Access Bank Plc

Interim Consolidated and separate financial statements for the period ended 30 June 2013

ACCESS BANK PLC
Index to the interim consolidated financial statements
For the period ended 30 JUNE 2013

Directors, officers and professional advisors

Directors

Mr Gbenga Oyebode	Chairman
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

Company Secretary

Mr Sunday Ekwochi

Corporate Head Office

Access Bank Plc
Plot 999c, Danmole Street,
Victoria Island, Lagos.
Telephone: +234 01 2621040-41
+234 01 2641517-72

Email: info@accessbankplc.com
Website: www.accessbankplc.com

Independent Auditors

PricewaterhouseCoopers
252E Muri Okunola Street
Victoria Island, Lagos
Telephone: (01) 271 1700
Website: www.ng.pwc.com

Registrars

United Securities Limited
10 Amodu Ojikutu Street
Victoria Island, Lagos
Telephone: +234 01 730898
+234 01 730891

For the period ended 30 June 2013

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 half year ended 30 June 2013.

Legal form and principal activity

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

The Bank has the following international banking subsidiaries: Access Bank (Gambia) Limited, Access Bank (Sierra Leone) Limited, Access Bank Zambia Limited, The Access 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 divestment 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,the Board 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.

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 of the date of this report , the merger of Wapic Insurance Plc and Intercontinental Properties Limited has been concluded with Wapic Insurance as the surviving entity. The court ordered meeting to approve the unbundling of the Bank's shares in Wapic and subsequentl distribution of same to the Bank's shareholder has been scheduled to hold on September 11, 2013. The distribution will complete the Bank's divestment from Wapic Insurance

Additionally, the following subsidiary companies are currently undergoing winding up Project Star Investment Ltd, Access Bureau d' Change Limited, Access Insurance Brokers Limited, Intercontinental Bureau d' Change Ltd and Flexmore Technologies Ltd.

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

Operating results

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

	Group	Group	Bank	Bank
	Jun-13	Jun-12	Jun-13	Jun-12
In thousands of Naira				
Gross earnings	**104,127,193**	**109,958,536**	**88,471,624**	**96,267,381**
Profit before income tax	26,090,467	30,205,587	22,376,785	26,518,104
Income tax expense	(5,376,866)	(3,517,634)	(4,131,996)	(2,668,743)
Profit from continuing operations	20,713,601	26,687,953	18,244,789	23,849,361
Loss from discontinued operations (net of tax)	382,964	(244,543)	-	-
Profit for the period	21,096,565	26,443,410	18,244,789	23,849,361
Non-controlling interest	99,259	(28,674)	-	-
Profit attributable to owners of the Bank	20,997,306	26,414,736	18,244,789	23,849,361

	Group	Group	Bank	Bank
	Jun-13	Jun-12	Jun-13	Jun-12
In thousands of Naira				
Earnings per share - Basic (k)	92	119	80	107
Dividend (paid):				
- Final (declared December 2012)	13,729,751	-	13,729,751	-
Proposed dividend	5,720,730	5,722,063	5,720,730	5,722,063

	Group	Group	Bank	Bank
	Jun-13	Dec-12	Jun-13	Dec-12
Total equity	239,937,797	241,082,819	242,458,342	237,624,212
Total impaired loans and advances	19,560,890	34,435,872	16,550,138	41,713,123
assets (%)	2.76%	5.32%	2.53%	8.13%

Proposed Interim dividend

The Board of Directors proposes to pay an interim dividend of 25 kobo (HY 2012: 25 kobo) each on the issued share capital of 22,888,918,908 ordinary shares of 50k each as at 30 June 2013. Withholding tax was 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			
	30-Jun-13		31-Dec-12	
	Direct	Indirect	Direct	Indirect
G. Oyebode - Chairman	78,652,858	76,752,411	78,652,858	76,752,411
A.I Aig-Imoukhuede - Managing Director	119,231,715	629,932,456	119,231,715	629,932,456
H. O. Wigwe - Deputy Managing Director	119,231,713	629,932,455	119,231,713	629,932,455
E. C. Ndukwe	395,377	-	-	-
O. S. Otubu	18,979,886	16,840,286	18,979,886	16,840,286
M. Isa-Dutse	3,136,220	-	3,136,220	-
E. Chiejina	7,080,754	-	7,080,754	-
T. Folawiyo	15,937,029	317,501,028	15,937,029	125,340,789
M. Belo-Olusoga	1,953,629	-	1,953,629	-
K. Ogunmefun	-	322,456	-	-
A. Awosika	-	-	-	-
T. E. Koroye - Executive Director	19,912,013	-	19,912,013	-
O. Nwuke - Executive Director	28,508,427	-	33,008,427	-
O. Ohiwerei - Executive Director	30,314,074	-	30,314,074	-
E. Olufowose - Executive Director	26,171,107	-	27,887,558	-
V.O. Etuokwu	7,782,788	-	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	Director	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. Mosun Belo-Olusoga	Director	The KRC Ltd.	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	Training services

Analysis of shareholding:

The shareholding pattern of the Bank as at 30 June 2013 was as stated below:

	30 June 2013			
Range	Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1-1,000	419,465	50	66,072,246	0.29
1,001-5,000	253,848	30	560,441,965	2.45
5,001-10,000	66,938	8	454,709,592	1.99
10,001-50,000	72,463	9	1,459,718,555	6.38
50,001- 100,000	10,717	1	773,138,680	3.38
100,001-500,000	7,508	1	1,498,748,027	6.55
500,001-1,000,000	743	0	522,511,906	2.28
1,000,001-5,000,000	655	0	1,341,547,907	5.86
5,000,001-10,000,000	111	0	822,286,504	3.59
10,000,001 and above	168	0	15,041,544,583	65.73
	832,616	99.88	22,540,719,965	98.50
Foreign Shareholders				
1-1,000	244	0.03	67,188	0.00
1,001-5,000	244	0.03	635,340	0.00
5,001-10,000	118	0.01	849,845	0.00
10,001-50,000	282	0.03	6,933,812	0.03
50,001- 100,000	93	0.01	10,549,111	0.05
5,000,001-10,000,000	7	0.00	7,444,976.00	0.03
10,000,001 and above	3	0.00	315,718,671	1.38
	991	0.12	342,198,943	1.50
Total	833,607	100.00	22,882,918,908	100.00

The shareholding pattern of the Bank as at 31 December 2012 is 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	50.24	66,556,261	0.29
1,001-5,000	255,642	30.38	564,793,082	2.47
5,001-10,000	67,998	8.08	461,664,646	2.02
10,001-50,000	74,004	8.80	1,491,878,767	6.52
50,001- 100,000	11,146	1.32	808,461,642	3.53
100,001-500,000	8,137	0.97	1,625,653,457	7.10
500,001-1,000,000	747	0.09	523,562,623	2.29
1,000,001-5,000,000	676	0.08	1,390,945,549	6.08
5,000,001-10,000,000	112	0.01	780,570,123	3.41
10,000,001 and above	169	0.02	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	0.03
5,000,001-10,000,000	-	0.00	-	-
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

Substantial interest in shares

According to the register of members at 30 June 2013, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	30 June 2013		**31 December 2012**	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
Stanbic Nominees Nigeria Limited*	6,539,875,807	28.58%	5,955,663,655	19.43%
Blakeney GP	1,386,901,385	6.06%	1,476,901,385	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.

Property and equipment

Information relating to changes in property and equipment is given in Note 32 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) 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.

(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. Henry Omatshola Aragho	-	Shareholder	Member
3	Mr Idaere Gogo Ogan	-	Shareholder	Member
4	Mr Oritsedere Otubu	-	Director	Member
5	Dr. Ernest Ndukwe	-	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: PricewaterhouseCoopers were appointed the external auditors of the Bank by the ordinary resolution of shareholders passed during the the 24th Annual General Meeting held on April 25 2013 .

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

BY ORDER OF THE BOARD

Sunday Ekwochi
Company Secretary

25 July 2013

Corporate Governance Report

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 "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.

Corporate Governance Report

Appointment, Retirement and Re-election of Directors

On April 25, 2013, the Board pursuant to the powers vested on it by the Articles of Association appointed Dr. (Mrs.) Ajoritsedere Awosika as an Independent Non-Executive Director. Her appointment has been approved by the Central Bank of Nigeria and will be tabled before Shareholders at the next Annual General Meeting as required by the Articles. Dr. Awosika is a Pharmacist and holds a Ph.D in Pharmaceutical Technology [1985]. She has over 35 years experience in public health, and possesses extensive experience in public sector governance.
Dr. Awosika has held a number of key public sector positions, including the position of Permanent Secretary, Federal Ministry of Internal Affairs [2010], Permanent Secretary, Federal Ministry of Science & Technology [2012] and Permanent Secretary, Federal Ministry of Power [2012 – 2013]. She is a recipient of numerous awards, including the prestigious award of Member of the Federal Republic of Nigeria (MFR).

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 retired at the 24th AGM of the Bank, held on April 25, 2013, and being eligible for re-election, were re-elected by Shareholders.

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 the Board, and the heads of relevant strategic business units attend Board meetings to make presentations. The Bank's external auditors attend the Group Board, the Group Board Audit Committee and the Group Shareholders Audit Committee Meetings. 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 ensure 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'

Corporate Governance Report

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. As part of its oversight role over Subsidiaries Boards, the Board received and considered the Subsidiaries Boards Evaluation Report for the subsidiaries was well as Remediation Action Plans ("RAP") for observed gaps. The Board evaluation was conducted by Accenture Limited an independent consultant.

On-going support for the implementation of the RAPs is being provided by the Group Company Secretariat working with respective subsidiaries Companies Secretaries. Quality assurance on the implementation of the RAPs will be provided by Subsidiaries Internal Audit Team.

The goal of the exercise is to ensure that subsidiaries function at the same and adopt similar corporate governance practices as the Group Office.

Composition and Role

The Group has a unitary board structure. In 2013, the Board was comprised of sixteen members made up of nine non-executive directors and seven executive directors the full details of which are set out below:

S/N	**Name**	**Designation**
1	Mr. Gbenga Oyebode	Chairman
2	Mr. Oritsedere Samuel Otubu	Non-Executive Director
3	Dr. Babatunde Folawiyo	Non-Executive Director
4	Mr. Emmanuel Chiejina	Non-Executive Director
5	Dr. Mahmoud Isa-Dutse	Non-Executive Director
6	Mrs. Mosun Belo-Olusoga	Non-Executive Director
7	Mrs. Kemi Ogunmefun	Non-Executive Director
8	Dr. Ernest Chukwuka-Anene Ndukwe	Independent Director
9	Dr. (Mrs.) Ajoritsedere Awosika	Independent Director
10	Mr. Aigboje Aig-Imoukhuede	Group Managing Director/Chief Executive Officer
11	Mr. Herbert Wigwe	Group Deputy Managing Director
12	Mr. Taukeme Edwin Koroye	Executive Director
13	Mr. Okey Nwuke	Executive Director
14	Mr. Obeahon Ohiwerei	Executive Director
15	Mr. Ebenezer Olufowose	Executive Director
16	Mr. Victor Etuokwu	Executive Director

In line with best practice, there is separation of powers between the Chairman and Group Managing

Corporate Governance Report

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 are 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 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 a, skill and experience of potential director as well as other attributes considered necessary for the role. The Board also considers the need for appropriate demographic and genders 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

Corporate Governance Report

appointment recommendations, 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 period under review directors attended the training courses as shown below:

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 four times in the reporting period.

s/n	PROGRAM	COURSE PROVIDER	DATE
1,	International Directors Program	Columbia Business School	January 17 – 20, 2013
2.	Driving Strategic Impact	Columbia Business School	April 30 – May 2, 2013
3.	High Impact Leadership	Columbia Business School	June 2 – 7, 2013
4.	9th Annual corporate governance conference in Johannesburg	Advantage Training, South Africa	June 10- 13, 2013
5.	Accounting for the non-Financial Executive	Columbia Business School	June 24 – 28, 2013
6	Making Corporate Boards More Effective	Harvard Business School	July 2013
7	Audit Committee in a New Era of Governance	Harvard Business School	July 2013

Corporate Governance Report

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:

S/N	Name	BAC	BRMC	BCFC	BGRC
1	Mr. Gbenga Oyebode[1]		-	-	-
2	Mr. Oritsedere Otubu[1]	C	-	M	M
3	Dr. Mahmoud Isa-Dutse[1]	M	C	M	-
4	Mr. Emmanuel Chiejina[1]	-	M	M	C
5	Mrs. Kemi Ogunmefun[1]	-	M	M	M
6	Dr. Tunde Folawiyo[1]	-	M	M	M
7	Mrs. Mosunmola Belo-Olusoga[1]	M	M	C	M
8	Dr. Chukwuka-Anene Ndukwe[1]	M	-	M	-
9	Dr. (Mrs.) Ajoritsedere Awosika[1]	-	M	M	M
10	Mr. Aigboje Aig- Imoukhuede[2]	-	M	M	M
11	Mr. Herbert Wigwe[2]	-	M	M	M
12	Mr. Taukeme Koroye[2]	-	M	-	-
13	Mr. Okey Nwuke[2]	-	-	M	-
14	Mr. Obeahon Ohiwerei[2]	-	-	M	-
15	Mr. Ebenezer Olufowose[2]	-	M	M	-
16	Mr. Victor Etuokwu[2]	-	-	M	-

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

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 met five times during the reporting period.

The key activities of the Committee during the period include review and approval of credit facilities,

Corporate Governance Report

review of the Credit Portfolio and the collateral for same, monitoring the implementation of credit risk management policies, approval of credit portfolio plan.

Mrs. Mosun Belo-Olusoga chaired the Committee. She is a graduate of Economics from the University of Ibadan (1979). She qualified as a Chartered Accountant in 1983 winning 1st place merit award and also the award of the Society of Women Accountants of Nigeria prize for best qualifying candidate. She is a fellow of both the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria.

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 three times during the period.

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 decisions and initiatives of the Committee in the reporting period include recommendation to the Board for approval of Senior Management appointments including the appointment of one independent director, recommendation of steps to ensure compliance with the CBN Competency Assessment Framework for the Banking Industry, review and recommendation of the Subsidiary Boards Evaluation Report and recommendations to the Board on CEO Succession. The Committee met thrice during the period.

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 the Whistleblowers Reward Policy, and Policy on the Requirements for operating Bureau De Change accounts. The

Corporate Governance Report

Committee continued to monitor and ensure the Group's compliance with relevant regulatory policies. The Committee met 2 times during the period.

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 three times in the reporting period.

The key issues considered by the Committee during the period include approval of audited financial statements, review of whistle blowing reports, review of quality assurance report, the Group Internal Audit Report on Subsidiaries, a recommendation to the Board for the approval of the Framework for Internal Audit Function in Foreign Subsidiaries. The Committee met three times during the period.

Corporate Governance Report

Attendance at Board and Board Committees meetings

Directors' attendances at meetings are as shown below:

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

Keys

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
*- was appointed to the Board Committees on January 29, 2013
** was appointed to the on April 25, 2013. CBN approval of appointment was received on May 21, 2013. Appointed to Board Committees on July 25, 2013
***Was appointed to the BRMC on January 29, 2013
**** was appointed to Board Committees on January 29, 2013

Corporate Governance Report

Executive Committee

The Executive Committee (EXCO) is made up Group Managing Director (who is the Chairman); Group Deputy Managing Director, Executive Directors , and selected Strategic Business Units Heads (who are not Executive Directors) appointed by the Group Managing Director . The Chief Financial Officer, the Chief Risk Officer, the Group Head, Human Resources and the Chief Internal Auditor are in attendance at the meeting

The Committee is primarily responsible for the implementation of strategies approved by the Board and ensuring the efficient deployment of the Bank's resources. The Committee meets weekly.

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.	Oluwatoyin Eleoramo (Shareholder)	Chairman
2.	Mr. Idaere Gogo Ogan (Shareholder)	Member
3.	Mr Henry Omatsola Aragho* (Shareholder)	Member
4.	Mr Oritsedere Otubu (Director)	Member
5.	Mrs Mosun Belo-Olusoga (Director)	Member
6.	Dr Ernest Ndukwe (Director)	Member

* Mr. Henry Omatsola Aragho was appointed at the 24th Annual General Meeting held on April 25, 2013 while Dr Ernest Ndukwe was appointed during the 125th Board Meeting held on July 25, 2013.

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

Corporate Governance Report

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 the Bank's securities. In line with the policy affected persons are prohibited from trading on the company'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.

Corporate Governance Report

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.

Corporate Governance Report

Statement of Compliance

The Bank is public limited liability and therefore complied with the relevant provisions of the 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 is in full compliance with both the SEC and CBN Codes of Corporate Governance.

Statement of directors' responsibilities in relation to the interim financial statements for the period ended 30 June 2013

The directors accept responsibility for the preparation of the interim financial statements set out on pages 26 to 164 that give a true and fair view in accordance with IAS 34 Interim Financial Reporting and in the manner required by the Companies and Allied Matters Act of Nigeria, 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 Company'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:

Mr. Aigboje Aig-Imoukhuede
25 July 2013

Mr. Herbert Wigwe
25 July 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 interim financial statements for the period ended 30 June 2013 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 period ended 30 June 2013 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 N90,126,402,000 (December 2012: N82,577,604,000) was outstanding as at 30 June 2013 which was performing as at 30 June 2013 (see note 52).

§ 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 interim audit and we are satisfied with management's responses thereon and with the effectiveness of the Bank's system of accounting and internal control.

Mr Oluwatoyin Eleoramo
Chairman, Audit Committee
25 July 2013

Members of the Audit Committee are:

1	Mr Oluwatoyin Eleoramo	Shareholder	Chairman
2	Mr. Henry Omatshola Aragho	Shareholder	Member
3	Mr Idaere Gogo Ogan	Shareholder	Member
4	Mr Oritsedere Otubu	Director	Member
5	Dr. Ernest Ndukwe	Director	Member
6	Mrs. Mosun Belo-Olusoga	Director	Member

In attendance:
Sunday Ekwochi – Secretary

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ACCESS BANK PLC

Report on the financial statements

We have audited the accompanying separate and consolidated interim financial statements of Access Bank Plc ("the bank") and its subsidiaries (together "the group"). These financial statements comprise the statements of financial position as at 30 June 2013 and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with IAS 34 'Interim Financial Reporting' and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act 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.

Auditor's responsibility

Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that 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 judgement, 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 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 the directors, 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 the accompanying separate and consolidated interim financial statements give a true and fair view of the state of the financial affairs of the bank and the group as at 30 June 2013 and of their financial performance and cash flows for the period then ended in accordance with IAS 34 'Interim Financial Reporting' and with the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

Report on other legal requirements

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

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

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

iii) the bank's balance sheet and profit and loss account are in agreement with the books of account;

iv) information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits are contained in related party balances disclosed in Note 52 to the financial statements

v) except for the contraventions disclosed in Note 51 to the financial statements, the bank has complied with the requirements of the relevant circulars issued by the Central Bank of Nigeria.

PricewaterhouseCoopers

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 491689

Chartered Accountants
Lagos, Nigeria
FRC/2013/ICAN/00000000980

31 July 2013

Consolidated interim statement of comprehensive income
For the six months period ended 30 June 2013

	Notes	**Group June 2013**	**Group June 2012**	**Bank June 2013**	**Bank June 2012**
Gross Earnings		**104,127,193**	**109,958,536**	**88,471,624**	**96,267,381**
Continuing operations					
Interest income	8	72,575,948	84,365,273	63,216,371	78,767,724
Interest expense	8	(33,922,761)	(29,302,288)	(30,258,650)	(26,662,469)
Net interest income		**38,653,187**	**55,062,985**	**32,957,721**	**52,105,255**
Insurance premium income		1,838,524	1,911,183	-	-
Insurance premium ceded to Reinsurers		(455,253)	(218,551)	-	-
Net insurance premium		**1,383,271**	**1,692,632**	-	-
Fee and commission income	9	16,316,091	14,105,767	13,408,623	10,287,387
Fee and commission expense		(400,445)	-	-	-
Net fee and commission income		**15,915,646**	**14,105,767**	**13,408,623**	**10,287,387**
Net trading income	10	640,893	(97,358)	595,368	(97,358)
Foreign exchange income	11	3,950,360	4,060,956	3,350,400	3,095,520
Other operating income	12	6,335,261	5,612,715	5,837,721	4,214,108
Loss on sale of subsidiary	17	-	-	(406,975)	-
Fair value gain on investment property	31	2,470,116	-	2,470,116	-
		13,396,630	9,576,313	11,846,630	7,212,270
Operating income before impairment gain/(loss)		**69,348,734**	**80,437,698**	**58,212,974**	**69,604,912**
Net impairment gain/(losses) on financial assets	13	10,183,079	(1,856,115)	9,557,231	(3,905,016)
Operating income		**79,531,813**	**78,581,583**	**67,770,205**	**65,699,896**
Claims incurred		(1,219,957)	(540,819)	-	-
Underwriting expenses		(367,940)	(452,257)	-	-
Personnel expenses	14	(15,641,273)	(21,512,150)	(12,728,481)	(17,909,043)
Operating lease expenses		(731,288)	(900,242)	(644,101)	(747,059)
Depreciation and amortization	32,33	(6,078,358)	(6,687,586)	(5,577,191)	(6,017,540)
Other operating expenses	15	(29,777,392)	(18,282,942)	(26,443,647)	(14,508,150)
Total expenses		**(53,816,208)**	**(48,375,996)**	**(45,393,420)**	**(39,181,792)**
Operating profit		**25,715,605**	**30,205,587**	**22,376,785**	**26,518,104**
Share of profit of equity accounted investee	27	374,862	-	-	-
Profit before income tax		**26,090,467**	**30,205,587**	**22,376,785**	**26,518,104**
Income tax expense	16	(5,376,866)	(3,517,634)	(4,131,996)	(2,668,743)
Profit for the period from continuing operations		**20,713,601**	**26,687,953**	**18,244,789**	**23,849,361**
Discontinued operations					
Profit/(loss) from discontinued operations	17	382,964	(244,543)	-	-
Profit for the period		**21,096,565**	**26,443,410**	**18,244,789**	**23,849,361**
Other comprehensive income (OCI) net of income tax:					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign subsidiaries		(3,483,356)	(845,603)	-	-
Fair value (loss)/gain on available-for-sale investments recognised in equity		455,840	47,192	259,183	47,760
Share of OCI of equity accounted investee		7,228	-	-	-
Other comprehensive (loss)/gain for the period, net of tax		**(3,020,288)**	**(798,411)**	**259,183**	**47,760**
Total comprehensive income for the period		**18,076,277**	**25,644,999**	**18,503,972**	**23,897,121**
Profit attributable to:					
Owners of the Bank		20,997,306	26,414,736	18,244,789	23,849,361
Non-controlling interest		99,259	28,674	-	-
Profit for the period		**21,096,565**	**26,443,410**	**18,244,789**	**23,849,361**

Consolidated interim statement of comprehensive income
For the six months period ended 30 June 2013 (continued)

In thousands of Naira

Total comprehensive income attributable to:					
Owners of the Bank		17,975,017	25,676,707	18,503,972	23,897,121
Non-controlling interest		101,260	(31,708)	-	-
Total comprehensive income for the period		**18,076,277**	**25,644,999**	**18,503,972**	**23,897,121**
Total comprehensive income for the period:					
Continuing operations		17,693,313	25,889,542	18,503,972	23,897,121
Discontinued operations		382,964	(244,543)	-	-
		18,076,277	**25,644,999**	**18,503,972**	**23,897,121**
Earnings per share					
Basic earnings per share(kobo)	19	92	119	80	107
Diluted (kobo)		92	119	80	107
Earnings per share - continuing operations					
Basic earnings per share(kobo)	19	91	120	80	107
Diluted (kobo)		91	120	80	107

The notes on pages 33 to 161 are an integral part of these consolidated financial statements.

Consolidated statement of financial position
As at 30 June 2013

In thousands of Naira	*Notes*	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Assets					
Cash and cash equivalents	20	220,929,837	296,184,966	174,626,702	176,228,932
Non pledged trading assets	21	27,692,337	27,906,803	5,498,511	3,769,260
Pledged assets	22	50,941,851	60,949,856	50,941,851	60,949,856
Derivative financial instruments	23	7,097	30,949	-	-
Loans and advances to banks	24	6,993,907	4,564,943	2,860,525	3,054,520
Loans and advances to customers	25	684,697,643	604,073,399	638,326,736	554,592,199
Insurance receivables	26	772,476	627,337	-	-
Investments in equity accounted investee	27	2,927,211	2,641,162	1,521,812	1,980,808
Investment in subsidiary	28	-	-	37,052,428	43,209,688
Investment securities	29	458,040,749	447,281,811	423,253,504	420,346,295
Trading properties	30	2,732,135	2,693,227	-	-
Investment properties	31	16,474,353	14,360,567	16,474,353	14,072,673
Property and equipment	32	66,062,788	64,565,889	60,549,995	58,938,450
Intangible assets	33	3,537,646	3,404,945	2,567,870	2,339,510
Deferred tax assets	34	8,512,012	8,244,115	7,322,690	7,007,387
Other assets	35	161,852,024	177,042,627	155,177,004	169,264,885
Assets classified as held for sale	18	6,970,997	30,827,257	-	-
Total assets		**1,719,145,063**	**1,745,399,853**	**1,576,173,981**	**1,515,754,463**
Liabilities					
Deposits from banks	36	11,000,558	105,170,552	16,474,521	24,590,053
Deposits from customers	37	1,279,734,856	1,201,481,996	1,149,608,703	1,093,979,219
Derivative financial instruments	23	6,538	35,515	-	-
Debt securities issued	38	57,444,378	54,685,891	-	-
Retirement benefit obligations	39	2,938,247	2,487,589	2,935,855	2,485,093
Current tax liabilities	16	4,409,732	8,937,964	3,197,536	7,686,568
Other liabilities	40	57,797,075	58,418,260	49,057,446	50,246,164
Claims payable	41	530,137	118,226	-	-
Liabilities on investment contracts	42	63,432	65,591	-	-
Liabilities on insurance contracts	43	4,379,540	3,351,234	-	-
Interest-bearing loans and borrowings	44	51,009,131	40,092,312	108,893,328	95,594,904
Deferred tax liabilities	34	367,641	130,142	-	-
Contingent settlement provisions	45	3,548,250	3,548,250	3,548,250	3,548,250
Liabilities classified as held for sale	18	5,977,751	25,793,512	-	-
Total liabilities		**1,479,207,266**	**1,504,317,034**	**1,333,715,639**	**1,278,130,251**
Equity					
Share capital and share premium	46	176,628,255	176,628,255	176,628,255	176,628,255
Retained earnings	46	15,835,743	17,856,629	15,844,162	18,880,711
Other components of equity	46	41,873,016	38,498,341	49,985,925	42,115,246
Total equity attributable to owners of the Bank		**234,337,014**	**232,983,225**	**242,458,342**	**237,624,212**
Non controlling interest	46	5,600,783	8,099,594	-	-
Total equity		**239,937,797**	**241,082,819**	**242,458,342**	**237,624,212**
Total liabilities and equity		**1,719,145,063**	**1,745,399,853**	**1,576,173,981**	**1,515,754,463**

Signed on behalf of the Board of Directors on 25 July 2013 by:

Director
Aigboje Aig-Imoukhuede
FRC/2013/CIBN/00000001999

Director
Herbert Wigwe
FRC/2013/ICAN/00000001998

Additionally certified by:

Chief Financial Officer
Oluseyi Kumapayi
FRC/2013/ICAN/00000000911

The notes on pages 33 to 161 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the six months period ended 30 June 2013

In thousands of Naira
Group

	Attributable to owners 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 2013	**11,441,460**	**165,186,795**	**6,961,919**	**26,080,715**	**-**	**3,489,080**	**(136,772)**	**650,437**	**1,452,962**	**17,856,629**	**232,983,225**	**8,099,594**	**241,082,819**
Restatement to opening retained earnings	-	-	-	-	-	-	-	-	-	(2,490,808)	**(2,490,808)**	-	**(2,490,808)**
Adjusted retained earning	**11,441,460**	**165,186,795**	**6,961,919**	**26,080,715**	**-**	**3,489,080**	**(136,772)**	**650,437**	**1,452,962**	**15,365,821**	**230,492,417**	**8,099,594**	**238,592,011**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	20,997,306	**20,997,306**	99,259	21,096,565
Other comprehensive income, net of tax													
Foreign currency translation difference	-	-	-	-	-	-	-	-	(3,464,331)	-	**(3,464,331)**	(19,025)	(3,483,356)
Fair value movement on disposed AFS investments													
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	442,042	-	-	-	**442,042**	21,026	463,068
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**442,042**	**-**	**(3,464,331)**	**-**	**(3,022,289)**	**2,001**	**(3,020,288)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**442,042**	**-**	**(3,464,331)**	**20,997,306**	**17,975,017**	**101,260**	**18,076,277**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	5,051,424	3,274,080	-			173,366		(8,498,870)	**-**	-	-
Scheme shares	-	-	-	-	(400,669)						**(400,669)**	-	(400,669)
Transfer from disposed subsidiaries	-	-	(1,988,075)	286,838						1,701,237	**-**	-	-
Decrease in non-controlling interest											**-**	(2,600,071)	(2,600,071)
Dividend paid to equity holders										(13,729,751)	**(13,729,751)**	-	(13,729,751)
Total contributions by and distributions to equity holders	**-**	**-**	**3,063,349**	**3,560,918**	**(400,669)**	**-**	**-**	**173,366**	**-**	**(20,527,384)**	**(14,130,420)**	**(2,600,071)**	**(16,730,491)**
Balance at 30 June 2013	**11,441,460**	**165,186,795**	**10,025,268**	**29,641,633**	**(400,669)**	**3,489,080**	**305,270**	**823,803**	**(2,011,369)**	**15,835,743**	**234,337,014**	**5,600,783**	**239,937,797**

Consolidated Statement of Changes in Equity
For the six months period ended 30 June 2012

In thousands of Naira
Group

	Attributable to owners 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 period:													
Profit for the period	-	-	-	-	-	-	-	-	-	26,414,736	**26,414,736**	28,674	26,443,410
Other comprehensive income, net of tax													
Foreign currency translation difference	-	-	-	-	-	-	-	-	(845,603)	-	**(845,603)**	-	(845,603)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	47,192	-	-	-	**47,192**	(60,382)	(13,190)
Net change on revaluation of property and equipment	-	-	-	-	-	-	129,949	-	-	-	**129,949**	-	129,949
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**177,141**	**-**	**(845,603)**	**-**	**(668,462)**	**(60,382)**	**(728,844)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**177,141**	**-**	**(845,603)**	**26,414,736**	**25,746,275**	**(31,708)**	**25,714,567**
Transactions with equity holders, recorded directly in equity:													
Transfers for the period	-	-	3,585,879	3,577,404	-	-	-	-	-	(7,163,283)	**-**	-	-
New issue of shares	625,000	20,901,233	-	-	-	-	-	-	-	-	**21,526,233**	(21,526,233)	-
Script dividend to existing shareholders	1,875,000	(1,875,000)									**-**	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	75,137	-	(75,137)	**-**	-	-
Reclassification	-	-	-	-	-	-	6,563,365	-	-	-	**6,563,365**	-	6,563,365
Capital paid by non-controlling interest	-	-	-	-	-	-	-	-	-	-	**-**	5,115,500	5,115,500
Disposal of own shares	-	-	-	-	1,003,062	-	-	-	-	-	**1,003,062**	-	1,003,062
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(6,866,475)	(6,866,475)	-	(6,866,475)
Total contributions by and distributions to equity holders	**2,500,000**	**19,026,233**	**3,585,879**	**3,577,404**	**1,003,062**	**-**	**6,563,365**	**75,137**	**-**	**(14,104,895)**	**22,226,185**	**(16,410,733)**	**5,815,452**
Balance at 30 June 2012	**11,444,126**	**165,187,070**	**7,739,454**	**22,854,227**	**(4,045,810)**	**3,489,080**	**4,868,035**	**661,137**	**(780,218)**	**5,565,264**	**216,982,366**	**6,612,400**	**223,594,766**

Consolidated statement of changes in equity
For the six months period ended 30 June 2013

In thousands of Naira
Bank

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Merger Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January 2013	**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**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	18,244,789	**18,244,789**
Other comprehensive income, net of tax										
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	259,183	-	**259,183**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**259,183**	**-**	**259,183**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**259,183**	**18,244,789**	**18,503,972**
Transactions with equity holders, recorded directly in equity:										
Transfers for the period	-	-	4,814,868	2,736,718	-	-	-	-	(7,551,586)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(13,729,751)	**(13,729,751)**
Scheme shares	-	-	-	-	59,910	-	-	-	-	**59,910**
Total contributions by and distributions to equity holders	**-**	**-**	**4,814,868**	**2,736,718**	**59,910**	**-**	**-**	**-**	**(21,281,337)**	**(13,669,841)**
Balance at 30 June 2013	**11,441,460**	**165,186,795**	**8,883,156**	**27,372,210**	**59,910**	**3,489,080**	**10,054,688**	**126,880**	**15,844,162**	**242,458,342**

Consolidated Statement of Changes in Equity
For the six months period ended 30 June 2012

In thousands of Naira
Bank

	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury Shares	Capital Reserve	Bonus 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**	**3,375,528**	**187,035,618**
Total comprehensive income for the period:										
Profit for the period	-	-	-	-	-	-	-	-	23,849,361	**23,849,361**
Other comprehensive income, net of tax										
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	47,760	-	**47,760**
Total other comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47,760**	**-**	**47,760**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47,760**	**23,849,361**	**23,897,121**
Transactions with equity holders, recorded directly in equity:										
Business combination	-	-	-	-	-	10,204,689	-	-	-	**10,204,689**
Transfers during the period	-	-	3,585,879	3,577,404	-	-	-	-	(7,163,283)	**-**
New issue of shares	625,000	20,901,233	-	-	-	-	-	-	-	**21,526,233**
Script dividend to existing shareholders	1,875,000	(1,875,000)	-	-	-	-	-	-	-	**-**
Acquisition/disposal of own shares	-	-	-	-	(4,044,362)	-	-	-	-	**(4,044,362)**
Dividend paid to equity holders	-	-	-	-	-	-	-	-	(6,866,475)	**(6,866,475)**
Total contributions by and distributions to equity holders	**2,500,000**	**19,026,233**	**3,585,879**	**3,577,404**	**(4,044,362)**	**10,204,689**	**-**	**-**	**(14,029,759)**	**20,820,085**
Balance at 30 June 2012	**11,444,126**	**165,187,070**	**4,845,823**	**22,759,850**	**(4,044,362)**	**13,693,769**	**-**	**4,671,417**	**13,195,130**	**231,752,824**

Consolidated statement of cash flows
For the period ended 30 June

In thousands of Naira	*Notes*	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Cash flows from operating activities					
Profit for the period		26,090,467	29,831,093	22,376,785	26,518,104
Adjustments for:					
Depreciation of property and equipment	32	5,402,982	6,051,228	4,991,623	5,599,765
Amortization of intangible assets	33	675,376	636,358	585,528	417,775
Gain on disposal of property and equipment	12	(928,591)	(19,073)	(928,659)	(16,400)
Profit on disposal of trading properties	30	-	(122,025)	-	-
Gain on disposal of investment properties	31	275,894	-	(12,000)	-
Fair value gain on investment properties	31	(2,470,116)	-	(2,470,116)	-
Loss on winding down of SIT scheme		-	2,100,676	-	2,100,676
Impairment on financial assets	16	(10,183,079)	1,856,115	(9,557,232)	3,905,016
Additional gratuity provision	14	603,795	901,895	603,795	901,895
Contribution to defined contribution plans		412,305	-	221,752	
Profit on disposal of subsidiaries		-	-	406,975	-
Equity share-based payment expense	14	59,910	-	59,910	-
Treasury shares		(460,579)	-	-	-
Profit on disposal of equity investment		(390,643)	(1,190,000)	(459,269)	(1,190,000)
Property and equipment written off		-	2,209	-	2,209
Share of profit of equity accounted investee		(374,862)	-	-	-
Share of OCI of equity accounted investee		(7,228)	-	-	-
Interest expense (interest bearing loans and borrowings, deposits from customers, deposits from banks)		33,922,760	18,589	30,258,650	-
Interest income (loans and advances to customers, advances under finance lease, cash and cash equivalent, investment securities)		(72,575,948)	-	(63,216,371)	-
Dividend income	12	(2,417,349)	(761,070)	(2,481,945)	(761,070)
		(22,364,906)	39,305,995	(19,620,574)	37,477,970
Increase/(decrease) in operating assets:					
Change in non-pledged trading assets		210,740	(3,615,321)	(1,732,977)	(466,637)
Change in pledged assets		-	(22,295,197)	-	(16,247,921)
Change in derivative financial instruments-assets and liabilities		(5,125)	29,168	-	(43,686,762)
Change in loans and advances to banks		(2,428,964)	(54,476,208)	268,958	-
Change in loans and advances to customers		(73,428,899)	-	(76,515,831)	-
Change in insurance receivables		(145,139)	(36,389)	-	-
Change in other assets		7,502,557	(16,772,435)	12,768,532	(11,315,443)
Change in deposits from banks		(86,652,646)	11,691,716	(598,184)	(14,370,992)
Change in interest bearing loans and borrowings		-	25,182,420	-	5,072,342
Change in deposits from customers		77,099,995	48,144,757	54,476,617	44,255,550
Change in claims payable		411,911	(155,014)	-	-
Change in liabilities on investment contracts		(2,159)	2,432	-	-
Change in liabilities on insurance contracts		1,028,306	615,313	-	-
Changes in assets designated as held for sale		21,282,056	-	-	-
Changes in liabilities classified as held for sale		(19,815,761)	-	-	-
Remittance to pension fund administrator		(565,442)	-	(374,785)	-
Change in other liabilities		(621,185)	(53,584,852)	(1,188,718)	(50,973,370)
Interest paid on deposits from customers and deposits from banks		(30,905,575)	-	(27,241,464)	-
Interest received on non pledged trading assets, loans and advances to customers and advances under finance lease		43,382,226	-	36,819,809	-
		(86,018,011)	(25,963,615)	(22,938,617)	(50,255,263)
Income tax paid		(10,191,658)	(3,003,232)	(8,936,331)	(663,947)
Net cash (used in)/provided by operating activities		(96,209,669)	(28,966,847)	(31,874,948)	(50,919,210)

Consolidated statement of cash flows (continued)
For the period ended 30 June

In thousands of Naira	***Notes***	**Group June 2013**	**Group June 2012**	**Bank June 2013**	**Bank June 2012**
Cash flows from investing activities					
Net purchase of investment securities (AFS and HTM)		573,695	72,002,904	7,856,181	38,118,753
Interest received on investment securities		30,465,840	-	27,668,680	-
Dividend received		2,513,391	761,070	2,481,945	761,070
Acquisition of property and equipment	33	(5,375,006)	(5,831,282)	(4,890,435)	(5,398,086)
Proceeds from the sale of property and equipment		1,177,162	241,875	2,190,415	92,568
Acquisition of intangible assets	34	(860,081)	(1,124,877)	(813,888)	(1,074,762)
Acquisition of investment properties	31	(39,564)	(3,950,969)	(39,564)	-
Proceeds from disposal of investment properties	31	120,000	57,500	120,000	57,500
Proceeds on disposal of trading properties	30	-	1,305,989	-	-
Acquisition of trading properties	30	(38,908)	(136,454)	-	-
Proceeds from sale of subsidiary		-	-	5,972,960	-
Acquisition of subsidiaries		-		(460,579)	
Cash acquired from subsidiary		-	-	-	67,961,001
Net cash provided by/(used in) investing activities		28,536,528	63,325,756	40,085,714	100,518,044
Cash flows from financing activities					
Proceeds from issue of shares				-	
Interest paid on interest bearing loans and borrowings		(2,270,412)	(18,589)	(2,270,412)	-
Proceeds from new interest bearing borrowings		9,810,281	-	12,213,730	-
Repayment of interest bearing borrowings		(6,026,562)	-	(6,026,562)	-
Dividends paid to owners		(13,729,752)	(6,866,475)	(13,729,752)	(6,866,475)
Debt securities issued	38	2,758,487	-	-	-
Net cash provided by/(used in) financing activities		(9,457,958)	(6,885,064)	(9,812,996)	(6,866,475)
Net increase/(decrease) in cash and cash equivalents		(77,131,099)	27,473,845	(1,602,230)	42,732,359
Cash and cash equivalents at beginning of period		296,184,966	191,518,474	176,228,932	98,255,964
Cash and cash equivalents of assets held for sale		2,574,204	7,721,013	-	-
Effect of exchange rate fluctuations on cash held		(698,234)	(95,879)	-	-
Cash and cash equivalents at end of period	20	220,929,837	226,617,453	174,626,702	140,988,323

The notes on pages 33 to 161 are an integral part of these consolidated financial statements.

1 General information

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 period ended 30 June 2013 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 and is listed on the **Nigerian Stock Exchange.**

These financial statements were authorised for issue by the Board of Directors on 25 July 2013

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). Additional information required by national regulations is included where approrpriate.

3 Summary of significant accounting policies

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

3.1 Basis of preparation

The consolidated financial statement comprise the consolidated income statement and statement of comprehensive income, the statement of financial position, the statements of changes in equity, the cah flow statement and the notes.

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

(b) Basis of measurement
These consolidated and separate financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- 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, 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 less costs to sell
- Share based payment at fair value or an approximation of fair value allowed by the relevant standard.
- Insurance liabilities at fair value
- Post employment benefits 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 periods.

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 4.

3.2 Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

Below are the IFRSs and International Financial Reporting Interpretations Commitee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have an impact on the group

(a) Amendments to IFRS 7 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 right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The amendments are applied restrospectively, the Group does not have offsetting arrangements in place as at June 2013. The application of the ammendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(b) New and revised standards - IFRS 10 - Consolidated Financial Statement, IFRS 11 - Joint arrangements, IAS 28 - Investment in Associates and IFRS 12 - Disclosures of Interest in Other Entities

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. None of these standards were early adopted by the Group.

In the current year, the Group has applied for the first time IFRS 10, IFRS 11, IFRS 12 and IAS 28 (revised) together with the amendments to IFRS 10, 11 and 12 regarding the transition gudiance. IAS 27 (revised) is also applicable to the entity since a consolidated and separate financial statements are being presented.

(i) 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* . The new standard changes the definition of control such that it can only be present when there is (i) power, (ii) exposure to variability in returns and (iii) ability to use the power to affect returns. Consolidation will only be required when all the three criteria are met. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. The amendments have been applied retrospectively, the Group does not have any entity which would result to a loss of controls or an existence of a control relationship based on the requirement of the new standard. The application of the ammendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(ii) 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 - Non Monetary Contributions by Venturers. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. Under IFRS 11, there are only two types of joint arrangements (i) Joint operations (ii) Joint ventures. 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. The ammendments have been applied retrospectively, the Group does not have any joint arrangement relationship. The application of the ammendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(iii) IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated entities, structured entities and other balance sheet vehicles. Changes include the requirement to disclose the judgements made to determine whether it controls another entity and other more extensive disclosures in the consolidated financial statements. IFRS 12 is effective in annual periods beginning on or after 1 January 2013. The application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (See note 27, 28 and 50 for details) .

(c) IFRS 13 Fair Value Measurement

IFRS 13 provides a single source of guidance on how fair value is measured and disclosed, 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, this is applicable to both financial and non financial instruments. The exceptions include leasing transactions within the scope of IAS 17 - Leases, IFRS 2 - Share based payments and some measurements with similarities to fair value but are not fair value e.g value in use for impairment assessment purpose or net realisable value for measuring inventories. 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 hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 requires prospective application from 1 January 2013, specific transition provision was also granted to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the application of this standard. IFRS 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. In accordance with the transition provisions, the Group has not made any new disclosures required for IFRS 12 comparative periods, see note 4 for 2013 disclosures.

(d) IAS 1 Presentation of Financial Statements

IAS 1 addresses changes in the presentation of other comprehensive income. The amended standard retains the option to present either a single statement or as two separate statements. The amendments also includes new terminologies whose use is not mandatory. Under IAS 1 ammended, the statement of comprehensive income is renamed as the statement of profit or loss account and other comprehensive income and the income statement is renamed as the statement of profit and loss. The Group continues to adopt the single statement approach.

The ammendments to IAS 1 also require items of other comprehensive income be grouped into two categories (a) Items that may be subsequently reclassified in the profit and loss account when specific conditions are met (b) Items that will not be subsequently reclassified to profit and loss account. Income tax on items in other comprehensive income should also be allocated in the same manner. The amendment did not remove the option to report the items in other comprehensive income before or net of tax. This standard is applicable for annual periods beginning on or after 1 July 2012. The application of IAS 1 (amended) has resulted in split of other comprehensive income into items that may be subsequently reclassified and items that will not (please see statement of comprehensive income for details)

(e) 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 amendments have been applied restrospectively, therefore actuarial gains or losses previously recognised in profit and loss should be reclassed to other comprehensive income. The application of the amendments will impact the Group's previous treatment of recognising actuarial gains and losses in statement of comprehensive income.

(f) IAS 32 (amended) Financial instruments: Presentation

The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. The amended IAS 32 is effective for periods beginning on or after 1 January 2013. The amendments have been applied restrospectively. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

(ii) New and amended standards effective from 1 January 2013 which do not impact on the Group

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these consolidated financial statements. Improvements to IFRSs (issued May 2012) by the IASB as part the 'annual improvements process' resulted in the following amendments to standards issued. These are summarised in the table below:

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 1, 'First time adoption of IFRS'	1 January 2013	The amendment clarifies that an entity may apply IFRS 1 more than once under certain circumstances and that an entity can choose to adopt IAS 23, 'Borrowing costs', either from its date of transition or from an earlier date. Lastly the amendments clarifies that a first-time adopter should provide the supporting notes for all statements presented.
Amendment to IAS 1, 'Presentation of financial statements'	1 January 2013	The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily.
Amendment to IAS 16, 'Property, plant and equipment'	1 January 2013	The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.
Amendment to IAS 34, 'Interim financial reporting'	1 January 2013	The amendment brings IAS 34 into line with the requirements of IFRS 8, 'Operating segments'. A measure of total assets and liabilities is required for an operating segment in interim financial statements if such information is regularly provided to the CODM and there has been a material change in those measures since the last annual financial statements.
IFRIC 20 - Stripping costs in the production phase of a surface mine	1 January 2013	In surface mining operations, entities may find it necessary to remove mine waste materials ('overburden') to gain access to mineral ore deposits. This waste removal activity is known as 'stripping'. The Interpretation clarifies there can be two benefits accruing to an entity from stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

(iii) New and amended standards and interpretations not yet adopted by the Group

As at 30 June 2013, 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. None of these standards is expected to have a significant effect on the consolidated financial statement of the group, except the following set out below.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2015)

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.

Amendments to IAS 32 – Financial Instruments: Presentation (*effective 1 January 2014*)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from Generally Accepted Accounting practices in the United States of America)

3.3 Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities and other structured entities) over which the group exercise control. Control is achieved when the Company can demonstrate it has:

a) power over the investee;
b) exposure, or rights, to variable returns from its involvement with the investee; and
c) the ability to use its power over the investee to affect the amount of the investor's returns

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

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

a) a contractual arrangement between the investor and other vote holders
b) rights arising from other contractual arrangements
c) the investor's voting rights (including voting patterns at previous shareholders' meetings)
d) potential voting rights

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

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

(ii) Business combinations

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

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

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.

(iii) 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.

(iv) Disposal of subsidaries

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other
comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

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

(vi) Associates
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the profit and loss

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

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

3.4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive 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.

3.5 Foreign currency translation

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

(iii) Group companies

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

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(c) all resulting exchange differences are recognised in other comprehensive□income.

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

3.6 Operating income

(i) Interest income and expense
Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. 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.

(ii) 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.

(iii) 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 and foreign exchange differences.

(v) Dividends
Dividend income is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 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.

3.8 Income tax expense

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

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

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

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

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

3.9 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities (which include derviative financial insturments) have to be reocognised in the consolidated statement of financial position and measured in accordance with their assigned category.

(a) Classification, recognition and measurement
- Financial assets
The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(i) Financial assets at fair value through profit or loss
This category comprises two sub-categories: financial assets classified as held for trading and financial assets designated by the Group as at fair value through profit or loss upon initial recognition

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

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

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

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

(ii) Loans and receivables
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.

Finance lease receivables are reported within loans and receivables where the Group is the lessor in a lease agreement. Such lease agreement transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee. The loans and receivables 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 receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

(iii) 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, loans and receivables or available-for-sale.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Any sale or reclassification of a significant amount of 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.

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

(iv) 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 and subjected to impairment. 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.

Availabe for sale instruments include investment seccurities.

- 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.

(v) Financial liabilities at amortised cost

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

Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements as pledged assets.

The Group classifies 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.

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

(vi) Financial liabilities at fair value

The Group may enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are disclosed in Note 23 to the financial statements.
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.
Derivative assets and liabilities are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle on a net basis.

(b) 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 is recognised 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.

Classification of Financial Assets and Liabilities

(c) Offsetting
Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

(d) 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.

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

(ii) Fair value measurement
Fair value is the 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.

(f) 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 (held at amortised 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.

(g) 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 (loan and receivable) in the statement of financial position.

(h) 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.

3.10 Trading properties

Traded properties are inventory of land and building held by the group for the trading purposes. These properties are treated as inventory and carried at the lower of cost and net realizable value. The cost of each item of property is as determined under the policy for Property and equipment. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The gains and losses arising from sale of traded properties are reported in the income statement as “Net gains on disposal of trading property” and included as part of “Other operating income”. Write-downs in the carrying amount of traded properties are also recognised in “Net gains on disposal of trading property”.

3.11 Investment properties

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss inside operating income. 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.

3.12 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

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

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

(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.

3.13 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.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8.

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

(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.

3.14 Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

A group company is the lessee
(i) Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to operating expenses in the income statement on a straight-line basis over the period of the lease and used as investment property.

(ii) Finance lease

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deposits from banks or deposits from customers depending on the counter party. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

A group company is the lessor

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3.15 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.

3.16 Discontinued operations

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

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

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

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on re-measurement are recognised in 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.

3.17 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expenses.

(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.

3.18 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.

3.19 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.

(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. However during the year, IAS 19 became effective and all actuarial gains or losses are recognised in other comprehensive income during the period under review.

(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 remuneration scheme
The Bank operated 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. Liability under this scheme was settled in 2012.

During the period, 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.

3.20 Insurance contracts and investment contracts

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

(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 insured, namely Individual Life, Group Life and General insurance.

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.

3.21 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.

(u) 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.

	Category (as defined by IAS 39)	Class (as determined by the Group)	Sub classes
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets	Equity securities
			Debt securities
	Loans and receivables	Cash and cash equivalent	Cash on hand and balances with banks
			Unrestricted balances with central banks
			Money market placements and other cash equivalents
		Loans and advances to banks	Loans and advances to banks
		Loans and advances to customers	Loans to individuals
			Loans to corporate entities and other organisations
		Other assets	Restricted deposits with central banks
			Receivables
	Held to maturity investments	Investment securities - debt securities	Listed
	Available for sale financial assets	Investment securities - debt securities	Listed
			Unlisted
		Investment securities - equity securities	Listed
			Unlisted
Financial liabilities	Financial liabilities at fair value through profit or loss		
	Financial liabilities at amortised cost	Deposits from banks	
		Deposits from customers	Demand deposits Savings deposits Term deposits
		Interest bearing loans and borrowings	
		Retirement benefit obligations	Liability for defined benefit and defined contribution
		Other liabilities	
Off balance sheet financial instruments	Performance bonds		
	Contingent letters of credit		
	Capital commitment		

4 Use of estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5). Estimates where management has applied judgements are:

(i) Allowances for credit losses
(ii) Determination of fair value of level 3 financial instruments
(iii) Determination of fair value of investment property
(iv) Determination of impairment of property and equipment, and intangible assets excluding goodwill
(v) Fair valuation of share based payment scheme
(vi) Assessment of impairment of goodwill on acquired subsidiaries
(vii) Income Taxes
(viii) Determining the value of liabilities under insurance contracts
(ix) Defined benefit plan

Key sources of estimation uncertainty

(i) Allowances for credit losses

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

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

A collective component of the total allowance is established for:

• Groups of homogeneous loans that are not considered individually significant and
• Groups of assets that are individually significant but were not found to be individually impaired (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.

Had there been no expected cashflows from all the significant impaired loans, there would have been an additional impairment of N11.862billion in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, there would have been an additional impairment charge of N0.207 billion and if the PDs and LGDs decreased by 2%, there would have been a write back of impairment of N0.212 billion.

Statement of prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning regime prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the 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:

Statement of prudential adjustments *In thousands of Naira*	Note	**June 2013**	**December 2012**
Loans & advances:			
Specific impairment allowances on loans to customers	26(b)	8,721,010	19,843,638
Specific impairment allowances on loans to banks	25	31,752	96,755
Collective impairment allowances on loans to customers	26(b)	5,237,897	13,361,042
Collective impairment allowances on loans to banks	25	2,639	12,599
Total impairment allowances on loans		13,993,298	33,314,034
Other financial assets:			
Specific impairment allowances on investment in subsidiaries	29	7,138,990	11,210,490
Specific impairment allowances on unquoted equity securities	30	3,145,697	3,371,604
Specific impairment allowances on investment properties	32	-	581,582
Specific impairment allowances on other assets	36	23,095,313	25,151,856
Total impairment allowances on other financial assets		33,380,000	40,315,532
Total impairment allowances by the Bank (a)		47,373,298	**73,629,566**
Total regulatory impairment based on prudential gudielines (b)		**52,126,166**	**76,437,910**
Required balance in regulatory risk reserves (c = b - a)		**4,752,868**	**2,808,344**
Additional transfers to regulatory risk reserve		**4,068,288**	**1,259,944**
Balance, end of period		**8,821,156**	**4,068,288**
Excess over the required regulatory risk reserve		**4,068,288**	**1,259,944**

Valuation of financial instruments
The Group's accounting policy on fair value measurements is discussed under note 3.10

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 data (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 June 2013	Note	Level 1	Level 2	Level 3	Total
Recurring fair value measurements					
Assets					
Non pledged trading assets	21	27,692,337	-	-	27,692,337
Pledged assets	22	6,421,851	-	-	6,421,851
Derivative financial instrument	23	-	7,097	-	7,097
Investment securities	29	32,211,313	9,165,316	25,539,600	66,916,229
Investment property	31	-	16,474,353	-	16,474,353
		66,325,501	25,646,766	25,539,600	117,511,866
Liabilities					
Derivative financial instrument	23	-	6,538	-	6,538
Retirement benefit obligation	39	-	-	2,938,247	2,938,247
		-	6,538	2,938,247	2,944,785

December 2012	Note				
Recurring fair value measurements					
Assets					
Non pledged trading assets	21	330,818	27,575,985	-	27,906,803
Pledged assets	22	-	6,560,147	-	6,560,147
Derivative financial instrument	23	-	30,949	-	30,949
Investment securities	29	32,501,959	24,238,652	-	56,740,611
		32,832,777	58,405,733	-	91,238,510
Liabilities					
Derivative financial instrument	23	-	35,515	-	35,515
Retirement benefit obligation	39	-	-	2,487,589	
		-	35,515	2,487,589	35,515

Bank

June 2013	Note				
Recurring fair value measurements					
Assets					
Non pledged trading assets	21	5,498,510	-	-	5,498,510
Pledged assets	22	6,421,851	-	-	6,421,851
Investment securities	29	20,382,965	9,148,580	25,539,600	55,071,145
Investment property	31	-	16,474,353	-	16,474,353
		32,303,326	25,622,933	25,539,600	83,465,859
Retirement benefit obligation	39	-	-	2,935,855	2,935,855
		-	-	2,935,855	2,935,855

Bank

December 2012	Note				
Assets					
Non pledged trading assets	21	173,725	3,595,535	-	3,769,260
Pledged assets	22	-	6,560,147	-	6,560,147
Investment securities	29	32,501,959	21,071,487	-	53,573,446
Investment property	31	-	-	-	-
		32,675,684	31,227,169	-	63,902,853
Liabilities					
Retirement benefit obligation	39	-	-	2,485,093	2,485,093
		-	-	2,485,093	2,485,093

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.

For level 2 assets, fair value was obtained using a recent market transaction during the period under review. Fair values of unquoted debt securities were derived by interpolating prices of quoted debt secuirties with similar maturity profile and characteristics. There were no transfer between levels 1 and 2 during the year.

(ii) Determination of fair value of level 3 financial instruments.

Investments in unquoted equity securities have been classified as equity securities with readily determinable fair values as available for sale financial instrument in line with the accounting policies as set out in note 3.10 of the statement of significant accounting policies. Varying valuation techniques in determining the fair value are as follows:

Description	Fair value at 30 June 2013 (N'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment in NIBSS	321,102	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	14.5 - 25.7 (18.8)	The higher the P/E ratio of similar trading companies, the higher the fair value
			Earnings of NIBSS as at December 2012		The higher the earnings iof NIBSS, the higher the fair value.
			Emerging market discount factor	60%	The higher the emerging discount factor, the lower the fair value.
Investment in CSCS	375,830	Adjusted fair value comparison approach	Weighted avearage of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	15 - 25 (20)	The higher the EV/EBITDA ratio of similar trading companies, the higher the fair value
			Actual earnings before interest, tax, depreciation and amortization (EBITDA) of CSCS	N/A	The higher the EBITDA of CSCS, the higher the fair value.
			Emerging market discount factor	70%	The higher the emerging discount factor, the lower the fair value
Investment in Stanbic IBTC Pension managers	1,321,741	Dividend growth model	Rate of return	15%	The higher the rate of return, the higher the fair value
			Dividend growth rate	86%	The higher the dividend received, the higher the dividend growth rate, the higher the fair value.
Investment in Unified Payment System	2,141,888	Weighted average maintenable earnings	Weighted earnings of actual last five years earnings	N/A	The higher the weighted earnings, the higher the fair value
Investment in African Finance Corpooration	21,212,775	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	0.6 - 2.7 (1.16)	The higher the P/B ratio of similar trading companies, the higher the fair value
			Actual net assets value (book value)		The higher the net assets value, the higher the fair value.

Description	Fair value at 30 June 2013 (N'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability - weighted	Relationship of unobservable inputs to fair value
			Average P/B multiples of comparable companies	0.7 - 1.3 (0.9)	The higher the P/B ratio of similar trading companies, the higher the fair value
Investment in Afrexim	8,491	Adjusted fair value comparison approach	Emerging market discount rate	25%	The higher the emerging market discount rate, the lower the fair value
			Net assets value (book value)	N/A	The higher the net assets value, the higher the fair value.
Retirement benefit obligation	2,935,855	Projected unit credit method	Discount rate	10%	The higher the discount rate, the lower the fair value.

Fair value measurement using significant unobservable inputs (Level 3)

	Investment Securities	
	Group	**Bank**
Opening Balance	13,877,450	13,877,450
Transfer to/(from) Level 3		
Net purchases,sales, issues and settlement	11,402,966	11,402,966
Gains and losses recognised in profit and loss		
Gains and losses recognised in other comprehensive income	259,184	259,184
Closing balance	25,539,600	25,539,600

If a range of +/-5% is applied on the unobservable inputs, this would result in a fair value loss/gain of +/- N1.28Bn.

(iii) Determination of fair value of investment property

Management employed the services of estate surveyors and valuers expert to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. A variation of -/+5% will result in N0.8Bn fair value loss/gain respectively.

(iv) 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.

(v) Fair valuation of share based payment scheme

The fair value of the equity instrument at the grant date is determined using an estimate of staff that will remain in employment till vesting period. Applying a range of -/+5% would result in a fair value loss/gain of N5M.

(vi) Assessment of impairment of goodwill on acquired subsidiaries

Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 20% and a cash flow growth rate of 7.5% over a period of five years. The Group determined the appropriate discount rate at the end of the reporting period.

The estimation of impairment of goodwill on acquired subsidiaries is based on management judgement. The pesent value of the investment in acquired subsidiaries using a discount rate of 20% is N2.44Bn, hence the goodwill is deemed not impaired as the present value of the investment was greater than the carrying value of N1.58Bn. Applying a range of -/+5% on the discount rate will result in present value of N2.64Bn and N2.36Bn respectively. A slight change in the discount rate will result in no impairment charge.

(vii) 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.

(viii) 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.

(ix) 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.

5 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.

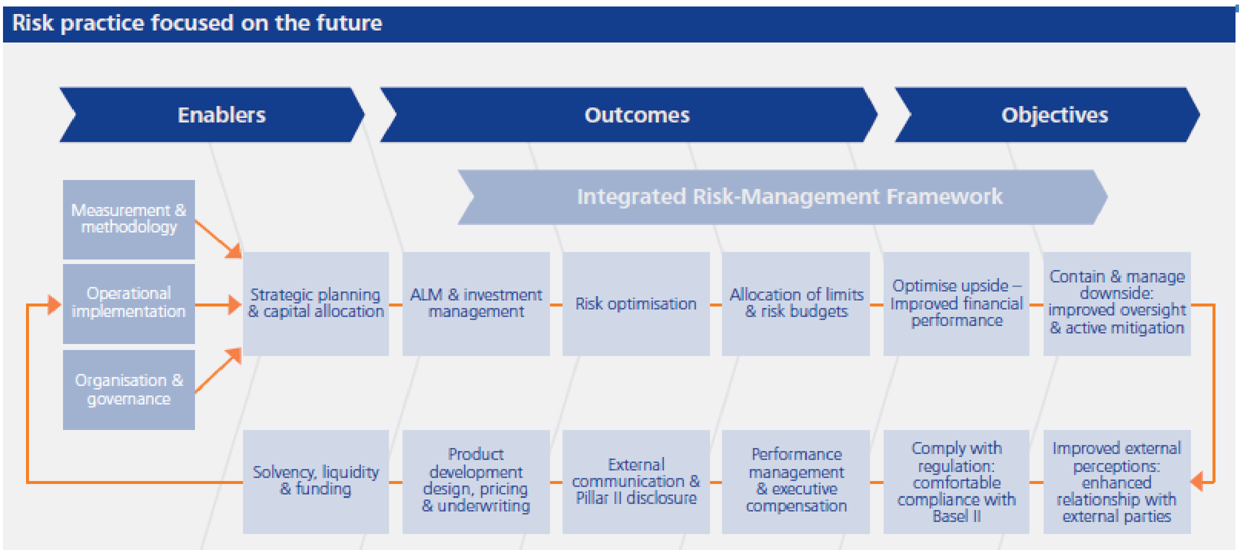
Overall, we view risk not only as a threat or uncertainty, but also as a potential opportunity to grow and develop the business, within the context of our clearly articulated and Board driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance;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

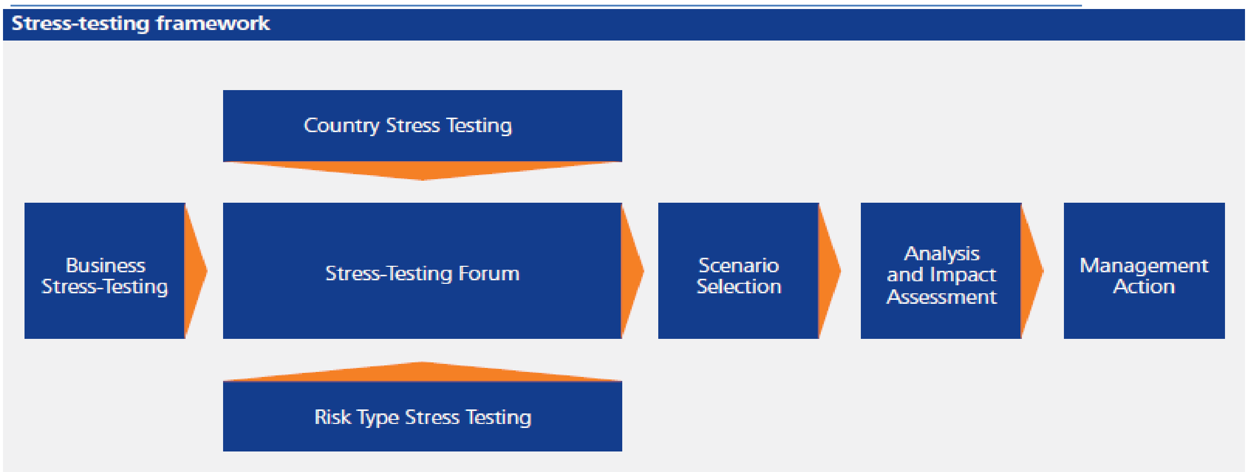
Value is added for shareholders if our process allows us to demonstrate sustainable risk-adjusted returns in excess of our cost of capital. The process provides security to our capital providers and clients by assuring them that we are not taking on incremental risks which adversely affect the outcomes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



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.

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

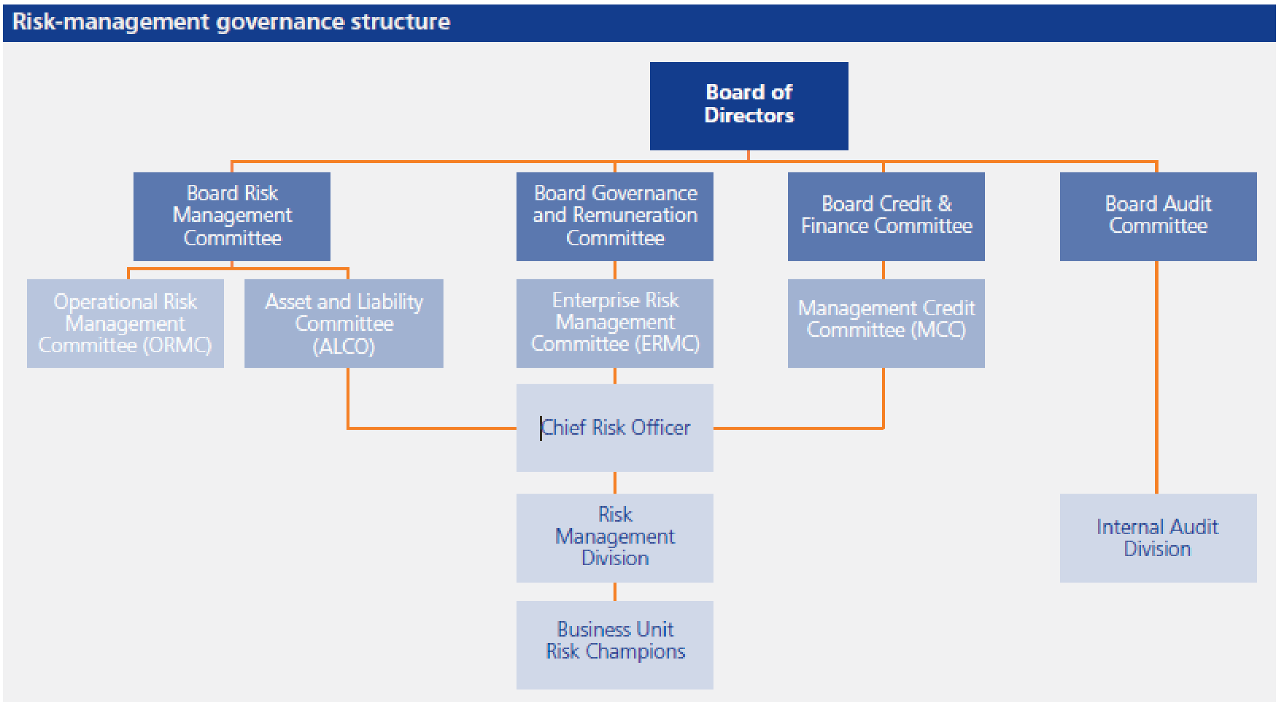
(c) Risk Management Governance Framework

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

Committee	Key Objective	Membership
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
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

Committee	Key Objective	Membership
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

(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
- 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 *30 June 2013*		**Loans and advances to customers**		**Loans and advances to banks**		**Investment Securities**	
In thousands of Naira	**Note**	**June 2013**	**December 2012**	**June 2013**	**December 2012**	**June 2013**	**December 2012**
Carrying amount	24, 25, 29	684,697,643	604,073,399	6,993,907	4,564,943	503,078,396	503,411,402
Individually impaired:							
Grade 6: Impaired		8,356,443	5,657,229	1,144	932	-	-
Grade 7: Impaired		2,717,568	6,284,491	32,611	28,111	-	-
Grade 8: Impaired		8,452,944	22,397,397	180	67,712	-	-
Gross amount		19,526,955	34,339,117	33,935	96,755	-	-
Allowance for impairment		(11,067,439)	(24,233,009)	(31,752)	(96,755)	-	-
Carrying amount		8,459,516	10,106,108	2,183	-	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		629,701,230	489,392,919	6,994,324	4,570,274	-	-
Grade 4-5: Watch list		46,668,105	103,789,552	39	7,269	-	-
Grade 6: Impaired		827,723	113,395	-	-	-	-
Grade 7: Impaired		561,511	4,065,320	-	-	-	-
Grade 8: Impaired		3,680,641	7,706,909	-	-	-	-
Gross amount		681,439,211	605,068,095	6,994,363	4,577,543	-	-
Allowance for impairment		(5,236,892)	(13,626,006)	(2,639)	(12,599)	-	-
Carrying amount		676,202,319	591,442,089	6,991,724	4,564,944	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		36,813	2,627,910	-	-	-	-
Gross amount		36,813	2,627,910	-	-	-	-
Allowance for impairment		(1,006)	(102,708)	-	-	-	-
Carrying amount		35,807	2,525,202	-	-	-	-
Past due but not impaired comprises:							
90 -180 days		36,813	2,627,910	-	-	-	-
Gross amount		36,813	2,627,910	-	-	-	-
Allowance for impairment		(1,006)	(102,708)	-	-	-	-
Carrying amount		35,807	2,525,202	-	-	-	-
Neither past due nor impaired (debt securities)							
Grade 1-3: Low-fair risk							
Available-for-sale assets (AFS)						33,445,353	24,344,361
Held to maturity assets		-	-	-	-	391,124,520	390,541,200
Non pledged trading assets		-	-	-	-	27,566,672	27,575,985
Pledged assets						50,941,851	60,949,856
Carrying amount						503,078,396	503,411,402
Total carrying amount -		684,697,643	604,073,399	6,993,907	4,564,944	503,078,396	503,411,402

Bank *31 December 2012*		Loans and advances to customers		Loans and advances to banks		Investment in debt securities	
In thousands of Naira	***Note***	**June 2013**	**December 2012**	**June 2013**	**December 2012**	**June 2013**	**December 2012**
Carrying amount	24, 25, 29	638,326,736	554,592,199	2,860,525	3,054,520	446,235,500	452,570,169
Individually impaired:							
Grade 6: Impaired		6,766,671	1,151,622	1,144	932	-	-
Grade 7: Impaired		1,742,955	4,209,986	32,611	28,111	-	-
Grade 8: Impaired		8,006,757	18,402,656	-	67,712	-	-
Gross amount		16,516,383	23,764,264	33,755	96,755	-	-
Allowance for impairment		(8,721,010)	(19,843,638)	(31,752)	(96,755)	-	-
Carrying amount		7,795,373	3,920,626	2,002	-	-	-
Collectively impaired:							
Grade 1-3: Low-fair risk		590,585,763	449,114,326	2,861,119	3,059,850	-	-
Grade 4-5: Watch list		40,318,973	100,938,746	42	7,269	-	-
Grade 6: Impaired		584,455	113,396		-	-	-
Grade 7: Impaired		562,615	4,065,320		-	-	-
Grade 8: Impaired		3,680,641	7,706,909	-	-	-	-
Gross amount		635,732,448	561,938,697	2,861,162	3,067,119	-	-
Allowance for impairment		(5,236,892)	(13,280,114)	(2,639)	(12,599)	-	-
Carrying amount		630,495,556	548,658,583	2,858,523	3,054,520	-	-
Past due but not impaired:							
Grade 4-5: Low-fair risk		36,813	2,093,919	-	-	-	-
Gross amount		36,813	2,093,919	-	-	-	-
Allowance for impairment		(1,006)	(80,929)	-	-	-	-
Carrying amount		35,807	2,012,990	-	-	-	
Past due but not impaired comprises:							
90 -180 days		36,813	2,093,919	-	-	-	-
Gross amount		36,813	2,093,919	-	-	-	-
Allowance for impairment		(1,006)	(80,929)	-	-	-	-
Carrying amount		35,807	2,012,990	-	-	-	-
Neither past due nor impaired (debt securities)							
Grade 1-3: Low-fair risk							
Available-for-sale assets (AFS)		-	-	-	-	21,738,445	21,251,929
Held to maturity assets		-	-	-	-	368,182,359	366,772,849
Non pledged trading assets		-	-	-	-	5,372,845	3,595,535
Pledged assets		-	-	-	-	50,941,851	60,949,856
Carrying amount						446,235,500	452,570,169
Total carrying amount		638,326,736	554,592,199	2,860,525	3,054,520	446,235,500	452,570,169

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
June 2013						
Grade 6-8: Individually impaired	19,526,955	14,655,816	16,287	966	-	-
Total	19,526,955	14,655,816	16,287	966	-	-
December 2012						
Grade 6-8: Individually impaired	34,339,117	10,106,108	96,755	-	-	-
Total	34,339,117	10,106,108	96,755	-	-	-

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	***June***	***December***	***June***	***December***
In thousands of Naira	**2013**	**2012**	**2013**	**2012**
Against individually impaired	20,710,856	13,118,638	-	-
Against collectively impaired	364,206,292	298,975,878	2,712,927	2,480,500
Against past due but not impaired	43,545,084	11,506,623	-	
Total	428,462,233	323,601,139	2,712,927	2,480,500

	Loans and advances to customers		Loans and advances to banks	
	June	***December***	***June***	***December***
	2013	**2012**	**2013**	**2012**
Against individually impaired:				
Property	15,920,172	5,580,278	-	-
Equities	81	19,722	-	-
Cash	936,272	418,392	-	-
Pledged goods/receivables	1,953,229	-	-	-
Others	1,901,102	7,100,246	-	-
	20,710,856	13,118,638	-	-
Against collectively impaired:				
Property	230,688,454	198,088,526	196,665	
Equities	16,211,297	9,882,508	-	
Cash	43,460,871	48,575,181	2,516,262	2,480,500
Pledged goods/receivables	-	-	-	
Others	73,845,670	42,429,663	-	
	364,206,292	298,975,878	2,712,927	2,480,500
	-			
Against past due but not impaired:				
Property	28,799,297	11,400,775	-	-
Equities	-	55,848	-	-
Cash	-	50,000	-	-
Pledged goods/receivables	-	-	-	-
Others	14,745,787	-	-	-
	43,545,084	11,506,623	-	-
Total	428,462,233	323,601,139	2,712,927	2,480,500

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**
June 2013						
Grade 6-8: Individually impaired	16,516,383	7,795,373	33,755	2,002	-	-
Total	16,516,383	7,795,373	33,755	2,002	-	-
December 2012						
Grade 6-8: Individually impaired	23,764,264	3,920,626	96,755	-	-	-
Total	23,764,264	3,920,626	96,755	-	-	-

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**	
Bank	***June***	***December***	***June***	***December***
In thousands of Naira	**2013**	**2012**	**2013**	**2012**
Against individually impaired	8,869,117	1,049,911	-	-
Against collectively impaired	325,545,702	242,275,675	2,712,927	2,480,500
Against past due but not impaired	43,545,084	11,506,623	-	-
Total	377,959,904	254,832,209	2,712,927	2,480,500

	Loans and advances to customers		**Loans and advances to banks**	
	June	***December***	***June***	***December***
	2013	**2012**	**2013**	**2012**
Against individually impaired:				
Property	8,602,135	1,030,118	-	-
Equities	81	19,722	-	-
Cash	790	71	-	-
Pledged goods/receivables	-	-	-	-
Others	266,111	-	-	-
	8,869,117	1,049,911	-	-
Against collectively impaired:				
Property	192,027,865	184,333,303	196,665	
Equities	16,211,297	9,669,177	-	
Cash	43,460,871	48,273,195	2,516,262	2,480,500
Pledged goods/receivables	-	-	-	
Others	73,845,670	-	-	
	325,545,702	242,275,675	2,712,927	2,480,500
Against past due but not impaired:				
Property	28,799,297	11,400,775	-	-
Equities	-	55,848	-	-
Cash	-	50,000	-	-
Pledged goods/receivables	-	-	-	-
Others	14,745,787	-	-	-
	43,545,084	11,506,623	-	-
Total	377,959,904	254,832,209	2,712,927	2,480,500

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

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	
		June	***December***	***June***	***December***	***June***	***December***
In thousands of Naira	***Note***	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Carrying amount	24, 25, 29	684,697,643	604,073,399	6,993,907	4,564,943	503,078,396	447,281,811
Concentration by sector:							
Corporate		411,048,244	451,939,534	-	-	26,750,986	37,546,778
Commercial		192,217,965	108,591,572	-	-	-	-
Bank		-	498,798	6,993,907	4,564,943	16,288,207	-
Retail		26,787,492	38,187,950	-	-	-	-
Government		54,643,942	4,855,544	-	-	460,039,203	409,418,692
Others		-	-	-	-	-	316,341
		684,697,643	604,073,398	6,993,907	4,564,943	503,078,396	447,281,811
Concentration by location:							
Nigeria		638,326,736	554,089,379	422,275	4,564,943	484,898,065	418,941,797
Rest of Africa		37,481,098	39,642,676	-	-	8,117,912	21,469,546
Europe		1,050,206	10,341,344	6,571,632	-	7,344,050	6,870,468
Others		7,839,603	-	-	-	2,718,369	-
		684,697,643	604,073,399	6,993,907	4,564,943	503,078,396	447,281,811

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.

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	
		June	***December***	***June***	***December***	***June***	***December***
In thousands of Naira	***Note***	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Carrying amount	24, 25, 29	638,326,736	554,592,199	2,860,525	3,054,520	446,235,500	420,346,295
Concentration by sector:							
Corporate		390,504,926	432,970,254	-	-	24,739,549	22,097,516
Commercial		183,835,194	85,535,497	-	-	-	-
Bank		-	-	2,860,525	3,054,520	7,292,145	4,456,369
Retail		11,292,190	33,919,447	-	-	-	-
Government		52,694,426	2,167,001	-	-	414,203,806	426,016,284
Others		-	-	-	-	-	-
		638,326,736	554,592,199	2,860,525	3,054,520	446,235,500	452,570,169
Concentration by location:							
Nigeria		638,326,736	554,592,199	2,860,525	3,054,520	437,100,762	447,315,044
Rest of Africa		-	-		-	4,963,523	2,850,237
Europe		-	-		-	4,171,215	2,404,888
		638,326,736	554,592,199	2,860,525	3,054,520	446,235,500	452,570,169

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.

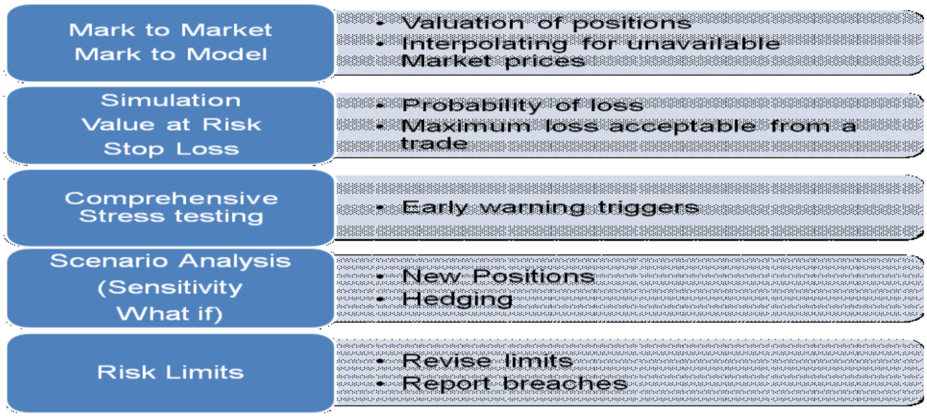
Risk of losses arising from future potential adverse movements in market rates, prices and volatilities are measured using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historic market conditions to estimate the potential future loss in market value 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.

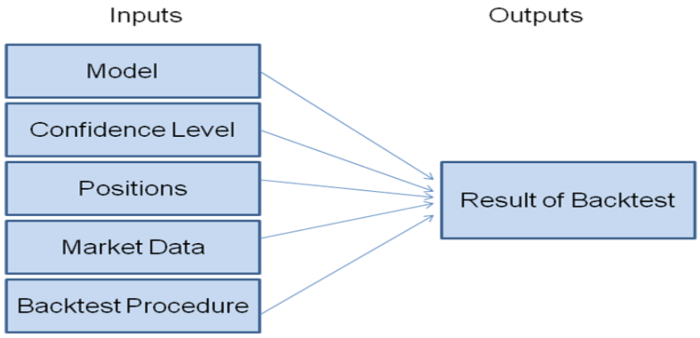
There are a number of considerations that should be taken into account when reviewing DVaR numbers. These are as follows:

- 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.

Tail risk metrics
Tail risk metrics highlight the risk beyond the percentile selected for DVaR. The two tail risk metrics chosen for daily focus, using the current portfolio and two years of price and rate history, are:

- the average of the worst three hypothetical losses from the historical simulation;
- expected shortfall (also referred to as expected tail loss), which is the average of all hypothetical losses from the historical simulation beyond the 95th DVaR percentile.

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.

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

In thousands of Naira	**Carrying amount**	**Re-pricing period** Less than 3 months	**6 months**	**12 months**	**5 years**	**More than 5 years**
30-Jun-13						
Non-derivative assets						
Cash and cash equivalents	220,929,837	217,552,099	3,377,738	-	-	-
Pledged assets	50,941,851	-	6,399,311	178,801	-	44,363,739
Loans and advances to banks	6,993,907	4,116,219	709,306	1,376,899	320,925	470,557
Loans and advances to customers	684,697,643	331,702,383	36,156,485	67,280,635	175,084,003	74,474,137
Investment securities	424,569,873	33,512,019	194,796,765	23,258,021	149,408,832	23,594,236
	1,388,133,111	**586,882,721**	**241,439,605**	**92,094,355**	**324,813,760**	**142,902,669**
Non-derivative liabilities						
Deposits from banks	11,000,558	8,796,812	1,991,122	14,417	198,207	-
Deposits from customers	1,279,734,856	1,197,901,884	67,127,025	14,704,395	1,552	-
Debt securities issued	57,444,378	-	-	-	57,444,378	-
Liabilities on investment contracts	4,379,540	148,799	-	-	-	4,230,741
Interest bearing loans & borrowings	51,009,131	-	143,256	853,388	6,343,949	43,668,539
	1,403,568,463	**1,206,847,495**	**69,261,403**	**15,572,199**	**63,988,087**	**47,899,280**
Total interest re-pricing gap	(15,435,352)	(619,964,774)	172,178,202	76,522,156	260,825,674	95,003,389

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	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

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**
30 Jun-13						
Non-derivative assets						
Cash and cash equivalents	174,626,702	170,527,738	4,098,964	-	-	-
Non- pledged trading assets	5,498,511	504,693	1,659,529	2,025,376	308,386	1,000,527
Pledged assets	50,941,851	-	6,421,851	-	-	44,520,000
Loans and advances to banks	2,860,525	2,523,795	-	-	336,730	-
Loans and advances to customers	638,326,736	309,237,956	33,707,800	62,724,077	163,226,500	69,430,402
Investment securities	389,920,801	13,428,103	216,836,258	9,295,597	127,430,458	22,930,385
	1,262,175,126	**496,222,286**	**262,724,402**	**74,045,050**	**291,302,075**	**137,881,314**
Non-derivative liabilities						
Deposits from banks	16,474,521	2,831,741	13,486,437	156,343	-	-
Deposits from customers	1,149,608,703	1,081,427,821	62,804,500	5,374,882	1,500	-
Interest bearing loans & borrowings	108,893,328	-	143,256	853,388	64,228,146	43,668,539
	1,274,976,552	**1,084,259,562**	**76,434,193**	**6,384,613**	**64,229,646**	**43,668,539**
Total interest re-pricing gap	(12,801,426)	(588,037,276)	186,290,209	67,660,437	227,072,429	94,212,775

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

(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.

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

Financial instruments by currency

Group	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira							
30-Jun-13							
Cash and cash equivalents	20	220,929,837	50,806,552	135,155,021	23,885,198	8,226,838	2,856,228
Non-pledged trading assets	21	27,692,337	5,498,511	-	-	-	22,193,826
Pledged assets	22	50,941,851	50,941,851	-	-	-	-
Derivative financial instruments	23	7,097	-	7,097	-	-	-
Loans and advances to banks	24	6,993,907	417,767	2,442,758	4,133,382	-	-
Loans and advances to customers	25	684,697,643	475,702,288	185,006,380	12,262,747	2,902,876	8,823,351
Insurance receivables	26	772,476	690,916	81,547	13	-	-
Investment securities	29	458,040,749	384,881,137	44,622,155	19,220,726	-	9,316,731
Other assets	35	143,397,909	138,612,722	4,498,510	285,799	-	878
		1,450,075,896	968,939,022	367,314,958	59,502,066	11,129,714	43,190,136
Deposits from banks	36	11,000,558	43	10,790,664	-	205,920	3,931
Deposits from customers	37	1,279,734,856	1,009,172,791	245,308,389	6,201,539	9,262,740	9,789,397
Derivative financial instruments	23	6,538	2,372	4,166	-	-	-
Debt securities issued	38	57,444,378		57,444,378	-	-	-
Claims payable	41	530,137	522,161	-	-	-	7,976
Liabilities on investment contracts	42	63,432	63,432	-	-	-	-
Liabilities on insurance contract	43	4,379,540	4,379,540	-	-	-	-
Interest bearing loans & borrowings	44	53,412,581	18,960,743	34,451,838	-	-	-
Other liabilities	40	39,995,576	17,998,009.00	15,598,274	3,999,558	1,999,779	399,956
		1,446,567,596	1,051,099,091	363,597,709	10,201,097	11,468,439	10,201,259

Financial instruments by currency

Group	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
In thousands of Naira							
31-Dec-12							
Cash and cash equivalents	20	296,184,966	113,779,037	143,085,678	19,319,736	12,368,726	7,631,790
Non-pledged trading assets	21	27,906,803	3,926,353	-	-	-	23,980,449
Pledged assets	22	60,949,856	60,949,856	-	-	-	-
Derivative financial instruments	23	30,949	-	1,522	22,070	7,357	-
Loans and advances to banks	24	4,564,943	704,756	3,326,694	344,500	188,993	-
Loans and advances to customers	25	604,073,399	451,093,811	139,956,934	2,798,233	531,304	9,693,117
Insurance receivables	26	627,337	296,317	108,276	-	-	222,745
Investment securities	29	447,281,811	417,472,818	15,313,659	546,431	2,827,031	11,121,872
Other assets	35	164,811,856	160,094,597	4,434,651	281,742	-	866
		1,441,620,065	1,048,222,948	301,792,763	23,030,970	15,923,411	52,649,973
Deposits from banks	36	105,170,552	17,861,205	79,114,684	4,609,128	2,501,197	1,084,338
Deposits from customers	37	1,201,481,996	957,610,171	195,127,090	10,568,567	9,304,049	28,872,119
Derivative financial instruments	23	35,515	-	-	20,041	15,474	-
Debt securities issued	38	54,685,891	-	54,685,891	-	-	-
Claims payable	41	118,226	118,226	-	-	-	-
Liabilities on investment contracts	42	65,591	65,591	-	-	-	-
Liabilities on insurance contract	43	3,351,234	2,850,013	-	-	-	501,221
Interest bearing loans & borrowings	44	40,092,312	5,036,111	35,049,741	405	6,055	-
Other liabilities	40	40,425,436	18,191,446	15,765,919	4,042,544	2,021,272	404,255
		1,445,426,753	1,001,732,763	379,743,325	19,240,685	13,848,046	30,861,933

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

Financial instruments by currency

Bank *In thousands of Naira* 30-Jun-13	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	20	220,929,837	46,340,334	142,695,171	21,785,538	7,503,647	2,605,147
Non-pledged trading assets	21	5,498,510	5,498,510	-	-	-	-
Pledged assets	22	50,941,851	50,941,851	-	-	-	-
Loans and advances to banks	24	2,860,525	417,767	2,442,758	-	-	-
Loans and advances to customers	25	638,326,736	475,702,288	159,200,565	51,082	2,529,129	843,671
Other assets	35	140,656,829	132,683,742	3,280,253	80,006	3,200,246	1,412,582
Investment securities	29	423,253,504	378,631,349	44,622,155	-	-	-
		1,482,467,792	1,090,215,841	352,240,901	21,916,627	13,233,023	4,861,401
Deposits from banks	36	11,000,558	43	5,350,267	5,440,397	205,920	3,931
Deposits from customers	37	1,149,608,704	881,621,675	245,308,389	3,626,503	9,262,740	9,789,397
Other liabilities	40	23,320,401	1,254,341	14,563,600	220,661	7,281,799	-
Interest bearing loans & borrowings	44	51,009,131	18,960,743	32,048,388	-	-	-
		1,234,938,794	901,836,802	297,270,644	9,287,561	16,750,459	9,793,327

Financial instruments by currency

Bank *In thousands of Naira* 31-Dec-12	***Note***	**Total**	**Naira**	**US $**	**GBP**	**Euro**	**Others**
Cash and cash equivalents	20	176,228,932	49,271,124	111,228,905	7,126,505	8,353,044	249,354
Non-pledged trading assets	21	3,769,260	3,769,260	-	-	-	-
Pledged assets	22	60,949,856	60,949,856	-	-	-	-
Loans and advances to banks	24	3,054,520	704,756	2,349,764	-	-	-
Loans and advances to customers	25	554,592,199	416,190,727	135,379,149	731,461	469,427	1,821,435
Other assets	35	157,896,529	149,086,991	3,611,911	88,095	3,523,815	1,585,717
Investment securities	29	420,346,295	410,634,801	9,711,494	-	-	-
		1,376,837,590	1,090,607,515	262,281,223	7,946,061	12,346,286	3,656,506
Deposits from banks	36	24,590,053	17,689,951	6,154,403	333,573	412,126	-
Deposits from customers	37	1,093,979,220	909,883,159	169,381,246	8,250,995	6,463,622	198
Other liabilities	40	24,302,067	733,862	15,555,016	235,682	7,777,508	-
Interest bearing loans & borrowings	44	95,594,904	31,041,437	64,553,467	-	-	-
		1,238,466,245	959,348,409	255,644,132	8,820,250	14,653,256	198

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:

	June 2013	**Dec 2012**
At end of period	57.15%	59.66%
Average for the period	50.80%	64.08%
Maximum for the period	57.15%	77.12%
Minimum for the period	46.74%	55.90%

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								
30-Jun-13								
Non-derivative assets								
Cash and cash equivalents	20	220,929,837	220,929,837	195,296,793	24,859,186	773,858	-	-
Non-pledged trading assets	21	27,692,337	28,065,425	19,521,577	4,981,327	2,253,608	308,386	1,000,527
Pledged assets	22	50,941,851	129,456,673	-	9,127,890	2,403,657	19,401,892	98,523,234
Derivative financial instrument	23	7,097	7,097	7,071	26	-	-	-
Loans and advances to banks	24	6,993,907	6,949,856	5,042,807	1,726,854	123,625	56,570	-
Loans and advances to customers	25	684,697,643	705,267,307	345,119,229	40,585,580	70,018,815	172,777,055	76,766,627
Insurance receivables	26	772,476	774,205	693,745	80,460	-	-	-
Other assets	35	143,397,909	143,397,909	113,873,693	12,326,438	17,197,778	-	-
Investment securities	29	458,040,749	473,775,591	45,660,823	235,368,025	22,127,128	111,721,637	58,897,978
		1,593,473,806	1,708,623,900	725,215,738	329,055,787	114,898,470	304,265,540	235,188,367
Non-derivative liabilities								
Deposits from banks	36	11,000,558	11,455,948	4,797,649	4,955,615	1,671,972	30,712	-
Deposits from customers	37	1,279,734,856	1,290,896,874	1,167,218,688	96,793,198	24,572,447	2,312,541	-
Derivative financial instrument	23	6,538	6,584	6,584	-	-	-	-
Debt securities issued	38	57,444,378	66,456,964	2,087,955	-	2,087,955	62,281,054	-
Claims payable	41	40,030,273	44,130,273	18,420,401	25,109,234	600,638	-	-
Other liabilities	40	3,995,576	39,995,576	14,398,407	25,197,213	399,956	-	-
Liabilities on investment contracts	42	63,432	63,432	38,059	25,373	-	-	-
Interest bearing loans & borrowings	44	51,009,131	59,389,158	18,577	44,998	986,094	38,622,634	19,716,855
		1,443,284,742	1,512,394,808	1,206,986,320	152,125,632	30,319,061	103,246,941	19,716,855
Gap (asset - liabilities)		150,189,064	196,229,092	(481,770,582)	176,930,155	84,579,408	201,018,599	215,471,511
Cumulative liquidity gap				(481,770,582)	(304,840,427)	(220,261,019)	(19,242,420)	196,229,092
Off-balance sheet	48	388,236,616	388,236,616	99,422,707	75,350,539	106,162,792	107,300,577	-

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-12								
Non-derivative assets								
Cash and cash equivalents	20	296,184,966	296,184,965	267,791,282	24,248,836	4,144,847	-	-
Non-pledged trading assets	21	27,906,803	29,922,220	16,294,030	7,969,908	1,305,755	4,352,527	-
Pledged assets	22	60,949,856	131,847,049	6,671,114	2,403,657	2,443,496	19,401,892	100,926,891
Derivative financial instrument	23	30,949	53,899	36,277	15,982	-	-	1,640
Loans and advances to banks	24	4,564,943	66,476,669	5,416,514	958,506	573,418	58,813,714	714,517
Loans and advances to customers	25	604,073,399	673,439,738	209,750,681	95,953,623	93,261,863	135,447,307	139,026,264
Insurance receivables	26	627,337	1,065,571	1,065,571	-	-	-	-
Other assets	35	164,811,856	164,811,856	133,041,789	13,264,087	18,505,981	-	-
Investment securities	29	447,281,811	551,460,057	31,785,712	5,088,282	227,646,901	156,521,497	130,417,665
		1,606,431,920	1,915,262,025	671,852,970	149,902,881	347,882,261	374,536,937	371,086,977
Non-derivative liabilities								
Deposits from banks	36	105,170,552	125,801,717	114,601,423	106,511	3,925,613	2,622,187	4,545,982
Deposits from customers	37	1,201,481,996	1,207,459,308	1,105,376,078	56,923,657	42,148,887	3,010,686	-
Derivative financial instrument	23	35,515	54,542	54,542	-	-	-	-
Debt securities issued	38	54,685,891	74,714,752	2,005,875	-	2,005,875	70,703,002	-
Claims payable	41	118,226	118,226	118,226	-	-	-	-
Other liabilities	40	40,425,436	40,425,436	14,553,157	25,468,025	404,254	-	-
Liabilities on investment contracts	42	65,591	65,591	65,591	-	-	-	-
Interest bearing loans & borrowings	44	40,092,312	93,580,943	20,400	40,800	81,600	55,093,891	38,344,252
		1,442,075,519	1,542,220,514	1,236,795,292	82,538,993	48,566,230	131,429,766	42,890,234
Gap (asset - liabilities)		164,356,401	373,041,510	(564,942,322)	67,363,888	299,316,031	243,107,171	328,196,743
Cumulative liquidity gap				(564,942,322)	(497,578,434)	(198,262,404)	44,844,767	373,041,511
Off -balance sheet	48	381,893,653	381,893,653	96,823,995	73,202,504	104,861,655	107,005,499	-

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								
30-Jun-13								
Cash and cash equivalents	20	174,626,702	174,626,702	146,411,354	28,004,034	211,314	-	-
Non-pledged trading assets	21	5,498,511	5,658,869	504,693	1,819,887	2,025,376	308,386	1,000,527
Pledged assets	22	50,941,851	129,456,673	-	9,127,890	2,403,657	19,401,892	98,523,234
Loans and advances to banks	24	2,860,525	2,860,525	-	-	2,860,525	-	-
Loans and advances to customers	25	638,326,736	656,018,792	320,557,211	32,835,266	62,751,027	165,266,471	74,608,817
Other assets	35	140,656,830	140,656,830	123,299,567	7,997,692	9,359,571	-	-
Investment securities	29	423,253,504	493,440,590	4,768,537	221,867,455	5,785,008	195,655,221	65,364,370
		1,436,164,659	1,602,718,981	595,541,362	301,652,224	85,396,478	380,631,969	239,496,948
Non-derivative liabilities								
Deposits from banks	36	16,474,353	16,474,353	3,817,987	12,500,023	156,343	-	-
Deposits from customers	37	1,149,608,703	1,149,608,703	1,093,187,975	51,044,286	5,374,882	1,560	-
Other liabilities	40	23,320,401	23,320,401	220,661	23,099,740	-	-	-
Interest bearing loans & borrowings	44	108,893,328	126,639,382	2,087,955	-	2,087,955	82,956,163	39,507,309
		1,298,296,785	1,316,042,839	1,099,314,578	86,644,049	7,619,180	82,957,723	39,507,309
Gap (asset - liabilities)		137,867,874	286,676,142	(503,773,216)	215,008,175	77,777,298	297,674,246	199,989,638
Cumulative liquidity gap				(503,773,216)	(288,765,041)	(210,987,742)	86,686,504	286,676,142
Off balance-sheet	48	304,159,343	396,688,246	72,234,101	53,708,266	92,528,903	178,216,975	-

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-12								
Non-derivative assets								
Cash and cash equivalents	20	176,228,932	176,288,616	150,777,731	21,509,765	4,001,120	-	-
Non-pledged trading assets	21	3,769,260	5,097,490	5,097,490	-	-	-	-
Pledged assets	22	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	24	3,054,520	3,163,874	2,349,246	-	100,111	-	714,517
Loans and advances to customers	25	554,592,199	590,119,610	191,365,896	88,284,244	53,959,405	121,198,015	135,312,050
Insurance receivables	26	-	-	-	-	-	-	-
Other assets	35	157,896,529	157,896,529	138,411,861	8,977,935	10,506,733		
Investment securities	29	420,346,295	523,180,978	16,198,997	3,500,204	225,215,720	148,089,361	130,176,695
		1,376,837,591	1,587,594,146	510,872,335	124,675,805	296,226,585	288,689,268	367,130,152
Non-derivative liabilities								
Deposits from banks	36	24,590,053	24,590,054	17,314,737	106,511	637	2,622,187	4,545,982
Deposits from customers	37	1,093,979,220	1,093,979,209	1,028,421,343	36,595,982	28,694,236	267,648	-
Other liabilities	40	24,302,067	24,302,067	243,021	24,059,047	-	-	-
Interest bearing loans & borrowings	44	95,594,904	110,260,980	2,005,875	-	2,005,875	70,703,002	35,546,228
		1,238,466,244	1,253,132,310	1,047,984,976	60,761,540	30,700,748	73,592,837	40,092,210
Gap (asset - liabilities)		138,371,347	334,461,836	(537,112,641)	63,914,266	265,525,837	215,096,431	327,037,942
Cumulative liquidity gap				(537,112,641)	(473,198,375)	(207,672,538)	7,423,894	334,461,836
Off balance-sheet	48	310,847,061	310,847,061	82,634,157	63,181,977	56,869,851	108,161,076	-

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.

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.

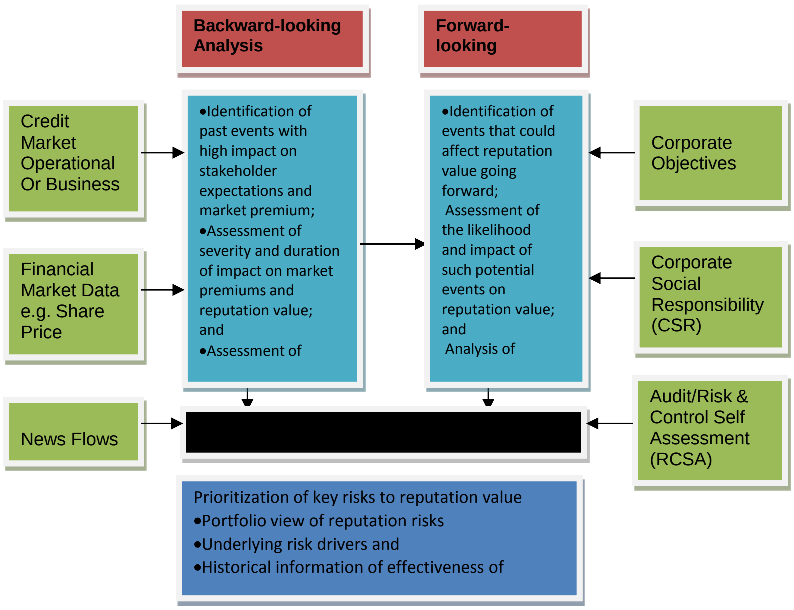
The potential factors which affect the Bank's reputational risk profile include:

- 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.

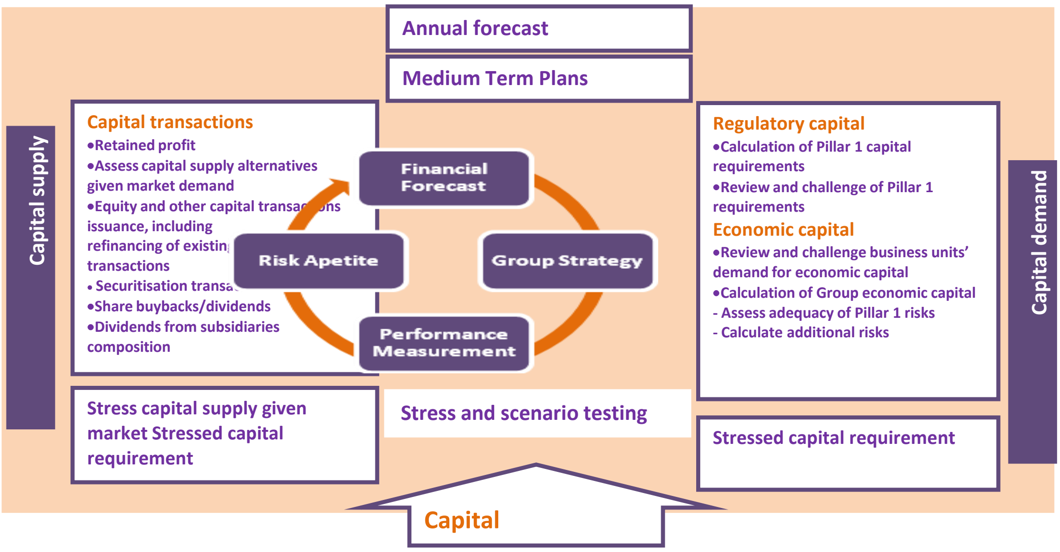
Capital management objectives:
The Group has a number of capital management objectives:

- 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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Tier 1 capital					
Ordinary share capital	46	11,441,460	11,441,460	11,441,460	11,441,460
Share premium	46	165,186,795	165,186,795	165,186,795	165,186,795
Retained earnings	46	15,835,743	17,856,629	15,844,162	18,880,711
Other reserves	46	41,873,016	38,498,341	49,985,925	42,115,246
		-	-	-	-
		234,337,014	232,983,225	242,458,342	237,624,212
Add/(Less):					
Fair value reserve for available-for-sale securities and property and equipment	46	(305,270)	136,772	(126,880)	132,303
Foreign Currency Translational reserves	46	2,011,369	(1,452,962)	-	-
Investments in subsidiaries	28	-	-	(37,052,428)	(43,209,688)
Deferred tax assets	34	(8,512,012)	(8,244,115)	(7,322,690)	(7,007,387)
Intangible assets	33	(3,537,646)	(3,404,945)	(2,567,870)	(2,339,510)
Adjusted Tier-One		223,993,455	220,017,975	195,388,474	185,199,930
Tier 2 capital					
Fair value reserve for available-for-sale securities and property and equipment	46	305,270	(136,772)	126,880	(132,303)
Foreign Currency Translational reserves	46	(2,011,369)	1,452,962	-	-
Non-Controlling Interests	46	5,600,783	8,099,594	-	-
Collective allowances for impairment	24,25	5,799,116	13,741,314	5,240,537	13,373,641
Total		9,693,800	23,157,098	5,367,417	13,241,338
Total regulatory capital		233,687,255	243,175,073	200,755,891	198,441,268
Risk-weighted assets		**1,079,198,085**	**1,043,455,144**	**913,498,437**	**897,606,906**
Capital ratios					
Total regulatory capital expressed as a percentage of total risk-weighted assets		22%	23%	22%	22%
Total tier 1 capital expressed as a percentage of risk-weighted assets		21%	21%	21%	21%

6. 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.

Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

June 2013 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Total continuing operations	Discontinued operations	Total
Derived from external customers	91,071,150	9,550,077	3,505,966	104,127,193	620,443	104,747,636
Derived from other segments	-	-	-	-	-	-
Total Revenue	91,071,150	9,550,077	3,505,966	104,127,193	620,443	104,747,636
Interest expense	(30,202,779)	(1,685,142)	(2,034,840)	(33,922,761)	(119,019)	(34,041,780)
Fee and commission expenses	(349,606)	(21)	(50,818)	(400,445)	-	(400,445)
Operating Income	70,297,302	7,763,385	1,471,126	79,531,813	501,011	80,032,824
	-	-	-	-	-	-
Profit/(loss) before income tax	22,666,125	3,081,933	342,411	26,090,469	382,964	26,473,433
Assets and liabilities:						
Total assets	1,494,968,512	59,779,926	157,425,628	1,712,174,066	6,970,997	1,719,145,063
Total liabilities	(1,261,624,215)	(62,873,293)	(148,732,007)	(1,473,229,515)	(5,977,751)	(1,479,207,266)
Net assets	233,344,297	(3,093,367)	8,693,621	238,944,551	993,246	239,937,797

June 2012 *In thousands of Naira*	Nigeria	Rest of Africa	Europe	Total continuing operations	Discontinued operations	Total
Derived from external customers	95,380,454	10,476,507	1,680,464	107,537,426	-	215,074,852
Derived from other segments	-	-	-	-	-	-
Total Revenue	95,380,454	10,476,507	1,680,464	107,537,426	-	215,074,852
						-
Interest expense	(26,650,989)	(2,482,043)	(169,256)	(29,302,288)	-	(58,604,576)
Fee and commission expenses	-	-	-	-		-
Operating Income/(loss)	68,729,465	7,994,464	1,511,208	78,235,138	-	156,470,276
						-
Profit/(loss) before income tax	26,855,425	1,905,170	(145,867)	28,614,728	-	57,229,456
December 2012						
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

The Group's segment reporting is based on IFRS which is same as that of the financial statement reporting hence no reconciliation is required.
No revenue from transaction with a single external customer or a group of connected economic entities or counterparty amounted to 10% or more of the group's total revenue in period ended 2012 and for the period ended 30 June 2013. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

7 Operating segments (Continued)

Information about operating segments

Group

30 June 2013

In thousands of Naira

	Institutional Banking	**Commercial Banking**	**Financial Markets**	**Retail Banking**	**Unallocated segments**	**Total continuing operations**	**Discontinued operations**	**Total**
Revenue:								
Derived from external customers	27,541,894	44,367,686	11,655,773	18,793,529	1,768,311	104,127,193	620,443	104,747,636
Derived from other business segments	(704,184)	321,122	147,535	235,528	-	-	-	-
Total Revenue	26,837,709	44,688,808	11,803,307	19,029,057	1,768,311	104,127,193	620,443	104,747,636
Interest expenses	(13,738,431)	(14,180,858)	(2,466,494)	(3,536,978)	-	(33,922,761)	(119,019)	(34,041,780)
Net interest income	8,337,386	22,117,963	1,127,369	7,335,732	(265,262)	38,653,187	144,700	38,797,887
Profit on ordinary activities before taxation	6,913,586	13,172,731	2,873,261	1,234,672	1,896,217	-	382,964	26,473,431
Income tax expense						(5,376,866)	-	(5,376,866)
						-	-	
Profit after tax						-	382,964	21,096,565
Other segment information:								
Depreciation and amortisation	(1,547,381)	(3,274,758)	(848,842)	(407,377)	-	-	(128,061)	(6,078,358)
Assets and liabilities:								
Tangible segment assets	915,269,533	504,938,930	199,784,325	30,924,920	61,256,358	1,712,174,066	6,970,997	1,719,145,063
Unallocated segment assets	-	-	-	-	-	-	-	
Total assets	915,269,533	504,938,930	199,784,325	30,924,920	61,256,358	1,712,174,066	6,970,997	1,719,145,063
Segment liabilities	273,508,647	655,185,792	251,971,598	269,703,459	19,984,684	1,470,354,179	8,853,087	1,479,207,266
Unallocated segment liabilities	-	-	-	-	-	-	-	
Total liabilities	273,508,647	655,185,792	251,971,598	269,703,459	19,984,684	1,470,354,179	8,853,087	1,479,207,266
Net assets	641,760,887	(150,246,862)	(52,187,273)	(238,778,538)	41,271,674	241,819,887	(1,882,090)	239,937,797

In thousands of Naira 30 June 2012	Institutional Banking	Commercial Banking	Financial Markets	Retail Banking	Unallocated segments	Total continuing operations	Discontinued operations	Total N'000
Revenue:								
Derived from external customers	22,995,295	57,565,712	11,451,481	14,767,319	757,619	107,537,426	-	107,537,426
Derived from other business segments	(950,445)	173,708	361,173	415,564	-	-	-	-
Total Revenue	22,044,850	57,739,420	11,812,654	15,182,883	757,619	107,537,426	-	107,537,426
Interest expenses	(10,774,255)	(11,667,148)	(4,111,633)	(2,176,209)	(573,043)	(29,302,288)	-	(29,302,288)
	11,270,595	46,072,272	7,701,021	13,006,674	184,576	78,235,138	-	78,235,138
(Loss)/profit on ordinary activities before taxation	7,555,861	14,780,843	3,180,846	3,013,307	83,871	28,614,728	-	28,614,728
Income tax expense						(3,517,634)	-	(3,517,634)
Pre-tax loss on re-measurement of assets of disposal group						-	-	-
Profit after tax						25,097,094	-	25,097,094
Other segment information:								
Depreciation and amortisation	(863,743)	(2,676,400)	(514,623)	(2,623,302)	(9,518)	(6,687,586)	-	(6,687,586)
31 December 2012								
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

7 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**
30 June 2013									
Cash and cash equivalents	20	-	-	-	-	-	220,929,837	220,929,837	242,222,751
Non pledged trading assets	21	27,692,337	-	-	-	-	-	27,692,337	27,692,337
Pledged assets	22	-	-	50,941,851	-	6,421,851	-	57,363,702	49,271,468
Loans and advances to banks	24	-	-	-	6,993,907	-	-	6,993,907	7,044,448
Loans and advances to customers	25	-	-	-	684,697,643	-	-	684,697,643	614,443,831
Other assets	35	-	-	-	143,397,909	-	-	143,397,909	143,397,909
Insurance receivables	26	-	-		772,476			772,476	772,476
Investment securities	29	-	-	402,969,603	-	55,071,146	-	458,040,749	426,453,432
Derivative financial instruments	23	-	7,097	-	-	-	-	7,097	7,097
		27,692,337	7,097	453,911,454	835,861,935	61,492,997	220,929,837	1,599,895,657	1,511,305,749
Deposits from banks	36	-	-	-	-	-	11,000,558	11,000,558	11,000,558
Deposits from customers	37	-	-	-	-	-	1,279,734,856	1,279,734,856	1,279,734,856
Other liabilities		-	-	-	-	-	23,320,401	23,320,401	23,320,401
Derivative financial instruments	23	-	6,538	-	-	-	-	6,538	6,538
Debt Securities issued	38	-	-	-	-	-	57,444,378	57,444,378	57,444,378
Claims payable	41	-	-	-	-	-	63,432	63,432	63,432
Liabilities on investment contracts	42	-	-	-	-	-	53,412,581	53,412,581	53,412,581
Interest bearing loans and borrowings	44						51,009,131	51,009,131	51,009,131
		-	6,538	-	-	-	1,424,976,206	1,424,982,744	1,424,982,744

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	20	-	-	-	-	-	296,184,966	296,184,966	296,184,966
Non pledged trading assets	21	27,906,803	-	-	-	-	-	27,906,803	27,906,803
Pledged assets	22	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Other assets	35	-	-	-	164,811,856	-	-	164,811,856	164,811,856
Derivative financial instruments	23	-	30,949	-		-	-	30,949	30,949
Loans and advances to banks	24	-	-	-	4,564,943	-	-	4,564,943	4,597,931
Loans and advances to customers	25	-	-	-	604,073,399	-	-	604,073,399	634,389,210
Insurance receivables	26	-	-	-	627,337	-	-	627,337	627,337
Investment securities	29	-	-	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	36	-	-	-	-	-	105,170,552	105,170,552	117,249,799
Deposits from customers	37	-	-	-	-	-	1,201,481,996	1,201,481,996	1,188,514,320
Derivative financial instruments	23	-	35,515	-	-	-	-	35,515	35,515
Other liabilities	40	-	-	-	-	-	24,302,067	24,302,067	24,302,067
Debt Securities issued	38	-	-	-	-	-	54,685,891	54,685,891	55,070,670
Claims payable	41	-	-	-	-	-	118,226	118,226	118,226
Liabilities on investment contracts	42	-	-	-	-	-	65,591	65,591	65,591
Interest bearing loans and borrowings	44	-	-	-	-	-	40,092,312	40,092,312	58,034,715
		-	35,515	-	-	-	1,401,614,568	1,401,650,083	1,419,088,836

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* 30 June 2013	**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**
Cash and cash equivalents	20	-	-	-	-	-	174,626,702	174,626,702	174,626,702
Non pledged trading assets	21	5,498,511	-	-	-	-	-	5,498,511	5,498,511
Pledged assets	22	-	-	44,520,000	-	6,421,851	-	50,941,851	43,755,540
Loans and advances to banks	24	-	-	-	2,860,525	-	-	2,860,525	2,860,525
Loans and advances to customers	25	-	-	-	638,326,736	-	-	638,326,736	589,648,184
Other assets	35	-	-	-	140,656,830	-	-	140,656,830	140,656,830
Investment securities	29	-	-	368,182,359	-	55,071,146	-	423,253,506	394,065,180
		5,498,511	-	412,702,359	781,844,091	61,492,997	174,626,702	1,436,164,660	1,351,111,472
Deposits from banks	36	-	-	-	-	-	16,474,521	16,474,521	16,474,521
Deposits from customers	37	-	-	-	-	-	1,149,608,704	1,149,608,704	1,149,608,704
Other liabilities	40	-	-	-	-	-	23,320,401	23,320,401	23,320,401
Interest bearing loans and borrowings	44	-	-	-	-	-	108,893,328	108,893,328	108,893,328
		-	-	-	-	-	1,298,296,954	1,298,296,954	1,298,296,954

In thousands of Naira 31 December 2012	**Note**	**Trading**	**Derivative Designated at fair value**	**Held-to-maturity**	**amortised cost and receivables at amortised cost**	**Available-for-sale**	**Other amortized cost**	**Total carrying amount**	**Fair value**
Cash and cash equivalents	20	-	-	-	-	-	176,228,932	176,228,932	176,228,932
Non pledged trading assets	21	3,769,260	-	-	-	-	-	3,769,260	3,769,260
Pledged assets	22	-	-	60,949,856	-	-	-	60,949,856	46,718,883
Loans and advances to banks	24	-	-	-	3,054,520	-	-	3,054,520	3,054,520
Loans and advances to customers	25	-	-	-	554,592,198	-	-	554,592,198	557,144,866
Other assets	35	-	-	-	157,896,529	-	-	157,896,529	157,896,529
Investment securities	29	-	-	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	36	-	-	-	-	-	24,590,053	24,590,053	16,190,124
Deposits from customers	37	-	-	-	-	-	1,093,979,220	1,093,979,220	1,083,040,794
Other liabilities	40	-	-	-	-	-	24,302,067	24,302,067	24,302,067
Interest bearing loans and borrowings	44	-	-	-	-	-	95,594,904	95,594,904	98,388,315
		-	-	-	-	-	1,214,164,177	1,214,164,177	1,197,619,233

8 Net interest income

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Interest income				
Cash and cash equivalents	797,708	2,109,431	292,827	1,260,175
Loans and advances to banks and customers	41,042,105	54,256,835	34,984,569	51,205,052
Investment securities	30,736,135	27,999,007	27,938,975	26,302,497
	72,575,948	**84,365,273**	**63,216,371**	**78,767,724**
Interest expense				
Deposit from banks	(2,788,105)	(8,499,885)	(682,915)	(8,345,148)
Deposit from customers	(28,318,662)	(19,839,348)	(26,765,869)	(17,404,974)
Securities dealing	(411,075)	(944,467)	(411,075)	(912,347)
Interest bearing loans and borrowings	(2,404,919)	-	(2,398,791)	-
Other borrowed funds	-	(18,589)	-	-
Other interest expense	-	-	-	-
	(33,922,761)	(29,302,288)	(30,258,650)	(26,662,469)
Net interest income	**38,653,187**	**55,062,984**	**32,957,721**	**52,105,255**

Interest income for the period ended 30 June 2013 includes N2,916,417,810 accrued on impaired financial assets.

9 Fee and commission income

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Credit related fees and commissions	4,045,591	2,813,407	2,939,474	2,758,130
Commission on turnover and handling commission	3,118,241	-	3,045,116	-
Other fees and commissions	9,152,259	11,292,360	7,424,033	7,529,257
	16,316,091	**14,105,767**	**13,408,623**	**10,287,387**

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.

10 Net trading income

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Fixed income securities	640,893	(97,358)	595,368	(97,358)
	640,893	**(97,358)**	**595,368**	**(97,358)**

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

11 Foreign exchange income

	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Foreign exchange trading	2,810,856	2,501,335	2,810,856	2,501,335
Unrealised gains on revaluation	1,139,504	1,559,621	539,544	594,185
	3,950,360	**4,060,956**	**3,350,400**	**3,095,520**

12 Other operating income

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Dividends on available for sale equity securities	2,417,350	761,070	2,481,945	761,070
Gain on disposal of property and equipment	928,591	19,073	928,659	16,400
Rental income	210,115	196,183	210,115	164,043
Gain on disposal of equity investment	459,269	1,190,000	459,269	1,190,000
Bad debt recovered	1,342,724	1,655,810	1,313,561	1,655,810
Other income	977,212	1,790,579	444,172	426,785
	6,335,261	**5,612,715**	**5,837,721**	**4,214,108**

13 Net impairment loss on financial assets

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Additional collective impairment charges on loans and advances to banks(see note 24)	(74,963)	4,904,381	(74,963)	4,901,355
Reversal of collective impairment charges on loans and advances to customers (see note 25)	(7,932,238)	-	(8,123,145)	-
Write back of specific impairment charges on loans and advances to customers (see note 25)	(726,831)	(5,358,914)	(634,247)	(5,971,943)
(Reversal)/additional of impairment charge on available for sale equities (see note 29)	(591,265)	193,477	(225,906)	175,664
Additional /(reversals) impairment allowance on other assets (see note 35)	(857,782)	(833,629)	(857,782)	(531,500)
Write back/ dimunition of investment in subsidiaries (see note 28)	-	2,846,453	358,811	5,331,440
(Write-back) /impairment of underwriting commitment	-	(337,020)	-	-
Impairment charge on insurance receivables (see note 26)	-	441,366	-	-
	(10,183,079)	1,856,115	(9,557,232)	3,905,016

14 Personnel expenses

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Wages and salaries	14,565,263	13,950,370	11,843,025	10,393,771
Increase in liability for defined benefit plans (see note 39 (a) (i))	603,795	901,895	603,795	901,895
Contributions to defined contribution plans	412,305	833,272	221,751	786,764
Termination benefits	-	3,725,937	-	3,725,937
Other staff costs (see note (a) below)	-	2,100,676	-	2,100,676
Equity share based expense (b)	59,910	-	59,910	-
	15,641,273	**21,512,150**	**12,728,481**	**17,909,043**

(a) Amount represents the net loss incurred by the Bank on the winding down of the Staff Investment Trust Scheme (SIT) during the year.

(b) The Bank established a new plan called the Restricted Share Performance Plan (RSPP) during the period. 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 is being 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. 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.

15 Other operating expenses

For the period ended 30 June 2013 *In thousands of Naira*	**Group June 2013**	**Group June 2012**	**Bank June 2013**	**Bank June 2012**
Other premises and equipment costs	3,547,092	2,203,876	3,433,898	1,838,260
Professional fees	1,309,694	221,664	1,133,496	155,352
Insurance	449,884	430,868	271,944	343,795
Business travel expenses	1,291,696	621,767	1,109,348	528,644
AMCON surcharge (see note (a) below)	5,058,240	2,379,949	5,058,240	2,379,949
Loss on disposal of investments	162,642	262,876	160,961	262,876
General administrative expenses	17,958,144	12,161,942	15,275,760	8,999,274
	29,777,392	**18,282,942**	**26,443,647**	**14,508,150**

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 30 June 2013. Effective 1 January 2011, the Bank is required to contribute 0.3% of its total assets as at the preceding year end (31 December 2012) to AMCON's sinking fund in line with existing guidelines. This is based on the total assets as determined under prudential regulation.

16 Income tax expense recognised in the profit or loss

For the period ended 30 June 2013 *In thousands of Naira*	**Group June 2013**	**Group June 2012**	**Bank June 2013**	**Bank June 2012**
Current tax expense				
Corporate Income Tax	2,932,346	3,200,106	1,716,219	2,402,850
Education Tax		-		-
Prior year's under provision	2,731,080	-	2,731,080	-
	5,663,426	3,200,106	4,447,299	2,402,850
Deferred tax expense				
(Origination)/reversal of temporary differences	(286,560)	317,528	(315,303)	265,893
Total income tax expense/(credit)	5,376,866	3,517,634	4,131,996	2,668,743

The movement in the current income tax liability is as follows:

	Group June 2013	**Group December 2012**	**Bank June 2013 2013**	**Bank December 2012**
At start of the period	8,937,964	9,747,004	7,686,568	2,084,899
Tax paid	(10,191,658)	(8,846,557)	(8,936,331)	(4,849,638)
Income tax charge	5,663,426	8,037,517	4,447,299	10,451,307
At 30 June	**4,409,732**	**8,937,964**	**3,197,536**	**7,686,568**

Reconciliation of effective tax rate *In thousands of Naira*	**Group June 2013**	**Group June 2013**	**Group June 2012**	**Group June 2012**
Profit before income tax		26,090,467		29,961,043
Income tax using the domestic tax rate	30%	7,827,140	30%	8,949,328
Effect of tax rates in foreign jurisdictions	-1%	(253,330)	-1%	(196,641)
Capital allowance utilised for the period	0%	-	-11%	(3,429,071)
Non-deductible expenses	8%	1,983,434	45%	5,514,636
Tax exempt income	-49%	(11,815,637)	0%	(8,326,463)
Tax losses (utilised)/unutilised	14%	2,733,501	3%	317,528
Education tax levy	0%	-	3%	342,907
Balancing charge	0%	48,814	0%	2,033
Over provided in prior years	5%	1,326,244	0%	-
Impact of dividend as tax base	10%	2,736,654	2%	343,376
Total income tax expense in comprehensive incor	3%	790,046	12%	3,517,634
Effective tax rate	21%	5,376,865	23%	7,035,268

In thousands of Naira	Bank June 2013	Bank June 2013	Bank June 2012	Bank June 2012
Profit before income tax		22,376,785		26,518,104
Income tax using the domestic tax rate	30%	6,713,036	30%	7,955,431
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Capital allowance utilised for the period	0%	-	-13%	(3,429,071)
Non-deductible expenses	8%	1,840,326	21%	5,514,636
Tax exempt income	-56%	(11,720,250)	-31%	(8,326,463)
Tax losses (utilised)/unutilised	16%	2,802,773	1%	265,893
Education tax levy	0%	-	1%	342,907
Balancing charge	0%	48,814	0%	2,033
Over provided in prior years	6%	1,326,244	0%	-
Impact of dividend as tax base	12%	2,731,080	1%	343,376
Total income tax expense in comprehensive incor	2%	389,974	10%	2,668,743
Effective tax rate	18%	4,131,996	20%	5,337,486

17a Discontinued operations

In the Dec 2012 financial statements, 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. During the course of this period, Intercontinental Homes and Savings Plc and Intercontinental Bank (UK) were sold. However, Management is still committed to a plan to sell the other two 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 below:

For the period ended 30 June 2013

In thousands of Naira	**Access Bank Burundi**	**Intercontinental Homes & Savings Limited**	**Intercontinental Bank UK**	**Omni Finance Bank Cote D'Ivoire**	**Total**
Results of discontinued operations					
Interest income	155,326	18,224	15,217	74,952	263,719
Interest expense	(47,277)	(11,922)	(4,821)	(54,999)	(119,019)
Net interest income	108,049	6,302	10,396	19,953	144,700
Fee and commission income	30,497	1,193	6,654	42,032	80,376
Fee and commission expense	-	(153)	(260)	-	(413)
Net fee and commission income	30,497	1,040	6,394	42,032	79,963
Net trading income	9,244	-	296	14,577	24,117
Other operating income	54,436	74,903	-	122,892	252,231
Total operating income	**202,226**	**82,245**	**17,086**	**199,454**	**501,011**
Net impairment loss on financial assets	-	(37,955)	-	(7)	(37,962)
Personnel expenses	(85,768)	(25,477)	(46,722)	(113,241)	(271,208)
Operating lease expenses	-	-	-	-	-
Depreciation and amortization	(33,056)	(4,045)	(1,379)	(89,581)	(128,061)
Other operating expenses	(91,197)	(13,358)	(33,467)	(165,338)	(303,360)
Total expenses	(210,021)	(80,835)	(81,568)	(368,167)	(740,591)
Loss before tax from discontinued operations	**(7,795)**	**1,410**	**(64,482)**	**(168,713)**	**(239,580)**
Income tax expense	-	-	-	-	-
Loss from discontinued operations (net of tax)	**(7,795)**	**1,410**	**(64,482)**	**(168,713)**	**(239,580)**
After tax loss attributable to:					
Owners of the Bank	(10,929)	733	(64,482)	(158,590)	(233,268)
Non-controlling interests	3,134	677	-	(10,123)	(6,312)
After tax loss for the period	(7,795)	1,410	(64,482)	(168,713)	(239,580)
Basic loss per share (kobo)	(71.90)	0.03	(208)	(40,459)	(40,739)

Cash flows from/(used in) discontinued operation					
Net cash used in operating activities	(166,571)	135,566	1,011,090	549,385	1,529,470
Net cash from investing activities	(5,477)	231,939	1,088,569	(1,046)	1,313,985
Net cash from financing activities	76,803	11,922	-	-	88,725
Effect on cashflows	**(95,245)**	**379,427**	**2,099,659**	**548,339**	**2,932,180**

For the period ended 30 June 2012

In thousands of Naira	Access Bank Burundi	Intercontinental Homes & Savings Limited	Intercontinental Bank UK	Total
Results of discontinued operations				
Interest income	198,554	145,867	100,197	444,619
Interest expense	(41,893)	(71,477)	(20,113)	(133,482)
Net interest income	156,661	74,390	80,084	311,135
Fee and commission income	88,769	10,620	30,657	130,046
Fee and commission expense	-	(671)	(2,364)	(3,034)
Net fee and commission income	88,769	9,949	28,293	127,012
Net trading income	15,765	-	5,508	21,273
Other operating income	-	176,557		176,557
Total operating income	**261,196**	**260,896**	**113,885**	**635,977**
Net impairment loss on financial assets	(6,585)	247,787	(6,805)	234,397
Personnel expenses	(98,890)	(112,320)	(266,305)	(477,515)
Operating lease expenses	-	(30,109)	(42,526)	(72,635)
Depreciation and amortization	-	(31,726)	-	(31,726)
Other operating expenses	(157,217)	(72,679)	(214,297)	(444,192)
Total expenses	(262,692)	953	(529,932)	(791,671)
Loss before tax from discontinued operations	**(1,496)**	**261,849**	**(416,047)**	**(155,694)**
Income tax expense	-	(88,851)	-	(88,851)
Loss from discontinued operations (net of tax)	**(1,496)**	**172,998**	**(416,047)**	**(244,545)**
Cash flows from/(used in) discontinued operation				
Net cash used in operating activities	(591,489)	73,130	(2,456,250)	(2,974,609)
Net cash from investing activities	130,076	192,633	-	322,709
Net cash from financing activities	(79,337)	(175,704)	(539,909)	(794,951)
Effect on cashflows	**(540,750)**	**90,059**	**(2,996,159)**	**(3,446,851)**

17b The aggregate book values of the net assets for two subsidiaries disposed at the respective dates of disoposal were as follows:

In thousands of Naira	**Intercontinental Homes & Savings Limited** January 2013	**Intercontinental Bank UK** March 2013	**Total**
Cash and cash equivalents	374,534	11,027,379	11,401,913
Loans and advances to banks	-	4,060,575	4,060,575
Loans and advances to customers	1,551,045	781,982	2,333,027
Investment securities	105,502	1,585,976	1,691,478
Trading properties	3,377,221	-	3,377,221
Investment properties	431,944	-	431,944
Property and equipment	693,922	48,019	741,941
Intangible assets	31,617	19,484	51,101
Deferred tax assets	722,718	-	722,718
Other assets	342,853	183,909	526,762
Total assets	**7,631,356**	**17,707,324**	**25,338,680**
Deposits from banks	-	(8,009,531)	(8,009,531)
Deposits from customers	(1,062,594)	(6,421,984)	(7,484,578)
Derivative financial instruments	-	(145,590)	(145,590)
Current tax liabilities	(31,285)		(31,285)
Other liabilities	(902,368)	(192,200)	(1,094,568)
Interest-bearing loans and borrowings	(995,884)	-	(995,884)
Total liabilities	**(2,992,131)**	**(14,769,305)**	**(17,761,436)**
Net assets of disposal group	**4,639,225**	**2,938,019**	**7,577,244**
Proceeds on disposal	2,100,000	3,872,960	5,972,960
Group's share of net assets	(2,412,397)	(2,938,019)	(5,350,416)
Gain on disposal	(312,397)	934,941	622,544
Profit from disposal			**622,544**
Profit from discontinued operations			
Post tax profit/loss of discontinued operations			(239,580)
Post tax gain/loss on the disposal of disposal group			622,544
			382,964
Bank			
Proceeds on disposal	2,100,000	3,872,960	5,972,960
Cost of Investments	(3,387,938)	(7,301,401)	(10,689,339)
Provision written back	1,001,475	3,307,929	4,309,404
Loss on disposal	**(286,463)**	**(120,512)**	**(406,975)**

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

FinBank Burundi 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 6 months from the end of this reporting period. As at 30 June 2013, the disposal groups comprised assets of N7,393,556,000 and liabilities of N8,853,087,000 as follows:

For the period ended 30 June 2013

In thousands of Naira	Access Investments and Securities	Access Burundi	Omni Finance Bank Cote D'Ivoire	Total
Cash and cash equivalents	-	867,765	1,706,439	2,574,204
Loans and advances to customers	-	313,627	1,844,330	2,157,957
Investment securities	-	535,988	61,784	597,772
Property and equipment	-	154,148	1,229,404	1,383,552
Intangible assets	-	448,141	-	448,141
Other assets	29,682	54,290	147,958	231,930
Total assets	**29,682**	**2,373,959**	**4,989,915**	**7,393,556**
Elimination adjustments				**422,559**
				6,970,997
Deposits from banks	-	-	(2,865,346)	(2,865,346)
Deposits from customers	-	(861,870)	(4,700,228)	(5,562,098)
Other liabilities	(11,659)	(125,904)	(288,080)	(425,643)
Total liabilities	**(11,659)**	**(987,774)**	**(7,853,654)**	**(8,853,087)**
Elimination adjustments				**(2,875,336)**
				(5,977,751)
Net assets of disposal group	**18,023**	**1,386,185**	**(2,863,739)**	**993,246**

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

For the year ended 31 December 2012

In thousands of Naira	Access Bank 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**

19 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 30 June 2013 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 period ends:

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

In thousands	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
- Profit for the year from continuing operations	20,713,601	26,687,953	18,244,789	23,849,361
Weighted average number of ordinary shares in issue	22,842,856	22,279,168	22,882,919	22,279,168
Basic earnings per share (expressed in Naira per share)	0.91	1.20	0.80	1.07

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

In thousands	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
- Loss for the year from discontinued operations	382,964	(244,543)	-	-
Weighted average number of ordinary shares in issue	22,882,919	22,279,168	22,882,919	22,279,168
Basic loss per share (expressed in Naira per share)	0.02	(0.01)	-	-

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.

20 Cash and cash equivalents

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Cash on hand and balances with banks	80,688,225	110,075,694	70,341,121	90,455,766
Unrestricted balances with central banks	17,663,464	25,238,351	8,317,213	19,461,280
Money market placements and other cash equivalents	122,578,148	160,870,921	95,968,368	66,311,886
	220,929,837	**296,184,966**	**174,626,702**	**176,228,932**

(ii) Included in cash in hand and balances with other banks is an amount of N9,481,643,984 (2012: N24,611,573,000) 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).

21 Non pledged trading assets

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Government bonds	1,659,502	1,393,240	1,220,332	711,495
Treasury bills	25,907,170	26,182,745	4,152,514	2,884,040
Equities	125,665	330,818	125,665	173,725
	27,692,337	**27,906,803**	**5,498,511**	**3,769,260**

22 Pledged assets

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

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Treasury bills	6,421,851	6,560,147	6,421,851	6,560,147
Government bonds	44,520,000	54,389,709	44,520,000	54,389,709
	50,941,851	**60,949,856**	**50,941,851**	**60,949,856**

The related liability for assets pledged as collateral include:

Bank of Industry (BOI)	30,757,309	34,910,500	30,757,309	34,910,500

(i) All pledged assets are held to maturity government bonds.

(ii) The assets pledged by the Group are strictly for the purpose of providing collateral to the counterparty for various transactions. These transactions include assets pledged in connection with clearing/settlement activities of the Group.

The Assets pledged as collateral were pledged to third parties under secured borrowing with the related liability disclosed above. In addition, there were assets pledged as collateral for security deposit for clearing house and payment agencies of N25.8bn (N35.9bn:December 2012) for which there is no related liability.

To the extent that the counterparty is permitted to sell and/or repledge the assets in the absence of default, the assets are classified in the statement of financial position as pledged assets.

As at 30 June 2013, 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 2012: nil).

23 Derivative financial instruments

Group

In thousands of Naira	Assets June 2013	Liabilities June 2013	Assets December 2012	Liabilities December 2012
Instrument type:				
Foreign exchange	7,097	6,538	30,949	35,515
	7,097	**6,538**	**30,949**	**35,515**

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.

24 Loans and advances to banks

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Loans and advances to banks	7,028,298	4,674,298	2,894,916	3,163,874
Less specific allowances for impairment	(31,752)	(96,755)	(31,752)	(96,755)
Less collective allowances for impairment	(2,639)	(12,600)	(2,639)	(12,599)
	6,993,907	**4,564,943**	**2,860,525**	**3,054,520**

Specific allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance beginning of year	96,755	61,028	96,755	61,028
Impairment loss for the year:				
- Charge for the year	2,709	35,727	2,709	35,727
- Allowance no longer required	(67,712)	-	(67,712)	-
Balance end of year	31,752	96,755	31,752	96,755

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance beginning of year	12,600	4,778	12,599	4,778
Impairment loss for the year:				
- Charge for the year	403	7,822	403	7,821
- Allowance no longer required	(10,363)	-	(10,363)	-
Balance end of year	2,639	12,600	2,639	12,599

25 Loans and advances to customers
a Group

June 2013 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals	10,858,266	(1,498,767)	(133,099)	(1,631,866)	9,226,400
Loans to corporate entities and other organizations	690,144,714	(9,010,093)	(5,663,378)	(14,673,471)	675,471,243
	701,002,980	**(10,508,860)**	**(5,796,477)**	**(16,305,337)**	**684,697,643**

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**

Impairment on loans and advances to customers

In thousands of Naira	Specific allowances June 2013	Specific allowances December 2012	Collective allowances June 2013	Collective allowances December 2012
Balance beginning of year	24,233,009	43,581,022	13,728,715	4,729,774
Impairment loss for the year:				
- Charge for the year	3,063,434	8,510,904	1,040,929	9,268,429
- Allowance no longer required	(3,790,266)	(9,914,154)	(8,973,167)	-
Net impairment for the year	(726,832)	(1,403,250)	(7,932,238)	9,268,429
Effect of foreign currency movements	-	807,084	-	-
Write-offs	(12,997,318)	(18,751,847)	-	(269,488)
Balance end of year	**10,508,860**	**24,233,009**	**5,796,477**	**13,728,715**

Loans and advances to customers

b Bank

June 2013 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals	10,103,654	(1,243,785)	(120,273)	(1,364,058)	8,739,596
Loans to corporate entities and other organizations	642,181,991	(7,477,226)	(5,117,625)	(12,594,851)	629,587,140
	652,285,645	**(8,721,011)**	**(5,237,898)**	**(13,958,909)**	**638,326,736**

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**

Impairment on loans and advances to customers

	Specific Impairment		**Collective Impairment**	
In thousands of Naira	**June 2013**	**December 2012**	**June 2013**	**December 2012**
Balance beginning of year	19,843,638	17,333,987	13,361,042	3,995,079
Acquired through business combination	-	25,421,641	-	265,764
Impairment loss for the year:	-	-	-	-
- Charge for the year	3,015,565	6,472,443	850,022	9,100,199
- Allowances no longer required	(3,649,813)	(9,601,287)	(8,973,167)	-
Net impairment for the year	(634,247)	(3,128,844)	(8,123,145)	9,100,199
Write-offs	(10,488,381)	(19,783,146)	-	-
Balance end of year	**8,721,010**	**19,843,638**	**5,237,897**	**13,361,042**

Advances under Finance Leases

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	**Group June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Gross investment in finance lease, receivable	4,157,885	2,569,890	4,157,885	2,569,890
Unearned finance income	(471,997)	(265,343)	(471,997)	(265,343)
Net investment in finance leases	3,685,888	2,304,547	3,685,888	2,304,547
Net investment in finance leases, receivable:				
Less than one year	401,942	292,051	401,942	292,051
Between one and five years	3,283,946	2,012,496	3,283,946	2,012,496
	3,685,888	2,304,547	3,685,888	2,304,547

26 Insurance receivables

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Due from agents, brokers and reinsurers	1,478,216	2,795,326	-	-
			-	-
Allowance for doubtful receivables	(705,740)	(2,167,989)	-	-
	772,476	**627,337**	-	-

Specific allowances for impairment for insurance receivables

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	2,167,989	1,210,000	-	-
Acquired from business combination	-	-	-	-
(Writeback)/additional allowance	(313,000)	768,672	-	-
Write-off during the year	(1,309,571)	-	-	-
Exchange difference	160,322	189,317	-	-
Balance, end of year	**705,740**	**2,167,989**	**-**	**-**

27 Investments in equity accounted investee

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	2,641,162	2,812,805	1,980,808	-
Acquired through business combination		-	-	1,980,808
Reversal of share of impairment		429,000	-	-
Share of Profit for the period	374,862	636,903	-	-
Share of OCI for the period	7,228			
Exchange difference		37,582	-	-
Dividends paid	(96,042)	-	-	-
Disposal during the period	-	(1,275,128)	(458,996)	-
			-	
Balance, end of year	2,927,211	2,641,162	1,521,812	1,980,808

In thousands of Naira	Reporting date	Ownership	Total assets	Total liabilities	Net Assets	Profit/(Loss)	Other Comprehensive income	Group share of profit/(loss)	Group share of OCI
2013									
Associated Discount House (associate)	30 June 2013	45%	186,051,401	179,017,786	7,033,615	855,418	15,910	388,634	7,228
Magnate Technology and Services (associate)	30 June 2013	40%	76,094	82,101	(6,007)	(34,429)	-	(13,772)	-
			186,127,495	179,099,887	7,027,608	820,989	15,910	374,862	7,228

In thousands of Naira	Reporting date	Ownership	Total assets	Total liabilities	Net Assets	Profit/(Loss)	Other Comprehensive income	Group share of profit/(loss)	Group share of OCI
2012									
Associated Discount House (associate)	31 December	45%	88,963,895	82,964,559	5,999,336	1,421,108	-	645,639	-
Magnate Technology and Services (associate)	31 December	40%	94,192	58,559	35,633	(21,841)	-	(8,736)	-
			89,058,087	83,023,118	6,034,969	1,399,267	-	636,903	-

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

The Group holds an equity interest of 1,067,117,591 ordinary shares of N 1.00 each in Associated Discount house as at 30 June 2013, representing 45% equity participation in the company (31 December 2012 - 1,067,117,591 ordinary shares, 38.32%). Dividend income received from ADH during the period totalled N96m.

The company was incorporated in October 1992 with the principal activities being the trading in treasury bills, Federal Government of Nigeria bonds, Bankers Acceptance and Commercial papers and the provision of funds/portfolio management and financial advisory services to its various financial and non-financial clients.

The Group holds an equity interest of 40% in Magnate Technology and Services Limited (MTSL) as at 30 June 2013 (31 December 2012 - 40%).
The company was incorporated in February, 2003 with the principal activities being the provision of security and communication services to its numerous clients via the use of its ICT platform.

There were no published price quotations for any associate. There are no significant restrictions on the ability of the associates to transfer funds to the group in the form of cash dividends, or repayments of loans or advances. Both associates were accounted for using the equity method.

The Group exercises significant influence in Associated Discount House and Magnate Technologies Limited respectively by virtue of its more than 20% shareholding in each of the entities and the representation of at least one director on the board of the companies and significant participation in the companies' operating and financial policies.

There are SME investments of N3.2billion of which the Bank has shareholdings of more than 20% but not less than 50%. These investments were classified as available for sale rather than as investment in associates or subsidiaries because the company does not have the power to excercise any influence or control over the entity. The Company's determination that it does not have any influence over these entities through it's shareholding has been based on the following factors in particular:

i. Access Bank Plc does not have any representation on the Board of these companies, nor does it have a right to appoint a director

ii Access Bank Plc does not participate in the policy-making decisions, nor does it have a right to participate in such policy-making decisions of these companies

iii There are no material transactions between Access Bank Plc and these companies, there is no interchange of personnel between the two companies and there is no sharing of technical information between the companies

iv Access Bank Plc has deemed these investments as fully impaired and thus has a nil carrying value in their books.

28 (a) Investment in subsidiary

In thousands of Naira	**Bank June 2013**	**Bank December 2012**
Subsidiaries with continuing operations		
Access Bank, UK	7,458,100	7,458,100
Access Bank, Ghana	13,704,428	13,704,428
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
Investment in RSPP scheme	460,579	-
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
Wapic Insurance Plc	4,868,119	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
Access Investment and Securities Limited	500,000	500,000
Subsidiaries undergoing liquidation		
Intercontinental Capital Markets Limited	672,500	672,500
Intercontinental Finance and Investment Limited	100,000	100,000
Intercontinental Registrars Limited	200,000	200,000
Intercontinental Trustees Limited	100,000	100,000
Intercontinental Securities Limited	391,598	391,598
Flexmore Technologies Limited	100,000	100,000
	44,191,418	54,420,178
Specific allowances for impairment on investment in subsidiaries	(7,138,990)	(11,210,490)
Balance, end of year	**37,052,428**	**43,209,688**

Specific allowances for impairment on investment in subsidiaries

In thousands of Naira	**Bank June 2013**	**Bank December 2012**
Balance, beginning of year	11,210,490	620,907
Acquired from business combination	-	6,979,647
Amount reclassified	(120,908)	-
Charge for the year	573,334	3,609,936
Allowance written off	(4,309,404)	-
Allowance no longer required	(214,522)	-
Balance, end of year	7,138,990	11,210,490

The Group owns over 50% equity shares in all the above listed subsidiaries (Note 50). Based on the contractual arrangements between the Group and the shareholders in each of the entities, the Group has the power to appoint and remove the majority of the board of Directors of each entity.

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

(b) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 30 June 2013, are as follows:

Condensed profit and loss

	AIS	Burundi	Sierra Leone	Congo	Access UK	Gambia	BV
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Operating income	-	202,226	115,444	595,704	1,376,313	405,927	1,958,714
Operating expenses	-	(210,021)	(202,954)	(538,078)	(1,075,148)	(334,363)	(1,917,468)
Net impairment on financial assets	-	-	-	(47,869)	-	15,742	-
Profit before tax	-	(7,795)	(87,510)	9,757	301,165	87,306	41,246
Taxation	-	-	(35,777)	-	-	(17,763)	(8,256)
Profit for the year	-	(7,795)	(123,287)	9,757	301,165	69,543	32,990

Condensed financial position

	AIS	Burundi	Sierra Leone	Congo	Access UK	Gambia	BV
Assets							
Cash and cash equivalents	-	867,764	1,416,780	2,146,636	90,800,797	-	20,380
Non pledged trading assets	-	-	1,560,016	-	-	3,307,038	-
Pledged assets	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	4,349,593	-	56,086,537
Loans and advances to customers	-	313,627	642,563	3,455,976	19,065,921	22,012	-
Insurance receivables	-	-	-	-	-	179,124	-
Investments in equity accounted investee	-	-	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-
Investment securities	-	535,988	-	3,845,601	19,220,726	-	-
Trading properties	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Property and equipment	-	154,149	204,369	847,247	59,632	-	-
Intangible assets	-	78,427	6,592	-	55,933	-	-
Deferred tax assets	-	-	-	-	216,771	1,021,686	-
Other assets	29,682	54,290	266,643	535,642	775,189	-	2,218,686
Assets classified as held for sale	-	-	-	-	-	-	-
	29,682	2,004,245	4,096,963	10,831,102	134,544,562	4,529,860	58,325,603
Financed by:							
Deposits from banks	-	-	6,157	-	73,314,954	-	-
Deposits from customers	-	861,870	2,779,380	9,051,983	52,119,356	3,307,038	-
Derivative Liability	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	57,444,378
Retirement benefit obligations	-	-	2,392	-	-	-	-
Current income tax liability	-	-	35,777	13,704	-	22,012	8,345
Other Liabilities	11,659	125,904	324,285	237,283	277,389	179,124	430,881
Claims Payable	-	-	-	-	-	-	-
Liabilities on Investment Contracts	-	-	-	-	-	-	-
Liabilities on Insurance contracts	-	-	-	-	-	-	-
Borrowings	-	-	-	-	2,403,619	-	-
Deferred tax liability	-	-	(86,567)	-	-	-	-
Contingent Settlement Provisions	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-
Equity	18,023	1,016,471	1,035,539	1,528,132	6,429,244	1,021,686	441,999
	29,682	2,004,245	4,096,963	10,831,102	134,544,562	4,529,860	58,325,603

(b) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at 30 June 2013, are as follows: (continued)

Condensed profit and loss

	Investment in RSPP	**Wapic**	**Ghana**	**Rwanda**	**Zambia**	**Rwanda**	**Cote d'ivoire**
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Operating income	-	494,546	6,901,433	876,619	643,450	876,619	199,447
Operating expenses	-	(971,195)	(3,028,140)	(564,955)	(598,694)	(498,243)	(368,160)
Net impairment on financial assets	-	465,989	-	(36,384)	(1,555)	(36,384)	-
Profit before tax	-	(10,660)	3,873,293	275,280	43,201	341,992	(168,713)
Taxation	-	3,185	(1,057,557)	(99,959)	(28,743)	(99,959)	-
Profit for the year	-	(7,475)	2,815,736	175,321	14,458	242,033	(168,713)

Condensed financial position

	Investment in RSPP	**Wapic**	**Ghana**	**Rwanda**	**Zambia**	**Rwanda**	**Cote d'ivoire**
Assets							
Cash and cash equivalents	-	5,822,441	14,057,277	6,909,548	5,470,395	6,909,548	1,706,439
Non pledged trading assets	-	-	17,534,645	1,365,343	1,733,822	1,365,343	-
Pledged assets	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-
Loans and advances to customers	-		22,525,888	1,347,754	2,889,327	1,347,754	1,844,330
Insurance receivables	-	772,476	-	-	-	-	-
Investments in equity accounted investee	-	-	22,206	-	-	-	-
Investment in subsidiaires	-	-	-	-	-	-	-
Investment securities	460,579	6,249,788	5,052,951	238,748	-	238,748	61,784
Trading properties	-	2,732,135	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Property and equipment	-	948,076	2,216,547	18,665	584,407	18,665	1,229,404
Intangible assets	-	72,027	83,977	82,763	19,963	82,763	-
Deferred tax assets	-	-	237,912	-	623,311	-	-
Other assets	-	2,323,758	3,576,031	306,000	1,872,170	306,000	147,958
		-	-				
	460,579	18,920,701	65,307,434	10,268,821	13,193,395	10,268,821	4,989,915
Financed by:							
Deposits from banks	-	-	611,389	16,127	6,199	16,127	2,865,346
Deposits from customers	-	-	46,641,206	7,668,932	11,774,239	7,668,932	4,700,228
Derivative Liability	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	-
Current income tax liability	-	481,560	650,798	-	-	-	-
Other Liabilities	460,579	2,453,906	2,727,228	645,250	207,521	645,250	288,080
Claims Payable	-	530,137	-	-	-	-	-
Liabilities on Investment Contracts	-	63,432	-	-	-	-	-
Liabilities on Insurance contracts	-	4,379,540	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Deferred tax liability	-	126,170	187,967	-	28,743	-	-
Contingent Settlement Provisions	-	-	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-	-	-
Equity	-	10,885,956	14,488,846	1,938,512	1,176,693	1,938,512	(2,863,739)
	460,579	18,920,701	65,307,434	10,268,821	13,193,395	10,268,821	4,989,915

(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**
	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
Operating expenses	(87,517,350)	5,238,351	(72,656,747)	(528,693)	(394,156)	(1,247,953)	(2,404,415)
Net impairment on financial assets	(10,790,651)	3,370,715	(11,616,078)	23,282	(52,288)	9,842	-
Profit before tax	44,880,148	7,905,265	37,028,147	43,924	87,893	(245,044)	226,965
Taxation	(2,018,307)	(129,327)	(674,504)	(10,544)	57,718	89,392	-
Profit for the year	42,861,841	7,775,938	36,353,643	33,380	145,611	(155,652)	226,965

Condensed financial position

	Group balances	Elimination entries	Access Bank Plc	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Zambia	The Access Bank UK
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
Non pledged trading assets	27,906,803	(368,575)	3,769,260	-	-	-	-
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
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
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
Intangible assets	3,404,945	555,121	2,339,510	-	10,218	13,238	84,983
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
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
Financed by:							
Deposits from banks	105,170,552	(20,631,164)	24,590,053	91,055	144,122	151,964	82,081,068
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
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)	-	-
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
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
	1,745,177,377	(106,618,815)	1,515,754,463	4,768,908	3,839,829	9,655,143	115,962,317

31 December 2012

	FinBank Burundi	Access Bank Cote d'Ivoire	Access Bank (R.D. Congo)	Access Investment and Securities	Access Bank Rwanda
	N'000	N'000	N'000	N'000	N'000
Operating income	554,386	192,997	943,121	-	1,378,163
Operating expenses	(883,685)	(3,384,152)	(1,116,419)	-	(1,203,919)
Net impairment on financial assets	(21,507)	21,988	(38,953)	-	23,162
Profit before tax	(350,806)	(3,169,167)	(212,251)	-	197,406
Taxation	(5,530)	-	-	-	(83,941)
Profit for the year	(356,336)	(3,169,167)	(212,251)	-	113,465
Assets					
Cash and cash equivalents	932,360	1,143,293	3,498,235	400,516	4,451,114
Non pledged trading assets	368,575	-	-	-	-
Pledged assets	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-
Loans and advances to customers	1,984,588	1,525,711	3,272,997	-	2,932,674
Insurance receivables	-	-	-	-	-
Investments in equity accounted investee	-	-	-	-	-
Investment in subsidiaires	-	-	-	-	-
Investment securities	-	57,963	8,178,988	-	2,550,574
Trading properties	-	-	-	-	-
Investment properties	-	-	-	-	-
Property and equipment	199,328	1,326,433	883,474	31,304	91,880
Intangible assets	57,395	18,591	58,929	-	19,608
Deferred tax assets/(liabilities)	-	-	-	-	-
Other assets	130,557	238,920	720,045	181,548	161,879
Assets classified as held for sale	-	-	-	-	-
	3,672,803	4,310,911	16,612,668	613,368	10,207,729
Financed by:					
Deposits from banks	-	3,077,492	-	-	19,290
Deposits from customers	2,513,741	3,485,893	14,438,029	-	8,205,697
Debt securities issued	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Retirement Benefit obligations	-	-	-	-	-
Current tax liabilities	-	-	-	205	165
Deferred tax liabilities	-	-	-	-	-
Other liabilities	187,337	419,136	368,833	84,050	188,263
Claims payable	-	-	-	-	-
Liabilities on investment contracts	-	-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing loans and borrowings	-	-	-	-	-
Contingent settlement provisions	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	-
Equity and reserves	971,725	(2,671,610)	1,805,806	529,113	1,794,314
	3,672,803	4,310,911	16,612,668	613,368	10,207,729

29 Investment securities

Available for sale investment securities *In thousands of Naira*	**Group June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Government bonds	6,834,300	12,023,268	4,427,550	12,023,268
Treasury bills	11,021,701	3,414,102	1,721,540	321,670
Eurobonds	15,589,352	8,906,991	15,589,352	8,906,991
Equity securities with readily determinable fair values	33,470,876	32,501,959	33,332,703	32,501,959
Unquoted equity securities at cost	3,145,697	3,282,468	3,145,697	3,191,162
Others	-	-	-	-
	70,061,926	60,128,788	58,216,842	56,945,050
Specific allowance for impairment on equity securities	(3,145,697)	(3,388,177)	(3,145,697)	(3,371,604)
	66,916,229	**56,740,611**	**55,071,145**	**53,573,446**

Held to maturity investment securities *In thousands of Naira*	**Group June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Treasury bills	12,080,536	15,971,283	-	-
Federal Government bonds	96,728,939	109,104,849	85,867,314	107,441,917
State Government bonds	10,092,842		10,092,842	-
AMCON bonds (see note (b) below)	250,816,340	238,833,801	250,816,340	238,833,801
Corporate bonds	4,742,244	10,702,325	4,742,244	5,080,987
Eurobonds	837,529	1,317,301	837,529	804,503
Local Contractors bonds	15,826,090	14,611,641	15,826,090	14,611,641
Other bonds		-	-	-
	391,124,520	390,541,200	368,182,359	366,772,849
Investment securities	**458,040,749**	**447,281,811**	**423,253,504**	**420,346,295**

Specific allowance for impairment on unquoted equity securities at cost *In thousands of Naira*	**Group June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Balance, beginning of year	3,388,177	3,195,441	3,371,604	118,441
Acquired through business combination		-		3,077,499
Allowance no longer required	(242,480)	-	(225,907)	-
Charge for the year		175,664		175,664
Exchange difference		17,072		-
Balance, end of year	**3,145,697**	**3,388,177**	**3,145,697**	**3,371,604**

(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.

30 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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	2,693,227	6,688,000	-	-
Additions and capital improvements	38,908	1,318,679	-	-
Asset classified as held for sale (see note 18)	-	(2,870,974)	-	-
Disposal of trading property	-	(2,421,534)	-	-
Transfer to investment properties	-	(20,944)	-	-
Balance, end of year	**2,732,135**	**2,693,227**	**-**	**-**

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

In thousands of Naira	Group June 2013	Group June 2012	Bank June 2013	Bank June 2012
Proceeds from disposal	-	1,305,989	-	-
Less: cost of trading property	-	(1,183,964)	-	-
	-	122,025	-	-
Profit on disposal transferred to discontinued operations	-	-	-	-
Profit on disposal of trading properties in continuing operations	**-**	**122,025**	**-**	**-**

(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.

31 Investment property

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 30 June 2013, 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. The portion of the investment property representing land is N16,205,564,000. The valuers used bythe bank are Azuka Iheabunike & Partners and Diya Fatimilehin & Co. The method of valuation used is the open market basis There is no rental income from investment property during the year and no restrcitions on the reaslisability of the property. The property is held for capital appreciation.

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	14,360,567	16,201,199	14,072,673	12,521,198
Acquired through business combination		-	-	2,187,747
Additions during the year	39,564	1,799,293	39,564	-
Transfer from trading properties	-	20,944	-	-
Asset classified as held for sales (see note 11)	-	(403,707)	-	-
Loss of control	-	(377,624)	-	-
Fair value gain/(loss)	2,470,116	(581,582)	2,470,116	(581,582)
Disposals during the period	(395,894)	(2,297,956)	(108,000)	(54,690)
	16,474,353	14,360,567	16,474,353	14,072,673
Allowances for impairment	-	-		-
Balance, end of period	**16,474,353**	**14,360,567**	**16,474,353**	**14,072,673**

32 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 2013	50,399,801	25,517,339	29,770,062	12,964,846	10,758,289	129,410,336
Acquisitions	(1,606,737)	(12,078,329)	(8,269,055)	(4,717,929)	-	(26,672,050)
Disposals	453,842	427,474	1,356,947	725,614	2,411,130	5,375,006
Reversals	(251,105)	(300)	(126,207)	(690,095)	(991,580)	(2,059,287)
Transfers	403,769	(24,768)	9,833	(78,435)	(198,940)	111,458
Transfer (to)/from other assets	-	-	-	-	(2,095)	(2,095)
Translation difference	(76,596)	(1,624,995)	559,170	(728,570)	(1,997,526)	(3,868,517)
Balance at 30 June 2013	49,322,974	12,216,421	23,300,750	7,475,431	9,979,278	102,294,853
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

Depreciation and impairment losses
Group

	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2013	9,176,583	20,884,685	23,764,029	9,958,148	-	63,783,445
Acquired from business combination	(3,569,815)	(12,367,322)	(8,961,935)	(4,960,953)	-	(29,860,025)
Charge for the year	1,712,323	1,553,098	1,711,878	470,203	-	5,447,502
Disposal	(15,023)	(283)	(105,470)	(651,401)	-	(772,177)
Transfers to assets held for sale	-	-	-	-	-	-
Reversal	202,136	(111,119)	51,524	(45,891)	-	96,650
Translation difference	(285,355)	(285,457)	(1,454,710)	(437,810)	-	(2,463,332)
Balance at 30 June 2013	7,220,849	9,673,601	15,005,317	4,332,297	-	36,232,063
Balance at 1 January 2012	7,818,486	18,215,334	21,032,716	9,422,427	-	56,488,963
Acquired from business combination					-	-
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
Carrying amounts:						
Balance at 30 June 2013	**42,102,125**	**2,542,819**	**8,295,434**	**3,143,134**	**9,979,278**	**66,062,788**
Balance at 31 December 2012	41,223,218	4,632,654	6,006,033	3,006,697	10,758,289	64,565,889

(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 (2012: nil).

32 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 2013	46,217,159	22,634,116	28,266,330	11,052,836	8,653,438	116,823,879
Acquired from business combination	(1,818,744)	(12,087,147)	(8,279,181)	(4,771,710)	-	(26,956,782)
Acquisitions	448,165	374,627	1,142,483	546,657	2,378,503	4,890,435
Disposals	(251,105)	(300)	(102,632)	(534,127)	(991,580)	(1,879,744)
Reversals						
Write off						
Transfers	133,856	4,009	45,391	12,810	(196,066)	-
Balance at 30 June 2013	**44,729,331**	**10,925,306**	**21,072,391**	**6,306,466**	**9,844,295**	**92,877,789**
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

Depreciation and impairment losses

Bank	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2013	8,168,793	19,654,952	21,439,095	8,622,589	-	57,885,429
Acquired from business combination	(3,590,887)	(12,370,384)	(8,976,000)	(4,994,000)	-	(29,931,271)
Charge for the year	1,643,670	1,461,408	1,547,205	339,340	-	4,991,623
Disposal	(15,023)	(283)	(83,470)	(519,212)	-	(617,988)
Reversals						
Balance at 30 June 2013	**6,206,554**	**8,745,693**	**13,926,830**	**3,448,717**	**-**	**32,327,793**
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					-	-
Balance at 31 December 2012	8,168,793	19,654,952	21,439,095	8,622,589	-	57,885,429
Carrying amounts:						
Balance at 30 June 2013	**38,522,777**	**2,179,613**	**7,145,560**	**2,857,749**	**9,844,295**	**60,549,995**
Balance at 31 December 2012	38,048,366	2,979,164	6,827,235	2,430,247	8,653,438	58,938,450

(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) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2013 is N1,500,948,208 (2012:N3,007,622,023)

(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.

33 Intangible assets
(a) Group

In thousands of Naira	**Goodwill**	**Purchased Software**	**Total**
Cost			
June 2013			
Balance at 1 January 2013	681,007	9,682,952	10,363,959
Acquisitions	-	(4,015,858)	(4,015,858)
Transfer from other assets	-	860,081	860,081
Disposals	-	8,200	8,200
Translation difference	-	-	-
	-	(152,133)	(152,133)
Balance at 30 June 2013	681,007	6,383,243	7,064,250
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
Amortization and impairment losses			
Balance at 1 January 2013	-	6,959,014	6,959,014
Acquired through business combination	-	(4,015,858)	(4,015,858)
Amortization for the period	-	675,376	675,376
Disposals	-	-	-
Translation difference	-	-	-
Reclassification	-	(6,192)	(6,192)
Transfers to assets held for sale (see Note 11)	-	-	-
Translation difference	-	(85,737)	(85,737)
Balance at 30 June 2013	-	3,526,604	3,526,604
Balance at 1 January 2012	687,427	6,090,436	6,777,863
Acquired through business combination	-	-	-
Amortization for the period	-	1,335,149	1,335,149
Disposals	-	(33,019)	(33,019)
Translation difference	-	-	-
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
Carrying amounts			
Balance at 30 June 2013	**681,007**	**2,856,639**	**3,537,646**
Balance at 31 December 2012	681,007	2,723,938	3,404,945

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

33 Intangible assets
(b) Bank

In thousands of Naira	**Goodwill**	**Purchased Software**	**Total**
Cost			
June 2013			
Balance at 1 January 2013	-	8,618,430	8,618,430
Acquired through business combination	-	(4,015,858)	(4,015,858)
Acquisitions	-	813,888	813,888
Transfer (to)/from other assets			
Balance at 30 June 2013	-	5,416,461	5,416,461
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
Amortization and impairment losses			
Balance at 1 January 2013	-	6,278,920	6,278,920
Acquired through business combination	-	(4,015,858)	(4,015,858)
Amortization for the period	-	585,528	585,528
Balance at 30 June 2013	-	2,848,591	2,848,591
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
Carrying amounts			
Balance at 30 June 2013	-	**2,567,870**	**2,567,870**
Balance at 31 December 2012	-	2,339,510	2,339,510

There were no capitalised borrowing costs related to the internal development of software during the year. (2012: nil)

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

In thousands of Naira	**June 2013**	**December 2012**
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)	(369,714)
	681,007	681,007

(d) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. No impairment losses on goodwill were recognized during the period ended 30 June 2013 (2012: Nil)

34 Deferred tax assets and liabilities

a Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2013			December 2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	3,435,227	(365,486)	3,069,741	4,199,548	-	4,199,548
Allowances for loan losses	1,588,499	-	1,588,499	2,752,691	-	2,752,691
Tax loss carry forward	3,417,495	-	3,417,495	946,258	-	946,258
Employee benefits	-	(2,156)	(2,156)	345,618	-	345,618
Unrealised exchange differences	70,791	-	70,791	-	(130,142)	(130,142)
Net defered tax assets/(liabilities)	8,512,012	(367,641)	8,144,371	8,244,115	(130,142)	8,113,973

b Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2013			December 2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	3,112,684	-	3,112,684	3,929,363	-	3,929,363
Allowances for loan losses	1,569,097	-	1,569,097	2,732,406	-	2,732,406
Tax loss carry forward	2,640,909	-	2,640,909	-	-	-
Employee benefits		-	-	345,618	-	345,618
Others	-	-	-	-	-	-
Net defered tax assets/(liabilities)	7,322,690	-	7,322,690	7,007,387	-	7,007,387

There were no unrecognized deferred tax assets or liabilities as at 30 June 2013 (31 December 2012: 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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	8,113,975	2,930,928	7,007,387	(2,841,403)
Acquired from business combination	-	-		4,369,987
Tax Credit/(Charge)	286,560	6,019,210	315,303	5,478,803
Assets classified as held for sale	-	(722,718)	-	-
Translation adjustments	(256,164)	(113,447)	-	-
Net deferred tax assets/(liabilities)	8,144,371	8,113,973	7,322,690	7,007,387
Out of which				
Deferred tax assets	8,512,012	8,244,115	7,322,690	7,007,387
Deferred tax liabilities	(367,641)	(130,142)	-	-

35 Other assets

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Restricted deposits with central banks (see note (a) below)	111,959,074	109,107,275	111,441,874	107,833,227
Accounts receivable	45,475,169	44,311,488	40,642,452	35,798,679
Cash collateral receivable on letters of credit transactions	8,148,661	14,184,249	7,847,682	14,184,249
Receivable from AMCON (see note (b) below)	5,780,566	26,581,778	5,780,566	26,581,778
Prepayments	13,829,342	8,515,186	8,400,624	6,276,947
Subscription for investment	938,099	28,911	4,159,119	3,741,861
	186,130,911	202,728,887	178,272,317	194,416,741
Allowance for impairment on other assets	(24,278,887)	(25,686,260)	(23,095,313)	(25,151,856)
	161,852,024	**177,042,627**	**155,177,004**	**169,264,885**

(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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of period/year	25,686,260	26,798,394	25,151,856	688,575
Asset classified as held for sale	-	(87,710)	-	-
Acquired through business combination		-	-	24,655,287
	25,686,260	26,710,684	25,151,856	25,343,862
Impairment loss for the year:				
- Amount reclassified	-	-	120,908	-
- Allowance during the year	820,067	2,801,248	49,989	2,679,236
- Allowance no longer required	(911,956)	(863,661)	(911,956)	(863,661)
Net impairment for the year	25,594,371	28,648,271	24,410,797	27,159,437
Allowance written off	(1,315,484)	(2,907,611)	(1,315,484)	(2,007,581)
Translation difference	-	(54,400)	-	-
Balance, end of period/year	**24,278,887**	**25,686,260**	**23,095,313**	**25,151,856**

36 Deposits from banks

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Money market deposits	-	61,975,171	-	8,267,867
Other deposits from banks	11,000,558	43,195,381	16,474,521	16,322,186
	11,000,558	**105,170,552**	**16,474,521**	**24,590,053**

37 Deposits from customers

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Term deposits	464,936,465	455,189,956	425,287,836	422,272,257
Demand deposits	709,882,218	596,874,756	625,835,280	530,142,705
Saving deposits	104,916,173	149,417,284	98,485,588	141,564,258
	1,279,734,856	**1,201,481,996**	**1,149,608,703**	**1,093,979,219**

38 Debt securities issued

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Debt securities at amortized cost:				
Eurobond debt security (see Note (a) below)	57,444,378	54,685,891	-	-
	57,444,378	**54,685,891**	-	-

(a) The amount of N57,444,378,000 (USD359,027,363) 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.

39 Retirement benefits obligations

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Recognised liability for defined benefit obligations (see note (a) below)	2,824,636	2,220,841	2,824,636	2,220,841
Liability for defined contribution obligations	113,611	266,748	111,219	264,252
	2,938,247	**2,487,589**	**2,935,855**	**2,485,093**

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

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Long term incentive plan (see note (i) below)	2,824,636	2,220,841	2,824,636	2,220,841
Recognised liability for defined benefit obligations	**2,824,636**	**2,220,841**	**2,824,636**	**2,220,841**

(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 objectives.

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 June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Deficit on defined benefit obligations at 1 January	2,220,841	1,068,780	2,220,841	1,068,780
Charge for the period:				
-Interest costs	154,969	367,126	154,969	367,126
-Current service cost	129,138	284,807	129,138	284,807
-Past service cost	319,688	1,268,745	319,688	1,268,745
Net actuarial gain for the year		(768,617)		(768,617)
	2,824,636	2,220,841	2,824,636	2,220,841
Balance, end of year	**2,824,636**	**2,220,841**	**2,824,636**	**2,220,841**

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 June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
Current service cost	154,969	284,807	154,969	284,807
Interest on obligation	129,138	367,126	129,138	367,126
Unrecognized past service cost	319,688	1,268,745	319,688	1,268,745
Net actuarial gain recognized in the year		(768,617)		(768,617)
Total expense recognised in profit and loss (see Note 17)	603,795	1,152,061	603,795	1,152,061

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

In thousands of Naira	**Group June 2013**	**Group December 2012**	**Bank June 2013**	**Bank December 2012**
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)	12%	22%	12%	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)	0%	8%	0%	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 12% as at 31 December 2012. The inflation component has been worked out at 0% 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.

40 Other liabilities

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Creditors and accruals	7,275,546	5,499,135	1,802,859	238,239
Certified cheques	2,893,475	3,682,992	2,817,854	3,541,404
Deferred income	-	1,258,227	-	-
Customers' deposit for foreign trade	22,713,816	24,611,573	22,634,182	24,611,573
Collections	9,881,594	7,060,531	9,751,353	6,981,570
Unclaimed dividend	-	687,665	-	-
Other current liabilities	13,572,362	15,618,137	12,051,198	14,873,378
Deposit for shares	1,460,282	-	-	-
	57,797,075	**58,418,260**	**49,057,446**	**50,246,164**

41 Claims payable

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Balance, beginning of year	118,226	450,000	-	-
Additions during the year	411,911	954,771	-	-
Payment during the year	-	(1,286,545)	-	-
Balance, end of year	**530,137**	**118,226**	-	-

42 Liabilities on investment contracts

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Deposit administration funds	63,432	65,591	-	-
	63,432	**65,591**	-	-

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.

43 Liabilities on insurance contracts

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Life assurance contracts	1,734,775	1,706,069	-	-
Non-life insurance contracts	2,644,765	1,645,165	-	-
	4,379,540	**3,351,234**	-	-

44 Interest bearing loans and borrowings

In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
African Development Bank (see note (a))	2,844,625	2,342,400	2,844,625	2,342,400
French Development Finance Company (see note (b))	975,300	-	975,300	-
Netherlands Development Finance Company (see note (c))	1,625,500	-	1,625,500	-
Finnish Fund for Industrial Cooperation (fFINFUND)(see note (d))	541,833	-	541,833	-
Belgian Investment Company for Developing Countries (BIO)(see note (e))	243,825	-	243,825	-
European Investment Bank (see note (f))	4,117,867	-	4,117,867	-
International Finance Corporation (see note (g))	609,561	7,154,970	609,561	7,154,970
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (h))	8,750,000	17,401,885	8,750,000	17,401,885
Bank of Industry-Intervention Fund for SMEs (see note (i))	12,943,108	13,192,955	12,943,108	13,192,955
Bank of Industry-Power & Airline Intervention Fund (see note (j))	17,814,201	-	17,814,201	55,502,694
Access Finance B.V. (see note (k))	-	-	57,840,560	-
Access Finance B.V.	-	102	400,328	-
Other loans and borrowings	543,310	-	186,619	-
	51,009,131	**40,092,312**	**108,893,328**	**95,594,904**

(a) The amount of N2,844,625,000 (USD 17,500,000) represents the outstanding balance in the on-lending facility granted to the Bank by ADB (Africa Development Bank) in August 2007 for a period of 9 years. The principal amount is repayable semi-annually from February 2010 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.28%.

(b) The amount of N975,300,000 (USD 6,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company in February 2013 for a period of 6.5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 4.55%.

(c) The amount of N1,625,500,000 (USD 10,000,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Develoment Finance Company in February 2013 for a period of 6.5 years. The principal amount is repayable semi-annually from 2010 while interest is paid semi annually at 3.75% above 6 months LIBOR. The annual effective interest rate is 4.49%.

(d) The amount of N541,833,000 (USD 3,333,333) represents the outstanding balance in the on-lending facility granted to the Bank by the Finnish Fund for Industrial Cooperation in July 2007 for a period of 8 years. The principal amount is repayable semi-annually from September 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.46%.

(e) The amount of N243,825,000 (USD 1,500,000) represents the outstanding balance in the on-lending facility granted to the Bank by the Belgian Investment Company for developing countries in March 2007 for a period of 7 years. The principal amount is repayable semi-annually from March 2012 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.74%.

(f)

The amount of N4,117,867,000 (USD 25,881,302) represents the outstanding balance in three on-lending facilities granted to the Bank by the European Investment Bank (EIB) in July 2005, May 2007 & May 2013 for a period of 8, 6.5 and 6 years respectively. The average annual effective interest rate is 4.46%.

(g)

The amount of N609,563,000 (USD 3,750,000) represents the outstanding balance in the on-lending facility granted to the Bank by the International Finance Corporation (IFC) in September 2006 for a period of 8 years. The principal amount is repayable semi-annually from September 2011 while interest is paid semi annually at 4% above 6 months LIBOR. The annual effective interest rate is 5.67%.

(h)

The amount of N8,750,000,000 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.

(i)

The amount of N12,943,108,000 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.

(j)

The amount of N17,814,201,000 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.

(k)

The amount of N57,840,560,000 (USD355,832,419) represents the borrowings of Access Bank Plc from Access Finance BV in respect of the 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. The annual effective interest rate is 7.74%.

45 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.

46 Capital and reserves

A Share capital

	In thousands of Naira	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
(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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
(b)	Issued and fully paid-up :				
	22,882,918,908 Ordinary shares of 50k each				
	(31 December 2012: 22,882,918,908 of 50k each)	**11,441,460**	11,441,460	**11,441,460**	11,441,460

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

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

In thousands of units	Group June 2013	Group December 2012	Bank June 2013	Bank December 2012
Share premium	**165,186,795**	165,186,795	**165,186,795**	165,186,795

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 N2,800,569,000 (December 2012: N5,453,046,000) to statutory reserves during the period, being 15% of profit after tax (December 2012: 15%).

(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 treasury shares of N400.7m as at 30 June 2013 (31 December 2012: Nil). This represents the shares held by the new RSPP scheme which have not yet been allocated to staff based on the pre-determined vesting conditions.

(iv) Capital reserve

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

(v) 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.

(v) Fair value reserve

The fair value reserve comprises the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired. This reserve also includes valuation of property and equipment.

(vi) 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.

(vii) Retained earnings

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

D Non-controlling interest

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

In thousands of Naira	Group June 2013	Group December 2012
Access Bank, Gambia	132,819	(88,493)
Access Bank, Sierra Leone	20,711	16,607
Access Bank Zambia	141,203	-
Access Bank, Rwanda	484,628	448,578
Access Bank, Burundi	132,141	126,324
Omni Finance Bank, Cote D'Ivoire	(171,824)	(162,001)
Access Bank, Ghana	724,442	1,144,922
Wapic Insurance Plc	4,136,663	3,301,982
Intercontinental Homes and Savings Plc	-	2,052,913
Intercontinental Properties Limited	-	1,258,762
	5,600,783	**8,099,594**

47 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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Less than one year	324,076	409,015	162,850	143,917
Over one year	3,010,386	3,506,223	2,952,374	3,049,088
	3,334,462	**3,915,238**	**3,115,224**	**3,193,005**

48 **Contingencies**
Claims and litigation
The Group is a party to numerous legal actions arising out of its normal business operations.

The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. Consequently, no provision has been made in these financial statements.

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 N381,676,893 (31 December 2012: N381,893,653,000) and N304,159,343 (31 December 2012: N310,847,061,000) 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 June 2013	Group December 2012	Bank June 2013	Bank December 2012
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	45,324,841	-	-
Transaction related bonds and guarantees	189,450,789	151,107,937	160,302,496	147,222,001
Guaranteed facilities	39,117,246	31,623,305	37,476,512	25,763,514
	228,568,035	**228,056,083**	**197,779,008**	**172,985,515**
Commitments:				
Clean line facilities for letters of credit and other commitments	159,668,581	153,837,570	106,380,335	137,861,546
	159,668,581	**153,837,570**	**106,380,335**	**137,861,546**

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

49 Prior Period Corresponding Balances

Certain prior period balances have been reclassifed in line with current period presentation due to the following reasons:
- The components of underwriting profit were presented instead of showing a gross total amount

The reclassifications as shown below are not material enough to impact significantly the results of operations of the Group for 2012, therefore the Group did not prepare a third statement of financial position. The reclassification was done so as to ensure that the expense items were classed according to their type and that like items were disclosed together.

(i) Underwriting profit

In thousands of Naira

	June 2012
Balance previously reported	
Underwriting profit	699,556
	699,556
As is currently stated	
Insurance premium income	1,911,183
Insurance premium ceded to Reinsurers	(218,551)
Claims incurred	(540,819)
Underwriting expenses	(452,257)
	699,556

50 Group entities

(i) Subsidiaries (with continuing operations)

Set out below are the group's subsidiaries as at 30 June 2013. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

	Nature of business	Country of incorporation	Ownership interest June 2013	Ownership interest December 2012
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 (see note (a) below)	Banking	Zambia	88%	100%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank (R.D. Congo)	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	95%	92%
Wapic Insurance Plc	Insurance	Nigeria	62%	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 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.

(b) The shareholding of the group in Access Bank Zambia reduced from 100% to 88% during the period. This was as a result of a private placement carried out by the Subsidiary where it acquired local shareholders. The change in the shareholding did not result in a loss of control nor did it result in negative consequency for the group.

(ii) Subsidiaries held for sale

	Nature of business	Country of incorporation	Ownership interest June 2013	Ownership interest December 2012
Intercontinental Homes and Savings Limited	Financial Services	Nigeria	0%	52%
Omni Finance Bank, Cote d'Ivoire	Banking	Cote d'Ivoire	94%	94%
Intercontinental Bank (UK) Plc	Banking	United Kingdom	0%	100%
FinBank Burundi	Banking	Burundi	87%	87%
Access Investment and Securities	Investment management & securities dealing	Nigeria	100%	100%

Intercontinental Bank UK and Intercontinental Homes were both sold to third parties during the period. See proceeds of sale as well as dicontinued operations during the period in note 10.

(iii) Subsidiaries undergoing liquidation

	Nature of business	Country of incorporation	Ownership interest June 2013	Ownership interest December 2012
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.

(iv) Special purpose entities:

			Ownership interest	
		Country of incorporation	June 2013	December 2012
Investment in RSPP scheme (see note 14b)		Nigeria	100%	-
Project Star Investment Limited		Nigeria	0%	100%
(v) Associates				
Associated Discount House Limited	Financial services	Nigeria	45%	45%
Magnate Technology and Services Limited	IT Services	Ghana	40%	40%

51 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 non-compliance with the CBN Cash-less initiative (Penalty: N1.3million)

The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for retaining a Director on the Board after his expected tenure had expired (Penalty: N2million)

The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for granting credit facilities to four of its directors in excess of 10% of its paid up capital against the provisions of CBN Circular No BSD/9/2004 (Penalty: N2million)

The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for executing three (3) loan agreements for on-lending facilities without the CBN's approval (Penalty: N6million)

The Bank was penalised by the Central Bank of Nigeria (CBN) during the year for not appointing at least two independent directors to its board (Penalty: N2million)

52 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.

Associated companies

a **Subsidiaries**

Transactions between Access Bank Plc and its subsidiaries also meet the definition of related party transactions. Subsidiaries engaged in the following transactions with the Group during the period:

In thousands of Naira

	June 2013	December 2012
i Loans and advances:		
Secured loans and advances	2,438,484	2,342,400

	June 2013	December 2012
ii Deposits:		
Total deposits	795,099	1,193,113

b **Associates**

There were no transactions involving loans and deposits with Associates during the period.

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:	**June 2013**	**December 2012**
In thousands of Naira		
Secured loans and advances	91,536,402	82,577,604

Deposits:	**June 2013**	**December 2012**
In thousands of Naira		
Total deposits	819,868	2,251,096

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	**June 2013**	**June 2012**
Non-executive Directors		
Fees	46,500	39,000
Other emoluments:		
Allowances	184,543	162,291
	231,043	201,291
Executive directors		
Short term employee's benefit	370,948	370,948
Defined contribution plan	9,281	8,438
Long term incentive plan	603,795	901,895
	984,024	**1,281,281**
Total compensation to key management personnel	**1,215,067**	**1,482,572**

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 June 30, 2013 is N100,841,277,000 (Direct N90,126,402,000 ; Indirect N10,714,875,000). 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.

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	1,148,983	Performing	Legal Mortgage
				Term Loan	460,262	Performing	
				Overdraft	84,368	Performing	
2	Combined Industrial Agro.	Chairman	Mr Gbenga Oyebode	Overdraft	145,757	Performing	Corporate Guarantee
3	MTN Communications	Chairman & Director	Mr Gbenga Oyebode & Mr Tunde Folawiyo	Term Loan	28,333,333	Performing	Negative Pledge
4	Timbuktu Media Limited	Chairman & Director	Mr Gbenga Oyebode & Mr Tunde Folawiyo	On Lending	135,000	Performing	1. Debenture on the company's assets
				BOIF			2. Domiciliation of receivables of
				Overdraft	1,322	Performing	Timbuktu Media Limited.
5	Neconde Energy Limited	Director	Mr Tunde Folawiyo	Syndicated reserve based lending	6,942,960	Performing	All Asset Debenture and Lien on Deposit
6	Aries Exploration And Production Company	Director	Mr Tunde Folawiyo	Term Loan	6,908,375	Performing	All Asset Debenture, Lien on Shares
7	Enyo Trading Company Ltd / Glencore Energy UK Ltd	Director	Mr Tunde Folawiyo	Overdraft	12,487,665	Performing	Lien on Deposit
8	DTD Services Limited	Director	Mr. Tunde Folawiyo	Term Loan	610,104	Performing	Legal Mortgage on Aircraft Financed Lien on 8.2mGP in sister company worldwide
9	Marina Securities Limited	Brother of Director of the Bank	Mr Aigbovbioise Aig-Imoukhuede	Term Loan	450,000	Performing	1. Legal mortgage on 3 storey buildings 2. Lien on shares worth N963m
				Time Loan	1,500,000	Performing	3. Lien on $6.2m investment.
				Overdraft	1,525,597	Performing	
10	SIC Property and Investment Company	Director	Mr. Dere Otubu	Overdraft	596,602	Performing	Legal Mortgage, Lien on Deposit
				Term Loan	2,370,000	Performing	
11	Blatech Ltd	Director	Mr. Dere Otubu	Time Loan	51,000	Performing	Domiciliation of proceeds of the Company's receivables.
13	Coscharis Motors	Ex-Director	Dr. Cosmas Maduka	Usance	985,593	Performing	1. Trip. Legal Mortgge.
				Term Loan	825,000	Performing	2. Lien of Vessel & Barges.
				Overdraft	23,562,046	Performing	3. Related ex-Director's shareholding in
15	C.G. Biostadt Lim	Director	Dr. Cosmas Maduka	Overdraft	805,922	Performing	Corporate Guarantee
16	Swiss Biostadt Limited	Director	Dr. Cosmas Maduka	Overdraft	6,635	Performing	Corporate Guarantee
				Usance	189,877	Performing	
	Balance, end of period				**90,126,402**		

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	Letter of credit	2,988,000	Performing	
Yinka Folawuyo & Co.	Director	Mr. Tunde Folawiyo	Custom Bond	350	Performing	
Coscharis Technologies	Director	Mr. Cosmas Maduka	Letter of credit	500,000	Performing	Negative Pledge Corporate Guarantee
Coscharis Motors Limited	Director	Mr. Cosmas Maduka	Letter of credit	6,900,000	Performing	Negative Pledge
DTD Services	Director	Tunde Folawuyo		45,000	Performing	
C.G Brostadt Limited	Ex-Director	Mr. Cosmas Maduka		189,000	Performing	Corporate Guarantee
Swiss Biostadt Limited	Ex-Director	Mr. Cosmas Maduka	Letter of credit	92,525	Performing	Corporate Guarantee
Total				**10,714,875**		

53 Events after the end of the reporting period

Subsequent to the end of the reporting period, the Board of Directors proposed an interim dividend of 25 kobo each on the issued share capital of 22,882,918,908 ordinary shares of 50kobo each as at 30 June 2013. There are no other post balance sheet event that required disclosure in these consolidated financial statements.

Other financial Information
Value Added Statement
For the six months period ended 30 June 2013
In thousands of Naira

	Group June 2013	%	Group June 2012	%	Bank June 2013	%	Bank June 2012	%
Gross earnings	104,127,193		109,958,536		88,471,624		96,267,381	
Interest expense	(33,922,761)		(29,302,288)		(30,258,650)		(26,662,469)	
	70,204,432		80,656,248		58,212,974		69,604,912	
Group's share of associate's profit/(loss)	374,862		-		-		-	
Net impairment loss on financial assets	10,183,079		(1,856,115)		9,557,231		(3,905,016)	
Bought-in-materials and services	(15,703,353)		(10,312,297)		(10,315,105)		(7,641,675)	
'- Foreign	-		-		-		-	
Value added	**65,059,020**		**68,487,837**		**57,455,100**		**58,058,221**	
Distribution of Value Added				%				%
To Employees:								
Employees costs	15,641,273		21,512,150	32	12,728,481		17,909,043	30
To government								
Government as taxes	5,376,866		3,517,634	2	4,131,996		2,668,743	1
To providers of finance								
Interest on borrowings	2,404,919		18,589	4	2,398,791		-	3
Dividend to shareholders	13,729,751		6,866,475	12	13,729,751		6,866,475	14
Retained in business:								
- For replacement of property and equipment	6,078,358		6,687,586	11	5,577,191		6,017,540	11
- For replacement of equipment on lease	731,288		900,242	2	644,101		747,059	2
- For replacement of available for sale financial assets	3,020,288		3,340,161	3	(259,183)		(47,760)	5
- To augment reserve	18,076,277		25,644,999	21	18,503,972		23,897,121	20
	65,059,020		**68,487,837**	**87**	**57,455,100**		**58,058,221**	100

Other financial Information
Five-year Financial Summary

Group	**June 2013 6 months**	**December 2012 12 months**	**December 2011 12 months**	**December 2010 12 months**	**December 2009 9 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and cash equivalents	220,929,837	296,184,966	191,518,474	123,957,778	155,076,424
Non pledged trading assets	27,692,337	27,906,803	10,812,122	30,969,755	11,563,193
Pledged assets	50,941,851	60,949,856	66,191,144	59,930,096	7,591,114
Derivative financial instruments	7,097	30,949	9,909	1,110,803	3,002,720
Loans and advances to banks	6,993,907	4,564,943	775,765	610,108	70,526
Loans and advances to customers	684,697,643	604,073,399	576,228,507	447,810,358	385,313,186
Insurance receivables	772,476	627,337	1,405,000	-	-
Investments in equity accounted investee	2,927,211	2,548,828	2,812,805	-	300,156
Investment in subsidiary	-	-	-	-	-
Investment securities	458,040,749	447,281,811	561,733,704	69,892,874	73,745,086
Trading properties	2,732,135	2,693,227	6,688,000	-	-
Investment properties	16,474,353	14,360,567	16,097,044	12,943,078	1,404,000
Property and equipment	66,062,788	64,565,889	67,647,817	23,807,982	27,680,220
Intangible assets	3,537,646	3,404,945	3,277,608	2,718,899	2,880,706
Deferred tax assets	8,512,012	8,113,973	2,930,928	2,458,597	3,779,129
Other assets	161,852,024	177,042,627	120,874,368	20,006,440	16,927,332
Assets classified as held for sale	6,970,997	30,827,257	-	-	-
Total assets	1,719,145,063	1,745,177,377	1,629,003,195	796,216,768	689,333,792
Liabilities					
Deposits from banks	11,000,558	105,170,552	146,808,286	69,889,795	43,216,841
Deposits from customers	1,279,734,856	1,201,481,996	1,101,703,921	484,723,475	442,334,863
Derivative financial instruments	6,538	35,515	9,413	725,007	1,833,327
Debt securities issued	57,444,378	54,685,891	-	-	2,604,276
Retirement benefit obligations	2,938,247	2,487,589	1,876,578	-	-
Current tax liabilities	4,409,732	8,738,602	9,747,004	3,492,485	6,982,030
Other liabilities	57,797,075	58,271,349	140,772,972	49,977,525	28,723,169
Claims payable	530,137	118,226	450,000	-	-
Liabilities on investment contracts	63,432	65,591	61,000	-	-
Liabilities on insurance contracts	4,379,540	3,351,234	2,703,000	-	-
Interest-bearing loans and borrowings	51,009,131	40,092,312	29,258,273	22,760,350	3,376,945
Deferred tax liabilities	367,641	-	-	-	-
Contingent settlement provisions	3,548,250	3,548,250	3,548,000	-	-
Liabilities classified as held for sale	5,977,751	25,793,512	-	-	-
Total liabilities	1,479,207,266	1,503,840,619	1,436,938,447	631,568,637	529,071,451
Equity					
Share capital and share premium	176,628,255	176,628,255	155,104,963	155,104,963	154,291,861
Retained earnings	15,835,743	17,764,295	(6,744,577)	(10,785,618)	(9,980,792)
Other components of equity	41,873,016	38,498,341	20,649,521	19,629,454	15,092,981
Non controlling interest	5,600,783	8,099,594	23,054,841	699,332	858,291
Total equity	239,937,797	240,990,485	192,064,748	164,648,131	160,262,341
Commitments and contingents	388,236,616	381,893,653	414,981,761	238,881,422	138,055,511
Gross earnings	104,127,193	109,958,536	135,635,180	90,644,073	87,531,150
Profit/(Loss) before income tax	26,090,467	30,205,587	24,107,026	12,584,231	(3,955,124)
Profit/(Loss) from continuing operations	20,713,601	26,687,953	17,077,918	7,727,399	(2,088,034)
Discontinued operations	382,964	(244,543)	(1,699,596)	-	-
Profit for the year	21,096,565	26,443,410	15,378,322	7,727,399	(2,088,034)
Non controlling interest	99,259	28,674	(879,093)	176,442	207,584
Profit attributable to equity holders	21,195,824	26,472,084	14,499,229	7,903,841	(1,880,450)
Dividend paid	13,729,751	12,588,538	8,944,125	3,577,650	11,349,982
Earning or (loss) per share -Basic	92k	115k	102k	44k	-12k
- Adjusted	92k	115k	102k	44k	-12k
Number of ordinary shares of 50k	22,842,855,543	22,882,918,908	17,888,251,478	16,262,046,799	16,262,046,799

Other financial Information
Five-year Financial Summary

	IFRS			NGAAP	
Bank	**June 2013 6 months**	**December 2012 12 months**	**December 2011 12 months**	**December 2010 12 months**	**December 2009 9 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and cash equivalents	174,626,702	176,228,932	98,255,964	89,825,872	134,434,629
Non pledged trading assets	5,498,511	3,769,260	5,787,534	-	-
Treasury bills	-	-	-	11,618,000	10,926,086
Pledged assets	50,941,851	60,949,856	66,191,144	-	-
Loans and advances to banks	2,860,525	3,054,520	775,765	-	-
Loans and advances to customers	638,326,736	554,592,199	490,877,501	428,605,827	367,293,632
Investments in equity accounted investee	1,521,812	1,980,808	-	-	145,000
Investment in subsidiary	37,052,428	43,209,688	80,400,287	24,261,123	23,299,346
Investment securities	423,253,504	420,346,295	127,420,035	116,811,620	72,732,689
Trading properties	-	-	-	-	-
Investment properties	16,474,353	14,072,673	12,417,043	12,943,078	1,404,000
Property and equipment	60,549,995	58,938,450	17,042,268	20,722,556	22,323,266
Intangible assets	2,567,870	2,339,510	1,146,412	-	-
Deferred tax assets	7,322,690	7,007,387	-	-	1,338,268
Other assets	155,177,004	169,264,885	49,068,144	22,172,504	13,677,803
Total assets	1,576,173,981	1,515,754,463	949,382,097	726,960,580	647,574,719
Liabilities					
Deposits from banks	16,474,521	24,590,053	143,073,663	34,742,938	39,025,683
Deposits from customers	1,149,608,703	1,093,979,219	522,922,292	440,542,115	405,836,092
Debt securities issued	-	-	-	-	2,604,276
Retirement benefit obligations	2,935,855	2,485,093	1,149,578	-	-
Current tax liabilities	3,197,536	7,686,568	2,084,899	2,959,976	6,736,626
Other liabilities	49,057,446	50,246,164	61,029,366	43,169,762	17,089,054
Interest-bearing loans and borrowings	108,893,328	95,594,904	29,243,818	22,685,778	3,131,964
Deferred tax liabilities	-	-	2,841,403	355,197	-
Contingent settlement provisions	3,548,250	3,548,250	-	-	-
Total liabilities	1,333,715,639	1,278,130,251	762,345,019	544,455,766	474,423,695
Equity					
Share capital and share premium	176,628,255	176,628,255	155,104,963	155,104,963	154,291,861
Retained earnings	15,844,162	18,880,711	3,376,997	6,777,393	(610,507)
Other components of equity	49,985,925	42,115,246	28,555,118	20,622,458	19,469,670
Non controlling interest	-	-	-	-	-
Total equity	242,458,342	237,624,212	187,037,078	182,504,814	173,151,024
Commitments and contingents	304,159,343	310,847,061	231,817,991	194,451,931	125,636,911
Gross earnings	88,471,624	180,725,850	98,518,061	79,065,123	75,847,752
Profit/(Loss) before income tax	22,376,785	37,028,147	12,141,462	17,668,584	41,723
Profit/(Loss) from continuing operations	18,244,789	36,353,643	5,248,866	7,727,399	(2,088,034)
Discontinued operations	-	-	-	-	-
Profit for the year	18,244,789	36,353,643	5,248,866	7,727,399	(2,088,034)
Non controlling interest	-	-	-	-	-
Profit attributable to equity holders	18,244,789	36,353,643	5,248,866	7,727,399	(2,088,034)
Dividend paid	13,729,751	12,588,538	8,944,125	3,577,650	11,349,982
Earning or (loss) per share -Basic	80k	159k	102k	44k	-12k
- Adjusted	80k	159k	-	44k	-12k
Number of ordinary shares of 50k	22,882,918,908	22,882,918,908	17,888,251,478	17,888,251,478	16,262,046,799