	(162,001)	8,480	-	-
Intercontinental Bank	-	22,235,522	-	-
Access Bank, Ghana	1,144,922	497,591	-	-
Intercontinental Wapic Insurance Plc	3,301,982	-	-	-
Intercontinental Homes and Savings Plc	2,052,913	-	-	-
Intercontinental Properties Limited	1,258,762	-	-	-
	8,099,594	23,054,841	-	-

48 Dividends

The movement in dividend account during the year was as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Balance, beginning of year	-	-	-	-
Interim dividend declared	5,722,063	3,577,650	5,722,063	3,577,650
Final dividend declared	6,866,475	5,366,467	6,866,475	5,366,467
Payment during the year	(12,588,538)	(8,944,117)	(12,588,538)	(8,944,117)
Balance, end of year	-	-	-	-

49 Leasing

As lessor

Operating lease receivables

The Group acts as a lessor, whereby items of equipment are purchased and then leased to third parties under arrangements qualifying as operating leases. The items purchased under these lease agreements are treated as equipment in the Group's financial statements and are generally disposed of at the end of the lease term.

As lessee

Operating lease commitments

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable. Non-cancellable operating lease rentals are payable as follows:

In thousands of Naira	Group December 2012	Group December 2011	Bank December 2012	Bank December 2011
Less than one year	409,015	1,286,987	143,917	782,157
Over one year	3,506,223	6,899,596	3,049,088	4,193,177
	3,915,238	8,186,583	3,193,005	4,975,334

50 Contingencies

Claims and litigation

The Bank, in its ordinary course of business, is presently involved in 973 cases as a defendant (31 December 2011: 171) and 487 cases as a plaintiff (31 December 2011: 95). The total amount claimed in the 973 cases against the Bank is estimated at N53,260,615,331 (31 December 2011: N34,495,605,295) while the total amount claimed in the 487 cases instituted by the Bank is N245,638,668,208 (31 December 2011: N30,555,665,378). The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no significant liability will crystallize from these cases. No provisions are therefore deemed necessary for these claims.

In the normal course of business, the group is a party to financial instruments with off-balance sheet risks. These instruments are issued to meet the credit and other financial requirements of customers. The total off-balance sheet assets for the group was N381,893,653,000 (31 December 2011: N414,981,761,000) and N310,847,061,000 (31 December 2011: N231,817,991,000) was for the Bank.

Contingent liabilities and commitments

In common with other banks, the 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 an undertaking 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 customs and performances bonds and are, generally, short-term commitments to third parties which are not directly dependent on the customer's creditworthiness. 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 period, 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 following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk:

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**Group December 2012**	**Group December 2011**	**Bank December 2012**	**Bank December 2011**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	45,324,841	4,948,078	-	-
Transaction related bonds and guarantees	151,107,937	155,751,527	147,222,001	51,483,791
Guaranteed facilities	31,623,305	20,072,848	25,763,514	10,790,544
	228,056,083	180,772,453	172,985,515	62,274,335
Commitments:				
Clean line facilities for letters of credit and other commitments	153,837,570	234,209,308	137,861,546	169,543,656
	153,837,570	234,209,308	137,861,546	169,543,656

b The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.

51 Group entities

(i) Significant subsidiaries

	Nature of business	Country of incorporation	Ownership interest December 2012	Ownership interest December 2011
Access Bank Gambia Limited	Banking	Gambia	87%	87%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	98%	98%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	100%	100%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank (R.D. Congo)	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	92%	95%
Access Investment and Securities	Investment management & securities dealing	Nigeria	100%	100%
Intercontiental Bank (see note 9(a))	Banking	Nigeria	-	75%
Intercontinental Wapic Insurance Plc	Insurance	Nigeria	58%	-
Intercontinental Properties Limited	Real estate	Nigeria	67%	-
Access Finance B.V. (see note (a) below)		Netherlands	100%	100%

(a) Access Finance B.V. was incorporated in 2011 and commenced operations in 2012. An obligation also exists between the Bank and Access Finance B.V., for which Access Finance B.V. was expected to lend the Bank the sum of N384,465,920 (USD 2,462,000) as a share premium loan. The loan agreement between both parties however permits that the obligation of Access Finance B.V. to grant the loan, be set off against the obligation of the Bank to repay the loan such that each party's obligation either as a borrower or lender is discharged. In view of this, no loan payable has been recognized in the Bank's financial statements.

(ii) Subsidiaries held for sale

	Nature of business	Country of incorporation	Ownership interest December 2012	Ownership interest December 2011
Intercontinental Homes and Savings Limited	Financial Services	Nigeria	52%	-
Omni Finance Bank, Cote d'Ivoire	Banking	Cote d'Ivoire	94%	94%
Intercontinental Bank (UK) Plc	Banking	United Kingdom	100%	-
FinBank Burundi	Banking	Burundi	87%	87%

(iii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest December 2012	Ownership interest December 2011
Intercontinental Capital Markets Limited	Financial Services	Nigeria	63%	-
Intercontinental Finance and Investment Limited	Financial Services	Nigeria	100%	-
Intercontinental Registrars Limited	Secretarial services	Nigeria	100%	-
Intercontinental Trustees Limited	Trusteeship	Nigeria	100%	-
Intercontinental Securities Limited	Asset Management	Nigeria	51%	-
Flexmore Technologies Limited	IT Services	Nigeria	100%	-

These subsidiaries are currently undergoing a winding down process through the appointment of a court-ordered receiver manager to manage their affairs. As a result of this event, the Bank has lost control without a change in absolute or relative ownership level. The loss of control in these subsidiaries, have been accounted for in the financial statement (see Note 9(b) for further details).

(iv) Special purpose entities:

	Country of incorporation	Ownership interest December 2012	Ownership interest December 2011
Staff Investment Trust (see note 17(a))	Nigeria	-	100%
Project Star Investment Limited	Nigeria	100%	100%

(v) Associates

Associated Discount House Limited	Financial services	Nigeria	38%	-
Blue Intercontinental Microfinance Bank	Financial services	Nigeria	-	35%
Magnate Technology and Services Limited	IT Services	Ghana	40%	40%

52 Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN Circulars

The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for the following infractions;

- The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for an infraction of Memorandum 15(9) of the CBN Foreign Exchange Manual, 2006 (Penalty: N2million)

- The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for transfer of funds to an off-shore subsidiary on 5th September 2011, without CBN's approval. (Penalty: N2million)

- The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for granting a credit facility which exceeded its single obligor limit (Penalty: N1million)

- The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for granting credit facilities to three of its directors in excess of 10% of its paid-up capital against the provisions of CBN Circular No BSD/9/2004 (Penalty: N2million)

53 Related parties

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.

Parent

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

Subsidiaries

Transactions between Access Bank Plc and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements.

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.

Key management personnel and their immediate relatives engaged in the following transactions with the Group during the period:

Loans and advances: *In thousands of Naira*	**December 2012**	**December 2011**
Secured loans and advances	82,577,604	90,005,623

Deposits: *In thousands of Naira*	**December 2012**	**December 2011**
Total deposits	2,251,096	30,318,978

Interest rates charged on balances outstanding are at rates that would be charged in the normal course of business. The secured loans granted are secured over real estate, equity and other assets of the respective borrowers. No impairment losses have been recorded against balances outstanding during the year/period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their immediate relatives at the period end.

Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	**December 2012**	**December 2011**
Non-executive Directors		
Fees	39,000	7,350
Other emoluments:		
Allowances	182,491	91,768
	221,491	99,118
Executive directors		
Short term employer's benefit	145,100	145,100
Defined contribution plan	18,403	7,309
Long term incentive plan	2,125,744	1,068,780
	2,289,247	1,221,189
Total compensation to key management personnel	2,510,738	1,320,307

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 period of more than 12months."

The Bank's gross exposure to all its directors as at December 31, 2012 is N112,890,888,000 (Direct N82,577,604,000: Indirect N30,313,284,000). 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. These deposits as at December 31, 2012 sum to N50,395,403,000. Therefore, overall net exposure (excluding contingent obligation) to the Directors-related borrowings was only N62,495,485,000.

Below is a schedule showing the details of the Bank's director-related lending:

Analysis of loans and advances to key management personnel

In thousands of naira

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding credit	Status	Nature of security
1	Asset Management Group Limited	Chairman	Mr Gbenga Oyebode	On Lending	596,426	Performing	Legal Mortgage
				Term Loan	1,488,898	Performing	
2	Combined Industrial Agro.	Chairman	Mr Gbenga Oyebode	Overdraft	149,234	Performing	Corporate Guarantee
3	MTN Communications	Chairman & Director	Mr Gbenga Oyebode & Mr Tunde Folawiyo	Term Loan	15,026,201	Performing	Negative Pledge
4	Timbuktu Media Limited	Chairman & Director	Mr Gbenga Oyebode & Mr Tunde Folawiyo	Term Loan	158,853	Performing	All Asset Debenture and Lien on Deposit
				Overdraft	17,284	Performing	
5	Neconde Energy Limited	Director	Mr Tunde Folawiyo	Syndicated reserve based lending	9,143,838	Performing	All Asset Debenture and Lien on Deposit
6	Aries Exploration And Production Company	Director	Mr Tunde Folawiyo	Term Loan	11,408,367	Performing	All Asset Debenture, Lien on Shares
7	Yinka Folawiyo & Sons Limited	Director	Mr Tunde Folawiyo	Term Loan	33,320	Performing	Legal Mortgage
8	Enyo Trading Company Ltd / Glencore Energy UK Ltd	Director	Mr Tunde Folawiyo	Overdraft	11,492,513	Performing	Lien on Deposit
9	DTD Services Limited	Director	Mr. Tunde Folawiyo	Auto Loan	2,759	Performing	Lien on Deposit, Lien on Shares
				Term Loan	914,521	Performing	
10	Marina Securities Limited	Brother of Director	Mr Aigbovbioise Aig-Imoukhuede	Term Loan	506,626	Performing	Legal Mortgage, Lien on Shares, Lien on investments
				Time Loan	600,147	Performing	
				Overdraft	739,400	Performing	
				Overdraft	2,287,867	Performing	
11	Staco Insurance Plc	Director	Mr. Dere Otubu	Overdraft	24,785	Performing	Debenture, Pledged shares, Pledged cash investments
12	SIC Property and Investment Company	Director	Mr. Dere Otubu	Overdraft	449,348	Performing	Legal Mortgage, Lien on Deposit
				Term Loan	2,742,632	Performing	
				Term Loan	54,101	Performing	
13	Blatech Ltd	Director	Mr. Dere Otubu	Overdraft	68,508	Performing	Lien on Deposit
14	Coscharis Motors	Director	Dr. Cosmas Maduka	Usance	1,510,418	Performing	Negative Pledge, Personal Guarantee
				Term Loan	961,856	Performing	
				Overdraft	21,792,024	Performing	
15	C.G. Biostadt	Director	Dr. Cosmas Maduka	Overdraft	176,385	Performing	Corporate Guarantee
				Term Loan	219,171	Performing	
16	Swiss Biostadt	Director	Dr. Cosmas Maduka	Overdraft	807	Performing	Corporate Guarantee
				Usance	11,315	Performing	
	Balance, end of year				**82,577,604**		

Analysis of off balance sheeet exposures to key management personnel

In thousands of naira

Name of company/individual	Relationship to reporting institution	Name of the director	Facility type	Outstanding credit	Status	Nature of security
Enyo Trading Company Ltd / Glencore Energy UK Ltd	Director	Mr. Tunde Folawiyo	Confirmation Line	18,708,269	Performing	Legal Mortgage Cash Backed Lien on shares
Enyo Trading Company Ltd	Director	Mr. Tunde Folawiyo	Bonds and Guarantee	3,576,816	Performing	
Coscharis Technologies	Director	Mr. Cosmas Maduka	Letter of credit	377,193	Performing	Negative Pledge Corporate Guarantee
Coscharis Motors Limited	Director	Mr. Cosmas Maduka	Letter of credit	7,527,948	Performing	Negative Pledge
			Bonds and Guarantee	30,533	Performing	Personal Guarantee
Swiss Biostadt Limited	Director	Mr. Cosmas Maduka	Letter of credit	92,525	Performing	Corporate Guarantee
Balance, end of year				**30,313,284**		

54 Events after the end of the reporting period

Subsequent to the end of the reporting period, the Board of Directors proposed a final dividend of 60 kobo each on the issued share capital of 22,882,918,908 ordinary shares of 50kobo each as at 31 December 2012. There are no other post balance sheet event that required disclosure in these consolidated financial statements.

55 Prior Period Corresponding Balances

Certain prior period balances have been reclassifed in line with current period presentation due to the following reasons:
- Prior period income statement activities were reclassified in line with IFRS 5.
- Impairment charge on goodwill was reclassified from net impairment of financial assets for proper disclosure

The reclassifications as shown below are not material enough to impact significantly the results of operations of the Group for 2011, therefore the Group did not prepare a third statement of financial position.

(i) Other Liabilities

In thousands of Naira

	December 2011
Balance previously reported	142,649,550
Reclassified to retirement benefit obligation	(1,876,578)
	140,772,972

(ii) Retirement Benefit Obligation

In thousands of Naira

	December 2011
Balance previously reported	-
Reclassified from other liabilities	1,876,578
	1,876,578

(iii) Interest income

In thousands of Naira

	December 2011
Balance previously reported	107,609,276
Reclassified to discontinued operations	(1,387,941)
	106,221,335

(iv) Interest Expense

In thousands of Naira

	December 2011
Balance previously reported	37,026,264
Reclassified to discontinued operations	(552,032)
	36,474,232

(v) Fee and Commission income

In thousands of Naira

	December 2011
Balance previously reported	22,966,003
Reclassified to discontinued operations	(635,211)
	22,330,792

(vi) Net Trading Income

In thousands of Naira

	December 2011
Balance previously reported	2,758,884
Reclassified to discontinued operations	(134,685)
Mark to market loss on trading equity reclassified from Other operating income	(355,069)
	2,269,130

(vii) **Other Operating Income**

In thousands of Naira

	December 2011
Balance previously reported	4,367,201
Reclassified to discontinued operations	(565,347)
Mark to market on trading equity reclassified to net trading income	355,069
	4,156,923

(viii) **Net impairment Loss On financial Assets**

In thousands of Naira

	December 2011
Balance previously reported	9,251,498
Reclassified to discontinued operations	193,429
Reclassified to Impairment charge on goodwill	(380,990)
	9,063,937

(ix) **Impairment Charge on goodwill**

In thousands of Naira

	December 2011
Balance previously reported	-
Reclassified from net impairment loss on financial assets	380,990
	380,990

(x) **Personnel Expenses**

In thousands of Naira

	December 2011
Balance previously reported	23,327,351
Reclassified to discontinued operations	(1,343,379)
	21,983,972

(xi) **Operating Lease Expenses**

In thousands of Naira

	December 2011
Balance previously reported	1,992,319
Reclassified to discontinued operations	(78,108)
	1,914,211

(xii) **Depreciation and Ammortization**

In thousands of Naira

	December 2011
Balance previously reported	6,594,698
Reclassified to discontinued operations	(340,543)
	6,254,155

(xiii) **Other Operating Expenses**

In thousands of Naira

	December 2011
Balance previously reported	37,678,892
Reclassified to discontinued operations	(2,232,235)
	35,446,657

(xiv) **Income Tax Expense**

In thousands of Naira

	December 2011
Balance previously reported	7,099,020
Reclassified to discontinued operations	(69,912)
	7,029,108

56 Summary of reclassification to 2011 figures - Statement of Financial Position

The reclassifications as shown below are not material enough to impact significantly the results of operations of the Group for 2011

In thousands of Naira	Reported 2011	Reclassified to discontinued operations	Other reclassifcations	Restated 2011
Cash and cash equivalents	191,518,474	-	-	191,518,474
Non pledged trading assets	10,812,122	-	-	10,812,122
Pledged assets	66,191,144	-	-	66,191,144
Property and equipment	67,647,817	-	-	67,647,817
Intangible assets	3,277,608	-	-	3,277,608
Deferred tax assets	2,930,928	-	-	2,930,928
Other assets	120,874,368	-	-	120,874,368
Assets classified as held for sale				
Total Assets	**1,629,003,195**	-	-	**1,629,003,195**
Liabilities				
Deposits from banks	146,808,286	-	-	146,808,286
Deposits from customers	1,101,703,921	-	-	1,101,703,921
Derivative financial instruments	9,413	-	-	9,413
Debt securities issued	-	-	-	-
Retirement benefit obligations		-	1,876,578	1,876,578
Current tax liabilities	9,747,004	-	-	9,747,004
Other liabilities	142,649,550	-	(1,876,578)	140,772,972
Claims payable	450,000	-	-	450,000
Liabilities on investment contracts	61,000	-	-	61,000
Liabilities on insurance contracts	2,703,000	-	-	2,703,000
Interest-bearing loans and borrowings	29,258,273	-	-	29,258,273
Contingent settlement provisions	3,548,000	-	-	3,548,000
Liabilities classified as held for sale	-			-
Total Liabilities	**1,436,938,447**	-	-	**1,436,938,447**
Equity				
Share capital and share premium	155,104,963	-	-	155,104,963
Retained earnings	(6,744,577)	-	-	(6,744,577)
Other components of equity	20,649,521	-	-	20,649,521
Total equity attributable to owners of the Bank	169,009,907	-	-	169,009,907
Non-controlling interests in equity	23,054,841	-	-	23054841
Total equity	192,064,748	-	-	192,064,748
Total equity and liabilities	**1,629,003,195**	-	-	**1,629,003,195**

Summary of reclassification to 2011 figures - Income statement

	Group			
In thousands of Naira	Reported 2011	Reclassified to discontinued operations	Other reclassifications	Restated 2011
Interest income	107,609,276	(1,387,941)		106,221,335
Interest expense	(37,026,264)	552,031		(36,474,233)
Net interest income	70,583,012	(835,910)	-	69,747,102
Fee and commission income	22,966,003	(635,210)		22,330,793
Fee and commission expense	-			-
Net fee and commission income	22,966,003	(635,210)	-	22,330,793
Net trading income	2,758,884	(134,685)	(355,069)	2,269,130
Net loss from other financial instruments at fair value through profit or loss	-			-
Other operating income	4,367,201	(565,347)	355,069	4,156,923
	7,126,085	(700,032)	-	6,426,053
Underwriting profit	657,000			657,000
	657,000	-	-	657,000
Operating income	**101,332,100**	**(2,171,152)**	-	**99,160,949**
Net impairment loss on financial assets	(9,251,498)	(193,429)	380,990	(9,063,937)
Impairment charge on goodwill			(380,990)	(380,990)
Net operating income after net impairment loss on financial assets	**92,080,602**	**(2,364,581)**	-	**89,716,022**

Personnel expenses	(23,327,351)	1,343,379		(21,983,972)
Operating lease expenses	(1,992,319)	78,108		(1,914,211)
Depreciation and amortization	(6,594,698)	340,543		(6,254,155)
Other operating expenses	(37,678,892)	2,232,235		(35,446,657)
Total expenses	(69,593,260)	3,994,265	-	(65,598,995)
Share of loss of equity accounted investee	(10,000)	-		(10,000)
Profit before income tax	22,477,342	1,629,684	-	24,107,027
Income tax expense	(7,099,020)	69,912		(7,029,108)
Profit for the year on continuing operations	**15,378,322**	1,699,596	-	17,077,919
Loss on discontinued operations (net of tax)				(1,699,596)
Profit for the year				15,378,323
Other comprehensive income net of income tax:				
Foreign currency translation differences for foreign operations	(108,232)			(108,232)
Fair value loss/gains on available-for-sale investments recognised in equity	(1,273,241)			(1,273,241)
Fair value gains/(losses) on property and equipment	15,509			15,509
Other comprehensive loss for the year, net of tax	(1,365,964)			(1,365,964)
Total comprehensive income for the year	**14,012,358**			**14,012,359**
Profit attributable to:				
Owners of the Bank	14,499,229			14,880,219
Non-controlling interest	879,093			879,093
Profit for the year	**15,378,322**	-	-	**15,759,312**
Earnings per share - Basic (kobo)	86			88
Diluted (kobo)	86			
Total comprehensive income attributable to:				
Owners of the Bank	13,133,265			13,514,255
Non-controlling interest	879,093			879,093
Total comprehensive income for the year	**14,012,358**			**14,393,348**

Value Added Statement
For the year ended 31 December 2012
In thousands of Naira

	Group 2012	%	Group 2011	%	Bank 2012	%	Bank 2011	%
Gross earnings	208,308,873		135,635,181		180,725,850		98,518,061	
Interest expense	(60,964,430)		(36,474,233)		(59,424,878)		(27,444,955)	
	147,344,443		99,160,948		121,300,972		71,073,106	
Group's share of associate's profit/(loss)	544,569		(10,000)		-		-	
Net impairment loss on financial assets	(10,790,651)		(9,063,937)		(11,616,078)		(19,155,497)	
Bought-in-materials and services	(33,231,257)		(28,478,906)		(19,026,393)		(12,092,147)	
Value added	103,867,104		61,608,105		90,658,501		39,825,462	
Distribution of Value Added				%				%
To Employees:								
Employess costs	33,683,156	32	21,983,972	36	27,643,575	31	13,619,532	34
To government								
Government as taxes	2,018,307	2	7,029,108	11	674,504	1	6,892,596	17
To providers of finance								
Interest on borrowings	4,095,028	4	104,220	0	2,335,104	3	-	-
Dividend to shareholders	12,588,539	12	8,944,117	15	12,588,539	14	8,944,117	22
Retained in business:								
- For replacement of property and equipment	11,021,511	11	6,254,155	10	9,678,299	11	4,247,587	11
- For replacement of equipment on lease	2,055,779	2	1,914,211	3	1,384,837	2	872,764	2
- For replacement of available for sale financial assets	3,340,161	3	1,365,964	2	4,755,960	5	(5,290,124)	(13)
- To pay proposed dividend	13,729,751	13	-	-	13,729,751	14	-	-
- To augment reserve	21,334,872	21	14,012,358	23	17,867,932	20	10,538,990	27
	103,867,104	100	61,608,105	100	90,658,501	100	39,825,462	100

Five-year Financial Summary

Group	**December 2012 12 months**	**December 2011 12 months**	**December 2010 12 months**	**December 2009 9 months**	**March 2009 12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and cash equivalents	296,184,966	191,518,474	123,957,778	155,076,424	145,484,481
Non pledged trading assets	27,906,803	10,812,122	30,969,755	11,563,193	10,557,205
Pledged assets	60,949,856	66,191,144	59,930,096	7,591,114	7,825,488
Derivative financial instruments	30,949	9,909	1,110,803	3,002,720	3,033,817
Loans and advances to banks	4,564,943	775,765	610,108	70,526	-
Loans and advances to customers	604,073,399	576,228,507	447,810,358	385,313,186	410,835,629
Insurance receivables	627,337	1,405,000	-	-	-
Investments in equity accounted investee	2,548,828	2,812,805	-	300,156	650,547
Investment in subsidiary	-	-	-	-	-
Investment securities	447,281,811	561,733,704	69,892,874	73,745,086	70,472,788
Trading properties	2,693,227	6,688,000	-	-	-
Investment properties	14,360,567	16,097,044	12,943,078	1,404,000	-
Property and equipment	64,565,889	67,647,817	23,807,982	27,680,220	23,462,849
Intangible assets	3,404,945	3,277,608	2,718,899	2,880,706	2,402,718
Deferred tax assets	8,113,973	2,930,928	2,458,597	3,779,129	-
Other assets	177,042,627	120,874,368	20,006,440	16,927,332	25,489,809
Assets classified as held for sale	30,827,257	-	-	-	-
Total assets	1,745,177,377	1,629,003,195	796,216,768	689,333,792	700,215,331
Liabilities					
Deposits from banks	105,170,552	146,808,286	69,889,795	43,216,841	30,296,711
Deposits from customers	1,201,481,996	1,101,703,921	484,723,475	442,334,863	426,395,491
Derivative financial instruments	35,515	9,413	725,007	1,833,327	1,959,759
Debt securities issued	54,685,891	-	-	2,604,276	9,207,423
Retirement benefit obligations	2,487,589	1,876,578	-	-	-
Current tax liabilities	8,738,602	9,747,004	3,492,485	6,982,030	6,586,353
Other liabilities	58,271,349	140,772,972	49,977,525	28,723,169	44,604,505
Claims payable	118,226	450,000	-	-	-
Liabilities on investment contracts	65,591	61,000	-	-	-
Liabilities on insurance contracts	3,351,234	2,703,000	-	-	-
Interest-bearing loans and borrowings	40,092,312	29,258,273	22,760,350	3,376,945	5,193,083
Deferred tax liabilities	-	-	-	-	720,169
Contingent settlement provisions	3,548,250	3,548,000	-	-	-
Liabilities classified as held for sale	25,793,512	-	-	-	-
Total liabilities	1,503,840,619	1,436,938,447	631,568,637	529,071,451	524,963,494
Equity					
Share capital and share premium	176,628,255	155,104,963	155,104,963	154,291,861	154,553,963
Retained earnings	17,764,295	(6,744,577)	(10,785,618)	(9,980,792)	(3,204,362)
Other components of equity	38,498,341	20,649,521	19,629,454	15,092,981	22,873,703
Non controlling interest	8,099,594	23,054,841	699,332	858,291	1,028,533
Total equity	240,990,485	192,064,748	164,648,131	160,262,341	175,251,837
Commitments and contingents	381,893,653	414,981,761	238,881,422	138,055,511	142,633,973
Gross earnings	208,308,873	135,635,180	90,644,073	87,531,150	86,485,479
Profit/(Loss) before income tax	44,880,148	24,107,026	12,584,231	(3,955,124)	17,937,305
Profit/(Loss) from continuing operations	42,861,841	17,077,918	7,727,399	(2,088,034)	11,290,737
Discontinued operations	(4,457,057)	(1,699,596)	-	-	-
Profit for the year	38,404,784	15,378,322	7,727,399	(2,088,034)	11,290,737
Non controlling interest	191,904	(879,093)	176,442	207,584	219,931
Profit attributable to equity holders	38,596,688	14,499,229	7,903,841	(1,880,450)	11,510,668
Dividend paid	12,588,538	8,944,125	3,577,650	11,349,982	10,492,625
Earning or (loss) per share -Basic	169k	102k	44k	-12k	70k
- Adjusted	169k	-	44k	-12k	70k
Number of ordinary shares of 50k	22,882,918,908	17,888,251,478	16,262,046,799	16,262,046,799	16,214,258,437