access

ACCESS BANK PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

Innovating for a sustainable future

www.accessbankplc.com

SPEED SERVICE SECURITY

ACCESS BANK PLC
Index to the consolidated and separate financial statements
For the year ended 30 June 2018

Corporate information

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

Directors

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

* Appointed effective January 4, 2018

Company Secretary
Mr Sunday Ekwochi

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

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

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

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

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

Directors' Report
For the period ended 30 June, 2018

The Directors have pleasure in presenting their report on the affairs of Access Bank Plc (the "Bank") together with its subsidiaries (the "Group"), the Group and the Bank Audited Financial Statements with Auditor's Report for the period ended 30 June 2018.

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

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

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) Plc, Access Bank Rwanda and Access Bank (D.R. Congo). The Bank also has Access Finance B.V, an offshore Special Purpose Vehicle used for the issuance of the U.S.$350,000,000, 7.25 Per Cent Guaranteed Notes which was due in 2017 guaranteed by the Bank. This liability has long been fully redeemed. Access Finance B.V is curently undergoing a voluntary liquidation, following the redemption of the bond. The Bank also operates a Representative office in China, UAE, Lebanon and India. The Access Bank (UK) Limited operates a branch in United Arab Emirates (UAE).

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

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

In thousands of Naira	**Group June 2018**	**Group June 2017**	**Bank June 2018**	**Bank June 2017**
Gross earnings	**253,024,189**	**246,575,402**	**212,678,259**	**218,527,169**
Profit before income tax	45,842,742	52,048,767	32,208,074	45,266,456
Income tax expense	(6,217,565)	(12,588,824)	(3,149,910)	(10,413,301)
Profit for the period	39,625,177	39,459,943	29,058,164	34,853,155
Other comprehensive income	(4,189,281)	6,017,671	(8,065,702)	4,563,014
Total comprehensive income for the period	35,435,896	45,477,614	20,992,462	39,416,169
Non-controlling interest	(605,246)	(221,274)	-	-
Profit attributable to equity holders of the Bank	34,830,650	45,256,340	20,992,462	39,416,169

In thousands of Naira	**Group June 2018**	**Group June 2017**	**Bank June 2018**	**Bank June 2017**
Earnings per share - Basic (k)	138	138	100	120

In thousands of Naira	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Total equity	460,188,150	515,447,409	404,944,062	469,491,097
Total impaired loans and advances	99,566,489	101,349,866	81,296,018	82,496,444
Total impaired loans and advances to gross risk assets (%)	4.73%	4.76%	4.22%	4.28%

Interim dividend
The Board of Directors proposed the payment of interim dividend of 25 Kobo per ordinary share of 50 Kobo each (HY2017: 25K) each on the 28,927,971,631 issued ordinary shares of 50k each payable to shareholders on the register of shareholding at the closure date. Withholding tax was be deducted at the time of payment.

Directors and their interests

The Directors who served during the period, 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			
	June 2018		December 2017	
	Direct	Indirect	Direct	Indirect
M. Belo-Olusoga- Chairman	3,604,838	-	3,604,838	-
H. O. Wigwe - GMD/CEO	206,231,713	2,480,582,395	206,231,713	2,480,582,395
R. C. Ogbonna - GDMD	29,321,159	-	28,000,558	-
A. O. Ogunmefun	-	1,489,521	-	1,457,263
V.O. Etuokwu ED	14,862,365	-	13,579,889	-
T. Osuntoki - ED	29,815,811	-	28,728,854	-
P. Usoro	1,209,634	-	1,209,634	-
A. Awosika	-	-	-	-
E. Ndukwe	700,000	-	700,000	-
A. Mamman Tor Habib	-	-	-	-
G. Jobome - ED	6,480,786	-	5,264,346	-
I. T Akpana	314,996	-	314,996	-
A. A. Adekoya	-	-	58,790	-
H. Ambursa ED	-	-	-	-
A. Bajomo* ED	-	-	-	-

* Appointed effective January 4, 2018

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

		June 2018	December 2017
H.O. Wigwe	United Alliance Company of Nig. Ltd	1,075,468,437	1,075,468,437
	Trust and Capital Limited	1,405,113,958	1,405,113,958
A.O. Ogunmefun	L.O.C Nominees, Limited	1,489,521	1,457,263

Directors' interest in contracts

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

Related director	Interest in entity	Name of company	Services to the Bank
Mrs. Mosun Belo- Olusoga	Director/Shareholder	The KRC Ltd.	Training services
Mr. Paul Usoro	Director	Airtel Nigeria Ltd	Mobile telephone
Mr. Paul Usoro	Shareholder	Paul Usoro & Co	Legal Advisory Service
Mr. Herbert Wigwe	Shareholder	Coronation Securities Ltd.	Brokerage services
Mr. Herbert Wigwe	Shareholder	Wapic Insurance Plc	Insurance Services
Mr. Victor Etuokwu	Director	Unified Payment Service Limited	Payment Services
Mr. Victor Etuokwu	Director	E-Tranzact Plc	Electronic Banking
Dr. Gregory Jobome	Director	CRC Credit Bureau Limited	Credit Reference Services
Ms. Hadiza Ambursa	Shareholder	Merlion Limited	Supply of Corporate Gifts

Analysis of shareholding:

The shareholding pattern of the Bank as at 30 June 2018 was as stated below:

Range	Number of Shareholders	June 2018 % of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	408,711	50.54	65,389,785	0.23
1,001 - 5,000	247,811	30.65	547,420,504	1.89
5001 - 10,000	64,036	7.92	438,736,522	1.52
10,001 - 50,000	67,893	8.40	1,362,913,285	4.71
50,001- 100,000	10,109	1.25	733,077,733	2.53
100,001 - 500,000	7,364	0.91	1,474,330,308	5.10
500,001 - 1,000,000	817	0.10	589,560,742	2.04
1,000,001 - 5,000,000	711	0.09	1,394,522,137	4.82
5,000,001 - 10,000,000	103	0.01	734,460,807	2.54
10,000,001 and above	154	0.02	19,603,829,935	67.77
	807,709	**99.88**	**26,944,241,758**	**93.14**
Foreign Shareholders				
1 - 1,000	237	0.03	70,348	0.00
1,001 - 5,000	231	0.03	602,491	0.00
5001 - 10,000	110	0.01	807,956	0.00
10,001 - 50,000	260	0.03	6,016,189	0.02
50,001- 100,000	54	0.01	3,796,683	0.01
100,001 - 500,000	22	0.00	4,170,142	0.01
500,001 - 1,000,000	4	0.00	2,314,669	0.01
1,000,001 - 5,000,000	6	0.00	13,064,318	0.05
5,000,001 - 10,000,000	-	0.00	-	0.00
10,000,001 and above	10	0.00	1,952,887,077	6.75
	934	**0.12**	**1,983,729,873**	**6.86**
Total	**808,643**	**100.00**	**28,927,971,631**	**100.00**

Shareholding Analysis as at 30 June 2018

Type of Shareholding	Holdings	Holding %
Retail investors	7,361,858,248	25.45%
Domestic institutional investors	19,570,266,429	67.65%
Foreign institutional investors	1,920,510,485	6.64%
Government related entities	75,336,469	0.26%
	28,927,971,631	**100%**

The shareholding pattern of the Bank as at 31 December 2017 is as stated below:

Range	December 2017 Number of Shareholders	% of Shareholders	Number of shares held	% of Shareholders
Domestic Shareholders				
1 - 1,000	409,137	50.42%	65,414,590	0.23%
1,001 - 5,000	248,511	30.63%	549,191,711	1.90%
5001 - 10,000	64,519	7.95%	442,048,836	1.53%
10,001 - 50,000	68,729	8.47%	1,381,041,857	4.77%
50,001- 100,000	10,251	1.26%	743,235,420	2.57%
100,001 - 500,000	7,460	0.92%	1,492,453,851	5.16%
500,001 - 1,000,000	839	0.10%	603,331,724	2.09%
1,000,001 - 5,000,000	725	0.09%	1,433,699,206	4.96%
5,000,001 - 10,000,000	100	0.01%	709,612,638	2.45%
10,000,001 and above	152	0.02%	19,137,906,166	66.16%
	810,423	**99.88%**	**26,557,935,999**	**91.81%**
Foreign Shareholders				
1 - 1,000	237	0.03%	74,058	0.00%
1,001 - 5,000	231	0.03%	601,857	0.00%
5001 - 10,000	116	0.01%	859,059.00	0.00%
10,001 - 50,000	275	0.03%	6,423,779	0.02%
50,001- 100,000	57	0.01%	4,013,961.00	0.01%
100,001 - 500,000	25	0.00%	4,276,094	0.01%
500,001 - 1,000,000	4	0.00%	2,314,669.00	0.01%
1,000,001 - 5,000,000	3	0.00%	8,473,930	0.03%
5,000,001 - 10,000,000	1	0.00%	9,485,549.00	0.03%
10,000,001 and above	10	0.00%	2,333,512,676	8.07%
	959	**0.12%**	**2,370,035,632**	**8.19%**
Total	**811,382**	**100%**	**28,927,971,631**	**100%**

Substantial interest in shares

According to the register of members at 30 June 2018, the following shareholders held more than 5% of the issued share capital of the Bank as follows:

	June 2018 Number of shares held	June 2018 % of shareholding	December 2017 Number of shares held	December 2017 % of shareholding
Stanbic Nominees Nigeria Limited*	5,388,872,920	18.63%	5,265,792,806	18.20%

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

Donations and charitable gifts

The Bank identifies with the aspirations of the community and the environment in which it operates. The Bank made contributions to charitable and non-charitable organisations amounting to N224,253,000 (December 2017: N567,027,158) during the period, as listed below:

S/N	Purpose	Amount
1	Contribution towards deepening Financial inclusion in Nigeria	100,000,000
2	Sponsorship of National MSME clinics in Nigeria	40,000,000
3	Donation for 2018 Brains Initiative	14,700,000
4	Sponsorship of Sustainability column	12,500,000
5	Sponsorship of Capacity Building Programme	10,000,000
6	Support of Lagos State Security Summit	10,000,000
7	Sponsorship of the 2018 International Press Institue Conference	10,000,000
8	Contribution towards commemorating the World Malaria Day 2018	6,037,500
9	Sponsorship of the 12th Annual Business Law Conference	5,000,000
10	Sponsorship of GBC Health and Hacey Health Initiative Demographic Dividend Initiative	4,000,000
11	Contrbution towards training the Civil Society Organisation	4,000,000
12	Sponsorship of the Girl's Summit/International Women Day Celebration	2,500,000
13	Contribution towards the Financial Labour Day Celebration 2018	1,500,000
14	Support Centre for Youth Studies in Secondary Schools	1,396,000
15	Sponsorship of Nigerian Healthcare Excellence Awards	1,000,000
16	Sponsorship of 7th Sustainability Conference	1,000,000
17	Contribution towards the Womenpreneur Business Workshop	619,500
		224,253,000

Property and equipment

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

Human resources

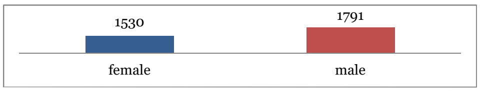
(i) Report on Diversity in employment

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

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

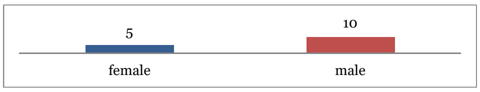
(a) Composition of employees by gender

Total number of female employees	1,530
Total number of male employees	1,791



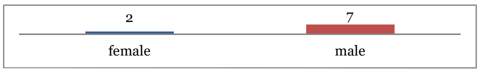
(b) Board Composition By Gender

Total number of female on the Board	5
Total number of men on the Board	10



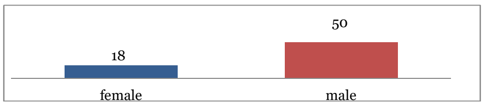
(c) Top Management (Executive Director To CEO) Composition By Gender

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



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

Total number of female in Top Management position	18
Total number of men in Top Management position	50



(ii) Employment of disabled persons

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

(iii) Health, safety and welfare of employees

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

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

The Bank operates a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 as Amended and other benefit schemes for its employees.

(iv) Employee involvement and training

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

(v) Statement of commitment to maintain positive work environment

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

Credit Ratings

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

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

Long Term Local Credit Ratings

	Long Term	**Date**
Standard & Poor's	A	Jun-18
Fitch Ratings	A+	Jan-18
Agusto & Co	AA-	Jul-18
Moody's	A1	Jun-18

Long Term Counterparty Credit Ratings

	Long Term	
Standard & Poor's	B	Jun-18
Fitch Ratings	B	Jan-18
Moody's	B2	Jun-18

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

Audit committee

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

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

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

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

BY ORDER OF THE BOARD

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

Sunday Ekwochi
Company Secretary
FRC/2013/NBA/00000005528

CUSTOMER COMPLAINTS AND FEEDBACK

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

Complaints Channels

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

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

Complaints Handling

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

Resolve or Refer command Centre

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

Complaints Tracking and Reporting

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

ACCESS BANK PLC CUSTOMER'S COMPLAINTS FOR THE PERIOD ENDED 30 JUNE 2018

	NAIRA						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)	
		2018	2017	2018	2017	2018	2017
1	Pending complaints B/F	8,553	8,658	172,509,794	1,233,437,410	-	-
2	Received Complaints	169,660	285,737	8,346,768,374	26,168,583,765	-	-
3	Resolved complaints	168,159	285,842	7,478,806,646	27,229,511,381	845,223,160	106,889,998
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	10,054	8,553	1,040,471,521	172,509,794	-	-

	USD						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (USD)		AMOUNT REFUNDED (USD)	
		2018	2017	2018	2017	2018	2017
1	Pending complaints B/F	50	78	2,424,914	1,694,114	-	-
2	Received Complaints	554	1,609	31,427,165	91,096,663	-	-
3	Resolved complaints	587	1,637	25,951,475	90,365,863	838,191	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	17	50	7,900,605	2,424,914	-	-

	GBP						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (GBP)		AMOUNT REFUNDED (GBP)	
		2018	2017	2018	2017	2018	2017
1	Pending complaints B/F	2	3	11,200	-		-
2	Received Complaints	34	78	424,245	3,851,731	-	-
3	Resolved complaints	36	79	410,335	3,840,531	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	-	2	25,110	11,200	-	-

	EUR						
S/N	DESCRIPTION	NUMBER		AMOUNT CLAIMED (EUR)		AMOUNT REFUNDED (EUR)	
		2018	2017	2018	2017	2018	2017
1	Pending complaints B/F	4	3	5,000	-	-	-
2	Received Complaints	42	60	160,084	16,009,241	-	-
3	Resolved complaints	43	59	156,342	16,004,241	-	-
4	Unresolved Complaints escalated to CBN for intervention	-	-	-	-	-	-
5	Unresolved complaints pending with the bank C/F	3	4	8,742	5,000.00	-	-

Solicited Customer Feedback

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

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

CORPORATE GOVERNANCE REPORT FOR HALF-YEAR ENDED JUNE 30, 2018

Access Bank has an excellent track record when it comes to corporate governance. We have always been committed to best practice in this, as in all areas. From strict performance monitoring to the careful appointment and supervision of experienced, capable Directors, not to mention the complementary role of overseeing committees, Access Bank will always be in the leading rank.

We are also transparent in all that we do, maintaining high ethical standards. We also have a formal whistle-blowing procedure to ensure we stay on the right course.

In all of this we adhere to and strive to exceed the regulatory requirements. That way you can be sure that a better tomorrow awaits, not just because of our vision, resources and capabilities, but because of the way we believe in getting there.

The Bank and its subsidiaries (the Group) are governed under a framework that enables the Board to discharge its oversight functions while providing strategic direction to the Bank in balance with its responsibility to ensure regulatory compliance. The subsidiaries comply with the statutory and regulatory requirements of their host countries and also align their governance framework to the Bank's governance framework.

This report documents the Group's corporate governance practices that were in place during the Half Year Ended June 30, 2018.

The Board is responsible for embedding high standards of corporate governance across the Group, which is essential for the sustainability of the brand. Our governance framework is designed to ensure on-going compliance with the Central Bank of Nigeria's Code of Corporate Governance for Banks and Discount Houses in Nigeria ('the CBN Code') and the Securities and Exchange Commission's Code of Corporate Governance for Public Companies ('the SEC Code') as well as the Post-Listing Requirements of the Nigeria Stock Exchange. These, in addition to the Board charter and the Bank's Memorandum and Articles of Association, collectively provide the foundation for sound corporate governance. Our core values of excellence, innovation, leadership, passion for customers, professionalism and empowered employees continue to shape our corporate behaviour.

Performance Monitoring and Evaluation

The Board in the discharge of its oversight function continuously engage management in the planning, definition and execution of strategy. Management's report on the execution of defined strategic objectives is a regular feature of the Board's agenda, thus providing the Board with the opportunity to evaluate and constructively challenge management in the execution of strategy.

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

The Board has also established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. In this regard, Accenture Limited was engaged to conduct the Board performance evaluation for the Financial Year Ended December 31, 2017. The independent consultant does not have any connection with the Group or any of its directors. The Board believes that the use of an independent consultant not only encourages Directors to be more candid in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process.

The result of the Board performance evaluation was presented by the independent consultant during the Board Meeting held on January 30, 2018. The evaluation was a 360 degree on-line survey covering Directors' self-assessment, peer assessment and evaluation of the Board and the Committees.

The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency.

In compliance with the CBN Code, the Annual Board Performance Evaluation Report for the year 2017 was presented to shareholders at the 29th Annual General Meeting of the Bank held on April 25, 2018 by a representative of Accenture Limited

Appointment, Retirement and Re-election of Directors

The Board has put in place a formal process for the selection of new Directors to ensure the transparency of the nomination process. The process is documented in the Fit and Proper Person Policy and is led by the Board Governance and Nomination Committee. The Committee identifies candidates for appointment as director in consultation with the Chairman, the Group Managing Director and/or any other Director, or through the use of search firms or such other methods as the Committee deems necessary to identify candidates. Once candidates have been identified, the Committee shall confirm that the candidates meet the qualifications for director nominees set forth in the policy, and relevant statutes and regulations. The Committee may gather information about the candidates through interviews, questionnaires, enhanced due diligence checks, or any other means that the Committee may deem helpful. The Committee meets to discuss and evaluate the qualities and skills of each candidate, taking into account the overall composition and needs of the Board. Based on the result of the evaluation process, the Committee recommends candidates to the Board for appointment as director subject to the approval of shareholders and the Central Bank Nigeria.

In accordance with the Bank's Articles of Association, Dr. Ernest Ndukwe and and Mrs. Anthonia O. Ogunmefun retired at the Bank's 29th Annual General Meeting held on April 25, 2018 and being eligible for re-election were duly re-elected by shareholders.

The shareholders also approved the appointment of Ms Hadiza Ambursa and Mr. Adeolu Bajomo as Executive Directors. Both of them were earlier appointed by the Board and approved by the Central Bank of Nigeria

Shareholders Engagement

The Board recognizes the importance of ensuring the flow of complete, adequate and timely information to shareholders to enable them make informed decisions. The Group is committed to maintaining high standards of corporate disclosure. Our comprehensive investor engagement strategy helps us to understand shareholders views about us, which are communicated regularly to the Board.

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

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

The 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 and accurate in accordance with all applicable legal and regulatory requirements. The Bank's reports and communication to shareholders and other stakeholders are in plain, readable and understandable format. The Bank's website www.accessbankplc.com is regularly updated with both financial and non-financial information. The details of the Investors' Communication and Disclosure Policy are available in 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. Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

Access to Information and Resources

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

The Board

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

Composition and Role

As at June 30, 2018 the Board was made up of 15 members comprising 8 Non-Executive Directors four of whom are Independent Directors and 7 Executive Directors. Five of the Board Members are female. The detailed composition of the Board is set out below.

S/n	Name	GENDER	Designation
1	Mrs Mosun Belo-Olusoga	Female	Non-Executive Director
2	Mrs Anthonia Kemi Ogunmefun	Female	Non-Executive Director
3	Mr Paul Usoro	Male	Non-Executive Director
4	Dr Ernest Ndukwe	Male	Independent Non-Executive Director
5	Dr (Mrs) Ajoritsedere Awosika	Female	Independent Non-Executive Director
6	Mr. Abba Habib	Male	Non-Executive Director
7	Mr Adeniyi Adekoya	Male	Independent Non-Executive Director
8	Mr. Iboroma Akpana	Male	Independent Non-Executive Director
9	Mr Herbert Wigwe	Male	Group Managing Director/Chief Executive Officer
10	Mr Roosevelt Ogbonna	Male	Group Deputy Managing Director
11	Mr Victor Etuokwu	Male	Executive Director
12	Mrs Titi Osuntoki	Female	Executive Director

13	Dr Gregory Jobome	Male	Executive Director
14	Ms Hadiza Ambursa	Female	Executive Director
15	Mr. Adeolu Bajomo	Male	Executive Director

* Mr. Adeolu Bajomo was approved by CBN on January 4, 2018

In line with best practice, the Chairman and Chief Executive Officer's roles are assumed by different individuals; this ensures the balance of power and authority. The Board 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 in banking, financial and broader entrepreneurial experiences.

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

- Defining the Bank's business strategy and objectives.
- Formulating risk policies.
- Approval of quarterly, half yearly and full year financial statements.
- Approval of significant changes in accounting policies and practices.
- Appointment or removal of Directors and the Company Secretary.
- Approval of major acquisitions, divestments of operating companies, disposal of capital assets or capital expenditure.
- Approval of charter and membership of Board Committees.
- Setting of annual Board objectives and goals.
- Approval of allotment of shares.
- Appointment and removal of Chief Audit Executive.
- Approval of the framework for determining the policy and specific remuneration of Executive Directors.
- Monitoring delivery of the strategy and performance against plan.
- Reviewing and monitoring the performance of the Group Managing Director and the executive team.
- Ensuring the maintenance of ethical standard and compliance with relevant laws.
- Performance appraisal and compensation of Board members and Senior Executives.
- Ensuring effective communication with shareholders.
- Ensuring the integrity of financial reports by promoting disclosure and transparency.
- Succession planning for key positions.

Appointment Process, Induction and Training of Board Members

The Group's Fit and Proper Person Policy is designed to ensure that the Bank and its subsidiary entities are managed and overseen by competent, capable and trustworthy individuals. In making Board appointments, the Board takes cognisance of the knowledge, skill and experience of a potential Director as well as other attributes considered necessary for the role. The Board also considers the need for appropriate demographic and gender representation. Candidates are subjected to enhance due diligence enquiries as required by regulations.

The Governance and Nomination Committee is responsible for both Executive and Non-Executive Directors succession planning and recommends new appointments to the Board. The Committee takes cognisance of the existing range of skills, experience, background and diversity on the Board in the context of the strategic direction of the Bank before articulating the specifications for the candidate sought. We are comfortable that the Board is sufficiently diversified to optimise 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 personalised induction programme which includes one-on-one meetings with Executive Directors and Senior Executives responsible for the Bank's key business areas. Such sessions focus on the challenges, opportunities and risks facing the business areas. The induction programme covers an overview of the strategic business units as well as Board processes and policies. A new Director receives an induction pack which includes charters of the various Board Committees, significant reports, important legislation and policies, minutes of previous Board Meetings and a Calendar of Board Activities.

The Board believes that a robust induction and continuing professional development will improve Directors' performance. It ensures that Directors have appropriate knowledge of the Bank and access to its operations. Directors are therefore required to participate in periodic, relevant continuing professional development programmes to update their knowledge. During the period under review the Directors attended the training courses shown below.

DIRECTORS TRAINING REPORT FOR HALF YEAR (JANUARY-JUNE 2018)

<table>
<tr><th>Name of Director</th><th>Course Title</th><th>Course Vendor</th><th>Date</th></tr>
<tr><td>Ernest Ndukwe</td><td>IMD-Leading Digital Business Transformation Programme</td><td>IMD-Lausanne Switzerland</td><td>March 12-16, 2018</td></tr>
<tr><td>Mosun Belo-Olusoga</td><td rowspan="12">Digital Risk Master Class for Board Members</td><td rowspan="12">Deloitte/Andela</td><td rowspan="12">March 28, 2018</td></tr>
<tr><td>Anthonia O. Ogunmefun</td></tr>
<tr><td>Ernest Ndukwe</td></tr>
<tr><td>Abba Habib</td></tr>
<tr><td>Iboroma Akpana</td></tr>
<tr><td>Adeniyi Adekoya</td></tr>
<tr><td>Herbert Wigwe</td></tr>
<tr><td>Roosevelt Ogbonna</td></tr>
<tr><td>Victor Etuokwu</td></tr>
<tr><td>Gregory Jobome</td></tr>
<tr><td>Hadiza Ambursa</td></tr>
<tr><td>Adeolu Bajomo</td></tr>
<tr><td>Adeniyi Adekoya</td><td>IMD-Leading Digital Business Transformation Programme</td><td>IMD-Lausanne Switzerland</td><td>June 11-15, 2018</td></tr>
<tr><td>Abba Habib</td><td>Improving the Performance of the Audit Committee</td><td>DCSL Corporate Services Limited</td><td>June 27-28, 2018</td></tr>
<tr><td>Adeniyi Adekoya</td><td>Improving the Performance of the Audit Committee</td><td>DCSL Corporate Services Limited</td><td>June 27-28, 2018</td></tr>
<tr><td>Ernest Ndukwe</td><td>Improving the Performance of the Audit Committee</td><td>DCSL Corporate Services Limited</td><td>June 27-28, 2018</td></tr>
</table>

Delegation of Authority

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

Board Meetings

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

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

The Board met 3 times during the period under review. The Board also held its 10th Annual Board Retreat on February 1-2 in Kigali Rwanda to discuss strategic issues affecting the Bank and agree on the Board annual objectives for 2018 financial year. The Board operates a secure electronic portal- Diligent Boardbook- for the circulation of board papers to members. This underscores the Board's commitment to embrace environmental sustainability by reducing paper usage.

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 sit on any committee. The Board has six standing committees, namely: the Risk Management Committee, the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, Digital and Information Technology Committee and Credit and Finance Committee. The Board accepts that while the various Board committees have the authority to examine a particular issue and report back to the Board with their decisions and/or recommendations, the ultimate responsibilities on all matters lies with the Board. The composition (as at 30th June 2018) and responsibilities of the committees are set out below:

Name	BAC	BRMC	BCFC	BGNC	BRC	BDITC
Mosun Belo-Olusoga[1]	-	-	-	-	-	-
Anthonia Kemi Ogunmefun[1]	-	C	M	M	M	M
Paul Usoro[1]	M	M	M	C	C	-
Ernest Ndukwe[3]	C	M	M	M	M	C
Ajoritsedere Awosika[3]	M	-	C	M	M	M
Abba Mamman Tor Habib[1]	M	M	M	-	-	M

Mr Iboroma Akpana[3]	-	M	M	M	M	M
Mr. Adeniyi Adekoya[3]	M	M	M	M	-	M
Herbert Wigwe[2]	-	M	M	M	-	M
Roosevelt Ogbonna[2]	-	M	M	-	-	M
Victor Etuokwu[2]	-	-	M	-	-	-
Titi Osuntoki[2]	-	-	M	-	-	
Dr Gregory Jobome[2]	-	M	M	-	-	M
Ms. Hadiza Ambursa[2]	-	-	M	-	-	-
Mr. Adeolu Bajomo[2]	-	M	-	-	-	M

BAC	Board Audit Committee
BRMC	Board Risk Management Committee
BRC	Board Remuneration Committee
BGNC	Board Governance and Nomination Committee
BCFC	Board Credit and Finance Committee
BDITC	Board Digital and Information Technology Committee

C Chairman of Committee

M Member
\- Not a member
1 Non-Executive
2 Executive
3 Independent

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 change and oversees the administration and effectiveness of the Bank's credit policies. The Committee met 7 times during the review period.

The Committee's key activities during the period included review and approval of credit facilities, review of the Credit Portfolio and the collateral and monitoring the implementation of credit risk management policies and review of Credit Policy Guide

Dr.(Mrs) Ajoritsedere Awosika is the Chairman of the Committee. She holds a Bachelor's Degree in Pharmacy from Ahmadu Bello University Zaria, Masters in Clinical Pharmacy from and a Doctorate Degree in Pharmacy Technology University of Bradford, England. She has over three decades' experience in public sector governance. She was at various times the Permanent Secretary in the Federal Ministry of Internal Affairs, Federal Ministry of Science & Technology and Federal Ministry of Power. She is a fellow of the Pharmaceutical Society of Nigeria and the West African Postgraduate College of Pharmacy.

Governance and Nomination Committee

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

The key decisions of the Committee in the reporting period included recommendation of senior management appointment to the Board for approval and consideration of the Group Human Resources Report and Sustainability Report. The Committee met 3 times during the period**.**

Mr. Paul Usoro, SAN is the Chairman of the Committee. He holds a Bachelor of Law Degree from the University of Ife. He has over 30 years' experience and is a highly experienced litigator and communications law expert. He is a Senior Advocate of Nigeria, a Fellow of the Chartered Institute of Arbitrators, and the Founder and Senior Partner of the law firm of Paul Usoro and Co. He is also a highly experienced company director who has close to two decade's experience serving on the boards of many of Nigeria's leading companies.

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 review of management's reports and ensures the appointment of qualified officers to manage the risk function. It evaluates the Bank's risk policies on a periodic basis to accommodate major changes in internal or external environment.

During the period under review the Committee considered and recommended some policies to the Board for approval and received risk report from all the risk areas except credit. The Committee met 2 times during the reporting period.

Mrs. Anthonia O. Ogunmefun is the Chairman of the Committee. She holds a Bachelor of Laws Degree from University of Lagos. She was called to the Nigerian Bar in 1975 and Law Society of Upper Canada in 2004. She is a seasoned Banker and Managing Partner of the law firm of Kemi Ogunmefun with dual jurisdiction practice licenses having been admitted to the Nigerian and the Canadian Bar in 1975 and 2004 respectively.

Audit Committee

The Committee supports the Board in meeting 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. It oversees the Bank's system of internal control and the mechanism for receiving complaints regarding the Bank's accounting and operating procedures. The Bank's Chief Audit Executive Auditor and Chief Compliance Officer have access to the Committee and make quarterly presentations to the Committee.

The key issues considered by the Committee during the period included the review and recommendation of 2017 Full Year Audited Financial Statements, reports of the Group Internal Auditor and Internal Audit Consultants. The Committee also reviewed the whistle-blowing reports. The Committee met 3 times during the reporting period.

The Committee is chaired by Dr. Ernest Ndukwe, an Independent Director. He graduated from the University of Ife in 1975 and is an alumnus of Lagos Business School. He is a fellow of the Nigerian Society of Engineers, the Nigerian Institute of Management and the Nigerian Academy of Engineering. Other members of the Committee have relevant financial management and accounting backgrounds, as required by the CBN's Code.

Remuneration Committee

The Committee advises the Board on its oversight responsibilities in relation to remuneration of the Bank's Directors and employees. It is responsible for determining and executing the processes for recommending appropriate remuneration for Directors and employees. In carrying out its function, the Committee will benchmark the salary and benefit structure to similar-sized banks. It also advises the Board on employee benefit plans such as pension, share ownership and other retirement plans, and material amendments thereto.

The Committee did not meet during the review period. The Committee is currently chaired by Mr. Paul Usoro, SAN.

Board Digital and Information Technology Committee

The Committee was set up by the Board on October 25, 2017 and held its Inaugural Meeting on January 18, 2018. The Committee oversees the digital delivery of the Bank's products and services. The Committee is also charged with overseeing the overall information and cyber security strategies and its operational and response posture, ensuring appropriate awareness and continuous engagement across the bank. It assists the Board in ensuring the Bank allocates the required amount of resources and investment in protection of its digital assets and the prevention of attacks. The Committee monitors the Bank's investment in IT architecture, infrastructure and support systems that underpin the safe and effective delivery of the products and services while ensuring alignment between overall business strategy and IT and digital strategy

The Committee is chaired by Dr Ernest Ndukwe, an Independent Director.

The key issues considered by the Committee during the period included the review recommendation of the Committee's charter and the Bank's 2018-2022 IT Strategy to the Board for approval. The Committee also considered report on the cyber security and digital risk and digital customer complaints feedback.

The Committee met 2 times during the reporting period.

Attendance at Board and Board Committees meetings

The table below shows the attendance of Directors at meetings during the reporting period.

	Names of Directors			**Meeting**					
		AGM	**BoD**	**BRMC**	**BCFC**	**BGNC**	**BRC**	**BAC**	**BDITC**
Number of Meetings Held		**1**	**2**	**2**	**7**	**3**	**0**	**3**	**2**
Attendance:									
1	Mosun Belo-Olusoga	1	2	N/A	N/A	N/A	N/A	N/A	N/A
2	Anthonia Ogunmefun	1	2	2	7	3	-	N/A	2
3	Paul Usoro	1	2	2	7	3	0	3	N/A
4	Ernest Ndukwe	1	2	2	7	3	0	3	2
5	Ajoritsedere Awosika	1	2	N/A	7	3	0	2	2
6	Abba Habib	1	2	2	7	N/A	N/A	3	2
7	Iboroma Akpana	1	2	2	7	3	0	3	2
8	Adeniyi Adekoya	1	2	2	7	3	N/A	N/A	2
9	Herbert Wigwe	1	2	2	6	3	N/A	N/A	2
10	Roosevelt Ogbonna	1	2	2	5	N/A	N/A	N/A	1
11	Victor Etuokwu	1	2	N/A	6	N/A	N/A	N/A	N/A

12	Titi Osuntoki	1	2	N/A	6	N/A	N/A	N/A	N/A
13	Gregory Jobome	1	2	2	7	N/A	N/A	N/A	2
14	Hadiza Ambursa	1	2	N/A	6	N/A	N/A	N/A	N/A
15	Adeolu Bajomo	1	2	N/A	N/A	N/A	N/A	N/A	2

AGM –Annual General Meeting

BoD – Board of Directors

BRMC – Board Risk Management Committee

BCFC – Board Credit and Finance Committee

BGNC – Board Governance and Nomination Committee

BAC – Board Audit Committee

BRC – Board Remuneration Committee

BDITC- Board Digital and Information Technology Committee

Executive Committee

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

Management Committees

These are standing committees made up of the Bank's Executive and Senior Management staff. The Committees are set up to identify, analyse and make recommendations on risks pertaining to the Bank's day to day activities. They ensure that risk limits set by the Board and the regulatory bodies are complied with and 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 ambit of their powers.

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

Statutory Audit Committee

In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Bank constituted a Standing Shareholders Audit Committee made up of three Non-Executive Directors and three shareholders. The composition of the Committee is as set out below:

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

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

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

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

1. Mr Henry Omatsola Aragho received his Higher National Diploma (Accounting) from Federal Polytechnic Auchi in 1981. He also has a Master's Degree in Business Administration (MBA) from Ogun State University (1999) and qualified as a Chartered Accountant with the Institute of Chartered Accountants of Nigeria (ICAN) in 1985. He was admitted as an Associate Member of Institute of Chartered Accountants of Nigeria in March 1986 and subsequently qualified as fellow of the Institute.

   He joined the Nigerian Ports Authority in 1982 and retired as General Manager Audit in 2005. He is presently the Managing Consultant of Henrose Consulting Limited and Managing Director Henrose Global Resources Limited.

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

2. Mr Emmanuel O. Eleoramo holds a First Class Degree in Insurance and a Master's Degree in Business Administration (MBA), both from the University of Lagos. He is also an Associate of the Chartered Insurance Institute of London and a Fellow of the Chartered Insurance Institute of Nigeria. He has had over 36 years of varied experience in General Insurance Marketing, Underwriting and Employee Benefits Consultancy.
   He is a key player in the Nigerian Insurance industry and a past President of the Chartered Insurance Institute of Nigeria. He was the Managing Director/Chief Executive Officer of Nigerian French Insurance Company Ltd and later Whispering Hope Insurance Company Ltd (now Sterling Assurance Nigeria Ltd) before his appointment as the Managing Director/Chief Executive Officer of Nigerian Life and Pensions Consultants Limited (now Nigerian Life and Provident Company Limited).

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

Record of Attendance at Statutory Audit Committee Meeting

Name	January 29, 2018
Henry Omatsola Aragho	✓
Idaere Gogo Ogan	✓
Emmanuel O. Eleoramo	✓
Ernest Ndukwe	✓
Mr. Abba Mamman Tor Habib	✓
Ajoritsedere Awosika	✓

Going Concern

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

Succession planning

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

Code of Ethics

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

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

Dealing in Company Securities

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

Remuneration Policy

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

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

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

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

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

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

Whistle-Blowing Procedure

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

Telephone

Internal: +234-1-2712065

External: The whistle-blower is not billed for calls made within the same network. The KPMG Toll Free Lines include:

MTN:
0703-000-0026 &
0703-000-0027

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

9MOBILE:
0809-993-6366

GLO:
0705-889-0140

E-Mail

Internal: whistleblower@accessbankplc.com
External: kpmgethicsline@ng.kpmg.com

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

The Bank's Chief Audit Executive is responsible for monitoring and reporting on whistle-blowing. Quarterly reports are rendered to the Board Audit Committee.

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

The Company Secretary

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

The Company Secretary assists the Chairman in ensuring good information flow within the Board and its committees and between management and Non-Executive Directors. The Company Secretary also facilitates the orientation of new Directors and coordinates the professional development of Directors.

As primary compliance officer for Group's compliance with the listing rules of the Nigerian Stock Exchange, the Company Secretary is responsible for designing and implementing a framework for the Bank's compliance with the listing rules, including advising management on prompt disclosure of material information.

The Company Secretary attends and prepares the minutes for all Board meetings. As secretary for all board committees, he assists in ensuring coordination and liaison between the Board, the Board Committees and management. The Company Secretary also assists in the development of the agendas for the various Board and Board Committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Customer Complaints and Resolution

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

Statement of Compliance

The Bank complies with the relevant provisions of the SEC and 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.

Statement of Directors' Responsibilities in relation to the Consolidated and separate Financial Statements for the period ended 30 June 2018

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

- **I.** Keep proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and Group and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- **II.** Establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- **III.** Prepare financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

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

Report of the statutory audit committee

To the members of Access Bank Plc:

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act of Nigeria, the members of the Audit Committee of Access Bank Plc hereby report on the financial statements for the period ended 30 June 2018 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 2018 were satisfactory and reinforce the Group's internal control systems.

We are satisfied that the Bank has complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks". We hereby confirm that an aggregate amount of N1,717,856,597 (December 2017: N1,650,860,935) was outstanding as at 30 June 2018 which was performing as at 30 June 2018 (see note 44)

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

FRC/2017/ICAN/0000001627
Mr. Henry Omatsola Aragho
Chairman, Audit Committee
27 July 2018

Members of the Audit Committee are:

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

In attendance:
Sunday Ekwochi – Company Secretary

ENTERPRISE-WIDE RISK MANAGEMENT

Our Enterprise-Wide Risk Management Remains Custom-made

Helping our stakeholders achieve their ambitions lies at the heart of our processes as we apply a bespoke risk management framework in identifying, assessing, monitoring, controlling and reporting the inherent and residual risks associated with the pursuit of these ambitions and ensuring they are achieved the right way. We help in connecting our customers to opportunities through our promise of speed, service and security.

The Bank's overall risk tolerance is established in the context of our earning power, capital and diversified business model. The Bank's organisational structure and business strategy is aligned with its risk management philosophy.

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

Access Bank views and treats risk as an intrinsic part of business and maintains a disciplined approach to its management of risk. Its Group Risk functions remain dynamic and responsive to the needs of stakeholders as it improves its focus on the inter-relationships between risk types. The Bank uses periodic reviews of risk exposure limits and risk control to position itself against adverse scenarios. This is an invaluable tool with which the bank predicted and successfully managed both the local and global recession which continued to impact the macroeconomy. Market volatility and economic uncertainty, like was witnessed in 2008 are typically contained because the Group regularly subjects its exposures to a range of stress tests across a wide variety of products, currencies, portfolios and customer segments.
The Bank's risk management architecture, as designed, continued to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control, and corporate audit. The Board of Directors and management of the Bank are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international banks. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Bank.

Risk strategies and policies are set by the Board of Directors of Access Bank. These policies, which define acceptable levels of risk for day-to-day operations as well as the willingness of Access Bank to assume risk, weighed against the expected rewards, are detailed in the Enterprise-Wide Risk Management (ERM) Framework, 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. 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 risks.

The role of the Group Chief Risk Officer in Access Bank remains pivotal as he has the primary responsibility for ensuring the effective implementation of the ERM Framework of both the Bank and its subsidiaries. He provides robust challenge to the management teams based on quantitative and qualitative metrics.

The Bank's ERM Framework and amendments thereto require Board approval, whilst 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.

Risk Management in Access Bank Plc. is part of our culture and everyone, from the most junior officer to Executive Management, is cognisant of the risk culture. The bank's officers approach every banking transaction with care, taking into consideration the bank's acceptable risk appetite and our stated risk behavior and culture.

To some institutions, risk is viewed as a threat or uncertainty, but to us, it goes beyond that. Risk to us, presents potential opportunities to grow and develop our business within the context of our clearly articulated and Board-driven risk appetite. Hence our approach to risk management is not limited to considering downside impacts or risk avoidance; it also encompasses taking risk knowingly for competitive advantage backed by strong market and macro analytics and scenario planning. Access Bank approaches risk, capital and value management robustly and we believe that our initiatives to date have positioned the Group at the leading edge of risk management.

Risk Management Framework

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

Here in Access Bank, we have a holistic view of all major risks facing the bank. We remain vigilant with regard to both known and emerging risks and ensure that we are strong enough to withstand any exogenous shocks. Our Board-level risk committees play a critical role in providing oversight of risk management and ensuring that our risk appetite, risk culture and risk profile are consistent with and support our strategy to deliver long-term, sustainable success in achieving our strategic vision of being the world's most respected African Bank.

Risk, by definition, is dynamic in nature. The management of risk, consequently, must be evolving, necessitating regular review of the effectiveness of each enterprise risk management component. It is in the light of this that Access Bank's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in 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.

We run an automated and workflow-driven approach to managing, communicating, and implementing Governance, Risk Management and Compliance (GRC) policies and procedures across the Bank. This provides an integrated and flexible platform for documenting and analysing risks, developing mitigation plans, defining controls, and managing ongoing risk assessments. It provides clear visibility on key risk

indicators, assessment results, and compliance initiatives with integrated reporting of self-assessments, independent assessments, and automated controls vis-à-vis set limit.
We believe that understanding and managing our risks and continuously improving our controls are central to the delivery of our strategic objectives. The Board's risk committees play an active role in ensuring that we undertake well-measured, profitable, risk-taking activities that support long-term sustainable growth.

Balancing Risk and Return

Balancing risk and return and taking cognizance of the capital required demands rigorous analysis. The ultimate aim is to optimize the upside and minimize the downside with a view to adding value to our shareholders, and providing security to our other capital providers and clients, as well as ensuring overall sustainability 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 spectrum, ranging from a loss to a profit. Accordingly, over the past year we have expended substantial energy on improving our risk and capital management framework, to focus on taking risks where we:

- Understand the nature of the risks we are taking, and what the range of outcomes could be under various scenarios, 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 Scenario and Stress Testing

We use robust and appropriate scenario stress testing to assess the potential impact on the Group's capital adequacy and strategic plans. Our stress testing and scenario analysis programme is central to the monitoring of strategic and potential risks. It highlights the vulnerabilities of our business and capital plans to the adverse effects of extreme but plausible events. As a part of our core risk management practices, the Bank conducts enterprise-wide stress tests on a periodic basis to better understand earnings, capital and liquidity sensitivities to certain economic scenarios, including economic conditions that are more severe than anticipated. The outcome of the testing and analysis is also used to assess the potential impact of the relevant scenarios on the demand for regulatory capital compared with its supply. These enterprise-wide stress tests provide an understanding of the potential impacts on our risk profile, capital and liquidity. It generates and considers pertinent and plausible scenarios that have the potential to adversely affect our business.

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

Recovery and Resolution Planning

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

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

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

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

The Central Bank of Nigeria designated eight banks as Domestic Systemically Important Banks (D-SIBs) in November 2013 and issued requirements for Recovery and Resolution Plans to be submitted by 1st January of every year. Access Bank was designated as a D-SIB, as such, we have updated the Bank's 2017 recovery plan ('Recovery Plan') and submitted this to the relevant regulators. The Recovery Plan is updated once a year at least to reflect changes in the business and the regulatory environment.

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

In preparing the Recovery plan, we leveraged the following guidelines:

- Central Bank of Nigeria (CBN) Minimum Contents for Recovery Plans and Requirements for Resolution Planning. November 2016
- European Banking Authority (EBA):
    - Regulatory Technical Standards (EBA/RTS/2014/11)
    - Guidelines (GL/2015/02)
    - Prudential Regulations Authority (PRA) Policy and Supervisory Statements (PS1/15 and SS18/13)

    Financial Stability Board (FSB) Guidance on Recovery Triggers and Stress Scenarios dated 16 July 2013

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

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

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

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

Resolution Planning

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

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

Risk Analytics and Reporting

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

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

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

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

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

Data Management and Integration.

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

The Group has a data governance structure which enforces risk data governance and discipline across the Bank as well as data quality measurement metrics to reduce the Bank's risk exposure due to data quality issues.

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

Integrated Risk Analytics

The Group guides the analytical input into the implementation of various risk software and their on-going implementation in Credit risk, Market risk, Operational risk and other risk areas. The unit also drives the development as well as implementation of the internal and regulatory risk measurement methodology and models for the core risk elements; examples of the model are Rating models, Scoring models, Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) ,etc.

The unit designs stress test models and implements the same on the Bank's portfolios and risk profile as well as comprehensive risk analyses to provide insight into all current Strategic Business Unit (SBU) risk profiles. The group also drives the full implementation of Basel II/III and manages the Internal Adequacy Assessment Process (ICAAP).

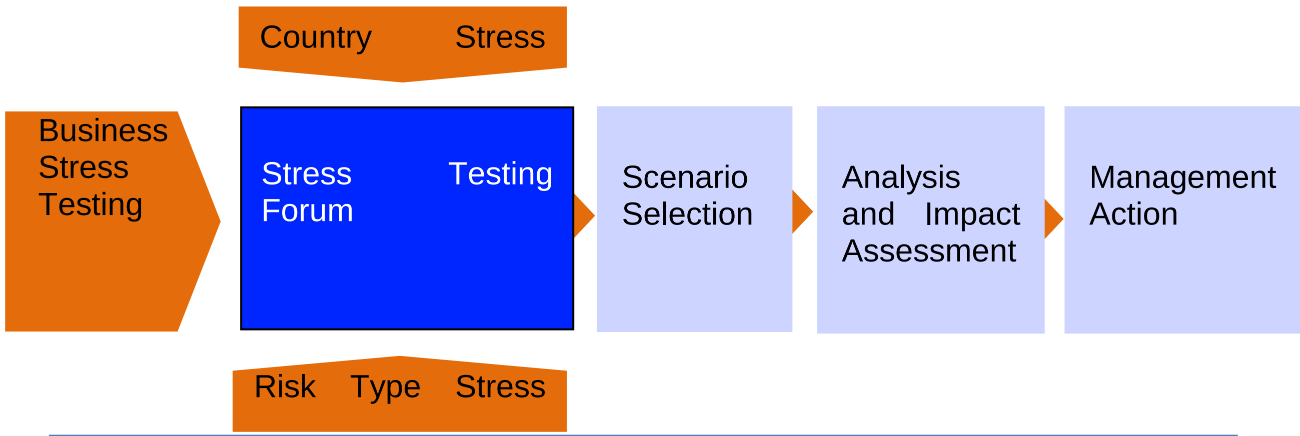
In 2015, the Group deepened the Risk Embedded Performance Management Frame work as part of the process of maintaining and aligning behaviours with the Bank's moderate risk appetite. Business performance will subsequently be monitored with a focus on financial performance and risk exposures being aligned with the Bank's risk appetite. The 2016 Budget was built with risk appetite as an integral part of the financial target determination. Varieties of triggers were employed and an automated process was created to efficiently track compliance and apply a risk charge to the various SBUs where there are deviations.

Integrated Risk Reporting.

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

The quality of risk reporting was also enhanced in 2015 by implementing an automated risk reporting system known as the Risk Management Report Portal and the subsequent inclusion of the Subsidiary Risk Management portal. This has led to easy and timely access to risk reports, provided early warning signals, better limit monitoring and better decision making for all units across risk management.

Stress testing framework



Our stress testing framework is designed to:

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

Risk Management Philosophy, Culture, Appetite and Objectives

Access Bank's Risk Culture Statement:

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

Access Bank's Risk Management philosophy and culture remain fundamental to the delivery of our strategic objectives. 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.

The Bank's acclaimed risk management process has continued to achieve desired results as evidenced by improved risk ratios and independent risk ratings. In line with the 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 fundamental to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how 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;
- 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 partner with other stakeholders within and outside the Bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

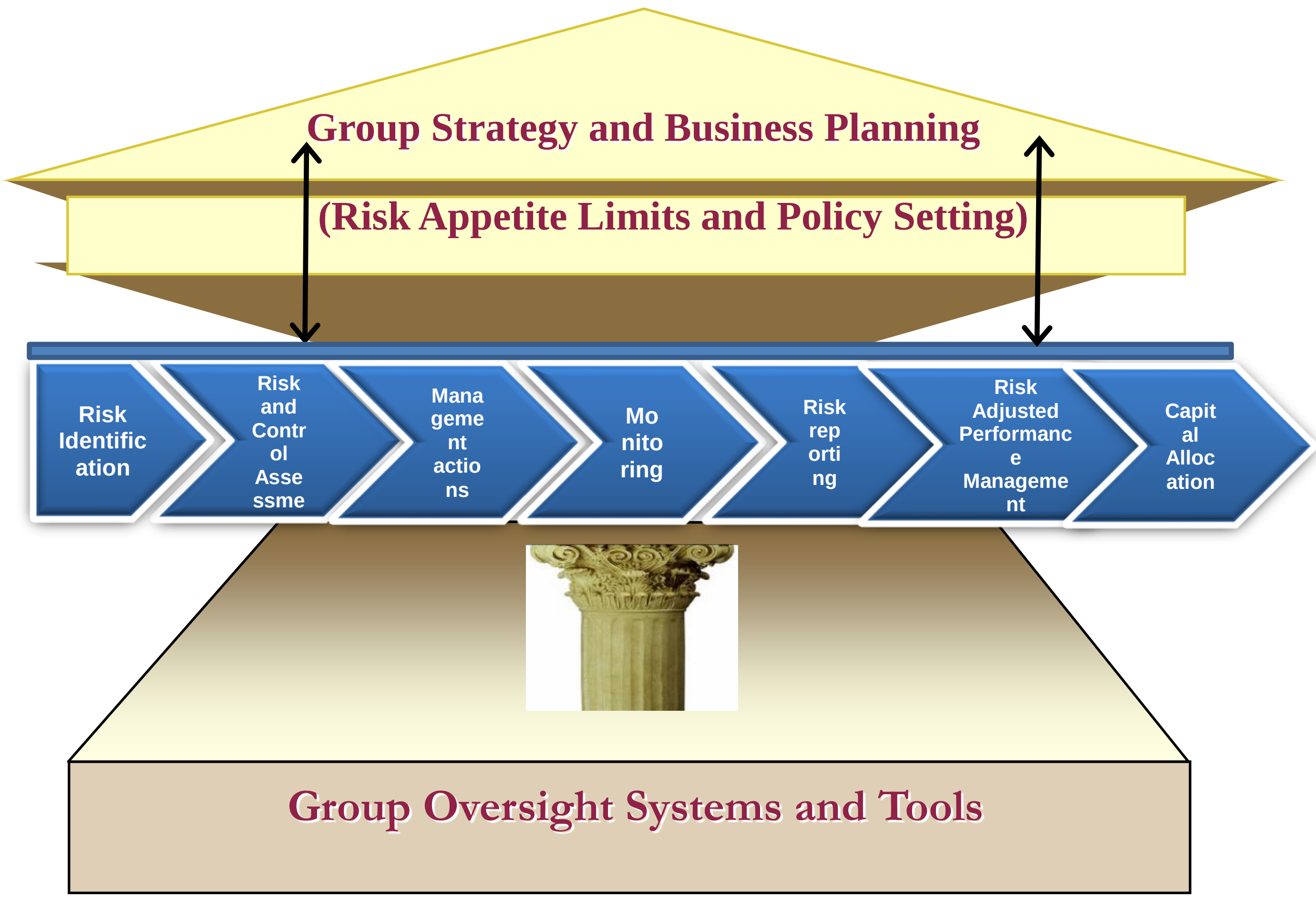
c) The bank also partners with its customers to improve their attitude to risk management and encourage them to build corporate governance culture into their business management

d) Risk management is governed by well-defined policies, which are clearly communicated across the Bank.

e) Equal attention is paid to both quantifiable and non-quantifiable risks.

f) The Bank avoids products and businesses it does not understand.

Risk management process



Group risk oversight approach

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

The Bank's risk management function provides a central oversight of risk management across the Bank and subsidiaries 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 function is complemented by the financial control and strategy group in the management of strategic and reputational risks.

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 approved 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), Liquidity and economic capital adequacy. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (e.g. 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 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 line with our standard practice, 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 Division, the Financial Control and Strategy Group, and other key stakeholders with respect to risk management are highlighted below:

Risk Management 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) Embed risk culture in the Bank to ensure that everyone in the bank takes into consideration Access Bank risk appetite in whatever they do.

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

g) Monitor compliance with bank-wide risk policies and limits.

h) Empower Business unit risk champion to identify, monitor and report on the effectiveness of risk mitigation plans in reducing risk incidence as related to day to day activities in the unit.

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

j) Champion the implementation of Basel II and III.

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

Risk Management Governance Framework

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

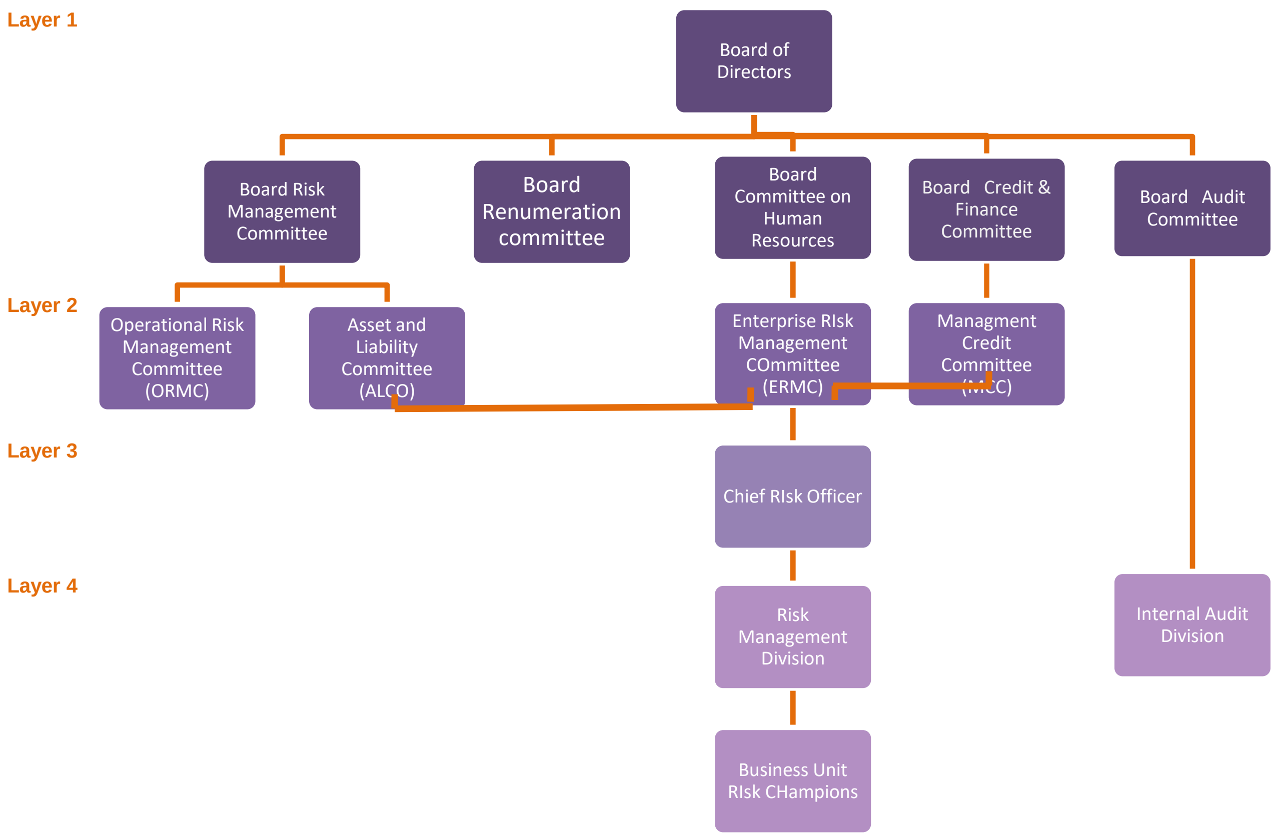
1. The enterprise-wide risk management and corporate governance committee forums;

2. The executive management committees; and

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, reputational and strategic risk.

Specific roles in these areas are further defined below:

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

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

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

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

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

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

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

Credit Risk

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

b) Ensure that the Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital through 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) To put in place effective internal policies, systems and controls to identify, measure monitor, and control credit risk concentrations.

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

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

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; and

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

Compliance Risk

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

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

c) Ensure new and changed legal and regulatory requirements are identified, monitored and reflected in 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

Operational Risk

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

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

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

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

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

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

Reputational Risk

a) Set an appropriate tone and 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 on-going 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.

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

The Board and Management Committees

The Board of Directors is the highest approval authority for credit risk policies and credit facilities in Access Bank. It 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 has six standing committees namely: the Board Risk Management Committee, the Board Audit Committee, the Board Remuneration Committee, the Board Governance and Nomination Committee, the Board Credit & Finance Committee and the Board Digital and IT Committee.

The management committees which exists in the Bank includes: 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).

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

COMPLIANCE RISK MANAGEMENT

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

The implementation of our compliance function transformation which we commenced in 2015 reached an advanced stage in 2017. The integrated compliance function working closely with Internal Audit and Operational risk to achieve risk convergence provided backbone for integrated assurance and higher visibility of risk management and control consciousness across the Group.

The compliance function has continued to redefine its approach from the traditional inspectorate function into an advisory role with intense focus on regulatory intelligence gathering and closer cooperation with business units within the Bank, and the group acting as a contact point within the Bank for compliance queries from staff members. We raised the monitoring to online real time to catch up with the current digital banking environment instead of the old process of waiting for next day to do transaction call over. Today we receive alerts of transactions on a risk based approach by focusing on the high-risk areas thereby spotting non-conformities on time.

Measurement, Monitoring and Management of Compliance Risk

In Access Bank, compliance risk is:

- Measured by reference to identified metrics, incident assessments (whether affecting Access Bank or the wider industry), regulatory feedback and the judgment of our external assessors as it relates to AML/CFT and other compliance vulnerabilities;
- Monitored against our compliance risk assessments and metrics, the results of the continuous monitoring and reporting activities of the compliance function and the results of internal and external audits and regulatory inspections; and
- Managed by establishing and communicating appropriate policies and procedures, training employees on them, and monitoring activity to assure their observance.

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

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

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

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

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

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

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

Our Compliance Risk Appetite

Access Bank Plc aims to be compliant with all applicable laws and regulations, internal company rules and policies governing its operations and established good business practices. Access Bank Plc ensures that this requirement is embedded in the culture of its business operations.

Enhanced global AML and sanctions policies, incorporating the bank's risk appetite, are effectively in use in the Bank. The policies adopt and seek to enforce the highest or most effective standards globally, including a globally consistent approach to knowing our customers.

With respect to Compliance Risk, the Bank's appetite for Compliance Risk continues to be defined as follows; Zero tolerance for payment of fines and other penalties associated with regulatory infractions and non-compliance with laws, standards and rules. The primary compliance objective is to be among top three (3) most compliant banks in all the jurisdictions we have our business operations. The Bank shall continuously aim to minimize the following compliance risk indicators:

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

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

Our AML Programme

Access Bank Plc has a Board approved AML/CFT programme. This is contained in the Bank's Compliance Manual which is reviewed and updated on an annual basis. Our Compliance Manual contains the policies approved by the Board. Some of these are the Politically Exposed Persons (PEP) Policy; Compliance Risk Management Policy, Compliance Charter etc.

Board members and all levels of staff are trained at least once every financial year on AML/CFT/KYC/ABC as stated in the Bank's policy. New employees also undergo KYC/AML/CFT/ABC training as an induction course. The Bank organizes and ensures that staff attend webinars, conferences, workshop, trainings etc as part of its bank wide AML/CFT/KYC awareness program. Tests are conducted during such trainings to ensure employees understand the content and scope of the trainings.

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

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

Anti-Bribery & Corruption Implementation

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

The Bank and all its Subsidiaries have a Board approved policy which sets out the general rules and principles we adhere to and continue to communicate to all employees, directors, business associates as well as relevant partners, suppliers, vendors and other stakeholders the need to maintain high ethical and professional conduct while doing the Bank's business.

Conduct Risk Implementation

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

Strategic Alliance & Partnership

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

The Compliance Institute of Nigeria (CIN) which is a brain child of the Association of Chief Compliance Officers of Banks in Nigeria (ACCOBIN) is a network of experienced and certified Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) professionals working on ground in Nigeria recently admitted over 120 Compliance and Internal Audit staff of the bank as Compliance Designates, Associates and Fellows of the Institute. Our own Chief Conduct and Compliance Officer, Mr. Pattison Boleigha is presently the pioneer president of the Institute. Access Bank was also honored by the

Association of Chief Compliance Officers of Banks in Nigeria (ACCOBIN) for the Bank's pivotal role during the pioneer stage of the Association.

OPERATIONAL RISK MANAGEMENT

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

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

This framework includes:

- recognized ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Corporate Audit.

We seek to minimise exposure to operational risk, subject to cost trade-offs. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

The goal is to keep operational risk at appropriate levels relative to the characteristics of our businesses and the markets in which we operate, our capital and liquidity, and the competitive, economic and regulatory environment. Notwithstanding these controls, Access Bank incurs operational losses.

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

- Reduce the likelihood of occurrence of expected events and related cost by managing the risk factors and implementing loss prevention or reduction techniques to reduce variation to earnings;
- Minimise the impact of unexpected and catastrophic events and related costs through risk financing strategies that 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 emphasizes effective operational management and adherence to operating controls, there are three distinct levels of operational risk governance structure in Access Bank Plc.

Level 1 refers to the oversight function carried out by the Board of Directors, Board Risk 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 Management Framework

The Group's current operational risk framework was implemented in 2007 to meet internal and regulatory requirements. There has been significant investment in the implementation of improved measurement and management approaches for operational risk to strengthen control, improve customer service, 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 where appropriate. Events of material significance are limited and the Group seeks to reduce the risk from these extreme events in a framework consistent with its agreed risk appetite. Processes are in place to monitor the management and future mitigation of such events.

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

Management and control responsibilities

The first line of governance for managing operational risk rests with business and operational risk management forms part of the day-to-day responsibilities of all business unit management. Business unit staff report any identified breakdowns in control and any risk events that may result in financial loss and/or reputation damage. 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 ERMC and at the Board; and the multi-layered system of defences ensures pro-active operational risk management.

Measuring and managing operational risk

The Group recognizes the significance of operational risk and is committed to enhancing the measurement and management thereof. Within the Group's operational risk framework, qualitative and quantitative methodologies and tools are applied (Group-wide) to identify and assess operational risks 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 KRIs are in place across the Group, with relevant and agreed thresholds set by the business. KRIs are monitored on a Group as well as business unit level, based on significance. Threshold breaches are managed in accordance with an agreed process across the Group.

Reporting

Business units are required to report on both 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 each business units, the allocation takes into consideration not only the size of the business unit, but also measures the business unit's control environment, namely open audit findings, RCSA results, and loss experience. This translates to a risk-sensitive allocation with the opportunity afforded to business to identify actions to positively impact on their respective allocated operational risk capital.

Insurance mitigation

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

- comprehensive crime and electronic crime;
- directors' and officers' liability; and
- professional indemnity.

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

Information Security, Digital Banking and Continuity of Business

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

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

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

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

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

STRATEGIC RISK MANAGEMENT

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

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

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

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

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

Access Bank, in compliance with the Basel II principles, uses Internal Capital Adequacy Assessment Process in assessing its Strategic Risk. To this end, it sees Strategic Risk as material risk that could result when the bank fails to meet its performance targets, sufficient cashflow to maintain its operations that may result in a negative impact on the bank's operating result and financial condition.

This strategic risk could stem from adverse global economy, regulatory actions, improper analysis that can impact the implementation of decisions, lack of responsiveness to industry changes, inability to respond promptly to business opportunities, ineffective change management and communication process as well as the nature and activities of competitors.

Based on the foregoing, the bank estimates a capital charge figure in relationship to its actual gross earnings to cover its strategic risk exposure, in line with its tolerance level.

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

Strategic plans are approved and monitored by the board. Regular environmental scan, business strategy sessions and workshops are set up to discuss business decisions, close monitoring to ensure that strategic plans are properly aligned with the business model, regular performance review by EXCO, business plans are approved by the board. The bank also maintains a well-defined succession plan, proper monitoring and well defined structures to align its activities to international best practices.

REPUTATIONAL RISK MANAGEMENT

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

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

- A highly regulated financial services industry with high visibility and vulnerability to regulatory actions that may adversely impact its reputation. (e.g. corporate governance crises);
- Keen competition and largely homogeneous products and services have led customers not to perceive significant differences between financial service providers; and
- Given the financing nature of products and services they provide, Banks are not only exposed to their own reputation, but also to the reputation of their clients.

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

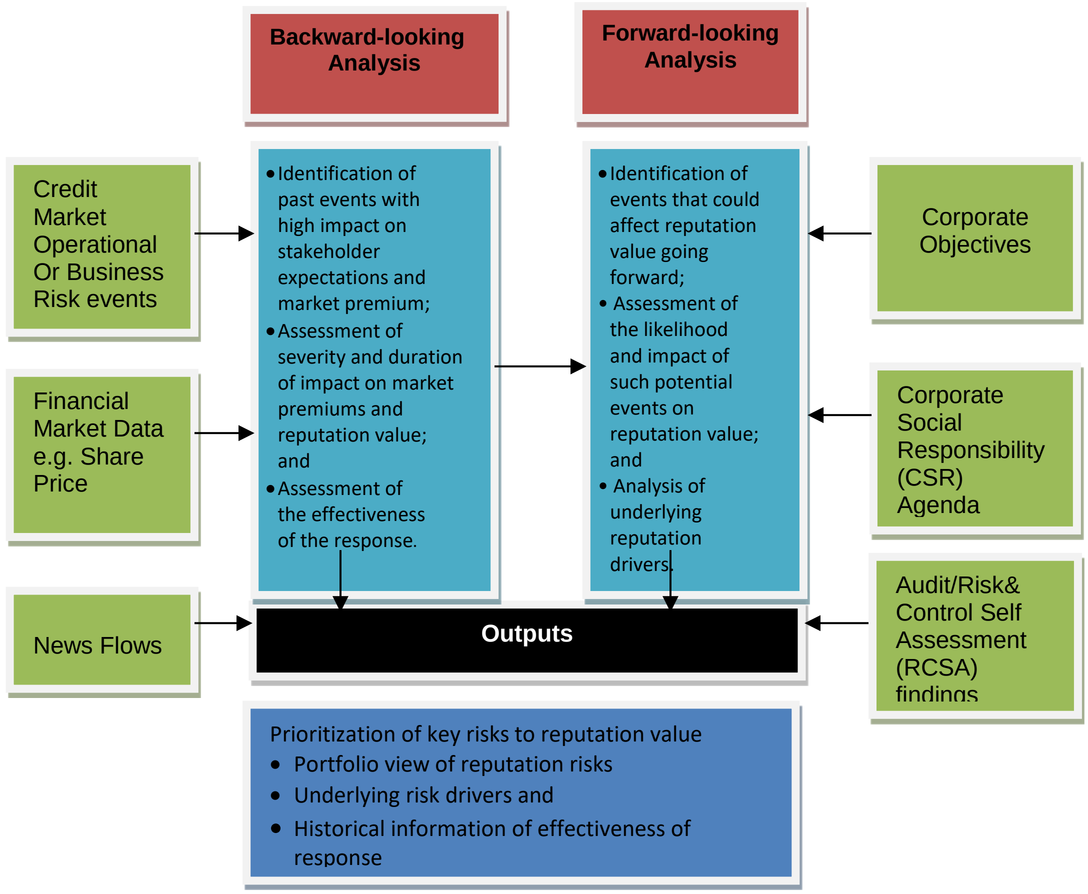
- Loss of current or future customers;
- Loss of public confidence;
- Loss of employees leading to an increase in hiring costs, or staff downtime;
- Reduction in current or future business partners;
- Increased costs of capitalization via credit or equity markets;
- Regulatory sanctions;
- Increased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

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.

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

During the year under review, the leadership of Strategic and Reputational Risk Management Unit was strengthened with the recruitment of a senior management staff to fully drive the implementation of the policies and strategies of the Bank with regards to its strategic and reputational risks.

Key Drivers of Reputational Risk



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

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

Compilation of Trigger Events

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

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

Events data analysis

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

- Evaluating types of marketing efforts and implications for Reputational Risk;
- Analysis of number of accounts opened vs. closed;
- Calling effort analysis;
- Complaint log analysis; and
- Error resolution review.

Approach to managing reputation 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:

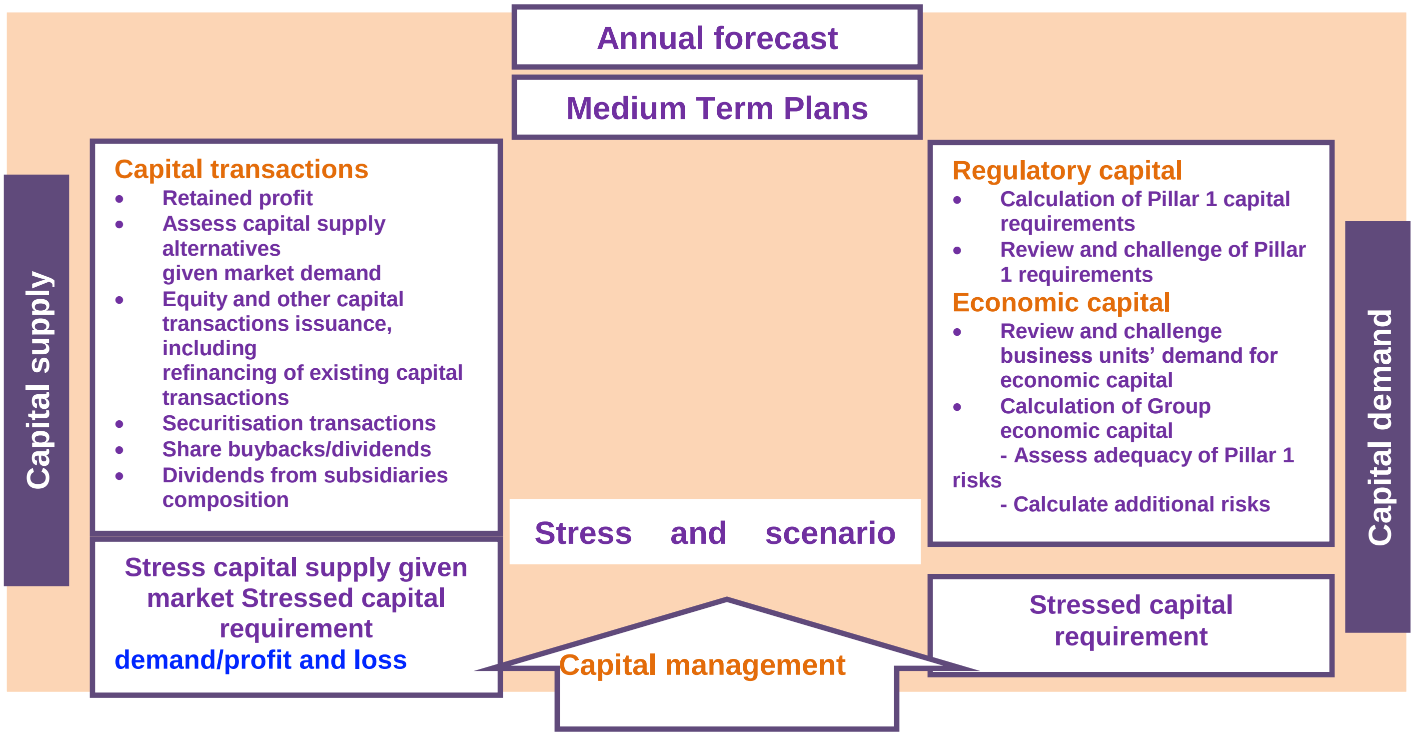
The Group has a number of capital management objectives:

- 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 above 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.

Independent auditor's report

To the Members of Access Bank Plc

Report on the audit of the interim consolidated and separate financial statements

Our opinion

In our opinion, the interim consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Plc ("the bank") and its subsidiaries (together "the group") as at 30 June 2018, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the 6 months period then ended in accordance with IAS 34 'Interim Financial Reporting' and the requirements of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act.

What we have audited

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

- the consolidated and separate statements of comprehensive income for the 6 months' period ended 30 June 2018;
- the consolidated and separate statements of financial position as at 30 June 2018;
- the consolidated and separate statements of changes in equity for the 6 months' period then ended;
- the consolidated and separate statements of cash flows for the 6 months' period then ended; and
- the notes to the interim consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment on loans and advances to customers – N104.3 billion (refer to notes 3.9, 4.0 and 23) This is considered a key audit matter because of the materiality of the loans and advances balance net of impairment (N1.9trillion) and the significant use of management judgement both in determining the timing and recognition of impairment. The International Accounting Standards Board (IASB) issued IFRS 9 – Financial instruments replaces IAS 39 – Financial instruments in three phases as follows: Phase 1 – Classification and measurement of financial instruments; Phase 2 – Impairment methodology; and Phase 3 – Hedge accounting. We focused on the "Phase 2 – Impairment methodology" of the IFRS 9 'Financial Instruments' standard as it introduced a new, forward looking, expected credit loss (ECL) model which required significant judgement in measuring ECL. Areas where significant judgement was exercised includes: • the identification of loss events for loans classified as stage 3 – credit impaired; • determining the criteria for assessing significant increase in credit risk (SICR); • incorporating forward looking information in building the economic scenarios used in the ECL model; • the valuation of collaterals and other evidence of future cash flows used in the impairment calculation for the facilities individually assessed for impairment because of their impact on the determination of recoverable amount; and	With respect to the classification and measurement of financial instruments, our procedures included: • evaluating the Group's policy on IFRS 9 based classification and measurement of financial instruments for compliance with the requirements of the standard; • understanding the Group's business model assessment and test of the contractual cash flows which gave rise to cash flows that are solely payments of principal and interest (SPPI test); and • evaluating the reasonableness of the opening balance sheet adjustments. With respect to the impairment methodology, we adopted a combined controls and substantive approach in assessing the allowance for impairment made by management. Our procedures include: • obtaining an understanding of the Group's internal rating models for loans and advances and checked that the output of the model was consistently applied in the ECL model; • evaluating the reasonableness of the Group's determination of significant increase in credit risk and the basis for classification of exposures into various stages; • applying a risk based target testing approach in selecting a sample of credit facilities for detailed reviews of related customer files and account statements. For other facilities not subjected to detailed review of customer files, we tested for impairment triggers using computer assisted audit techniques. For all facilities we selected, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs; • assessing the probability of default (PD) by using the downgrades on obligor ratings between prior year and current period;

- techniques that were used to determine the probability of default (PD) and the loss given default (LGD).

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

- evaluating the reasonableness of the Loss Given Default (LGD) by comparing it with the bank's data. In reviewing the valuation of collaterals and other evidence of future cash flows, we obtained the valuation reports and assessed management overlays made on the recoverability of collateral considering the current economic condition and the state of the assets held as collateral; and

- assessing other significant areas of complexity and estimation uncertainty in the ECL model. With the assistance of our credit modelling experts, we checked the reasonableness of forward looking information incorporated into the impairment calculations and challenged the multiple economic scenarios chosen.

Valuation of equity securities at fair value through profit or loss - N95.3 billion (refer to notes 3.9, 4.1 and 25 (i))

We focused on this area because of the significant judgements involved and the higher risk of material misstatement in estimating the fair value of these instruments. The most judgemental aspect of equity securities at fair value through profit or loss relate to the valuation of level 3 financial instruments (*N 83.7 billion - refer to note 4.1.1*), which we consider to be a key audit matter.

The following risks could lead to inaccurate fair values of level 3 equity securities with readily determinable fair values:

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

Management employs the services of external consultants for these valuations.

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

We assessed the competence, independence and objectivity of management's external consultants.

We checked that the valuation techniques used to determine the fair values of level 3 equity securities were consistent with the market approach prescribed by the applicable standard;

We evaluated the principal assumptions and checked the inputs by comparing them to independent sources for reasonableness;

We assessed the valuation methodology and models for consistency by comparing to prior periods;

We evaluated the appropriateness of the classification and measurement basis of these investments; and

We reviewed the disclosures for compliance with the relevant standards.

Valuation of derivative financial instruments -
Derivative financial assets - N 124.9 billion
Derivative financial liabilities - N 4.6 billion (refer to notes 3.9, 4.1 and 21)

Due to the significance of derivative financial instruments and the related estimation uncertainty, this is considered a key audit matter.

The fair value of derivative financial instruments is determined through the application of valuation techniques which often involve the exercise of judgement by management and the use of assumptions and estimates especially in the determination of forward rates and discount rates.

The Bank's derivative financial instruments are broadly categorized into the following:

- Forward contracts
- Swap contracts
- Non deliverable forward contracts

For forward and swap contracts which have terms to maturity of less than one year from the statement of financial position date, management obtains the input for the valuation (i.e. market rate) from a quoted market.

Non deliverable forward contracts are short tenured and are valued with respect to a reference market rate with no adjustment for discounting.

This is considered a key audit matter in the interim separate financial statements only.

We tested the validity of the underlying data used in management's valuation report. Furthermore, we employed the services of our valuation specialists in assessing the reasonableness of assumptions and models used.

For the forwards and swap contracts, we have assessed the reasonableness of management's fair value estimation by:

- discounting the payoff in each currency to the valuation date using that currency's swap curve;
- converting the foreign currency payoffs to local currency using spot exchange rates as at valuation date between local and the foreign currencies; and
- determining the value to the bank as the present value of the difference between the value to be received and the value to be paid (both in local currency).

With respect to non-deliverable forward contracts, we tested management's assessment of fair values by checking the market rate differential between the contracted exchange rate and the spot exchange rates.

We have also assessed the adequacy of the Group's disclosures including the accuracy of the categorisation into the fair value measurement hierarchy and adequacy of the disclosure of the valuation techniques.

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Directors' report, Customer complaints, Corporate Governance report, Statement of Directors' responsibilities, Report of the Statutory Audit Committee, Risk management framework, Value Added Statement and Five Year Financial Summary (but does not include the interim consolidated and separate financial statements and our auditor's report thereon).

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

In connection with our audit of the interim consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the interim consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of the interim consolidated and separate financial statements that give a true and fair view in accordance with IAS 34 'Interim Financial Reporting' and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act, and for such internal control as the directors determine is necessary to enable the preparation of interim consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

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

iii) the bank's statement of financial position and statement of comprehensive income for the 6 months' period ended are in agreement with the books of account;

iv) the information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 44 to the interim consolidated and separate financial statements; and

v) as disclosed in Note 41 to the interim consolidated and separate financial statements, the bank paid penalties in respect of contraventions of certain sections of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during the 6 months' period ended 30 June 2018.

Tola Ogundipe

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0265276

29 August 2018

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

Consolidated and separate statement of comprehensive income

In thousands of Naira	*Notes*	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Interest income	8	186,686,407	161,905,310	158,406,835	141,295,043
Interest expense	8	(101,389,962)	(78,863,521)	(93,542,436)	(71,850,693)
Net interest income		85,296,445	83,041,789	64,864,399	69,444,350
Net impairment charge	9	(7,340,206)	(10,362,780)	(6,838,363)	(9,215,120)
Net interest income after impairment charges		77,956,239	72,679,009	58,026,036	60,229,230
Fee and commission income	10	30,284,866	25,076,547	23,408,072	19,866,554
Fee and commission expense		(217,896)	(250,510)	-	-
Net fee and commission income		30,066,970	24,826,037	23,408,072	19,866,554
Net gains/(loss) on investment securities	11a,b	59,564,776	(3,645,531)	59,017,488	(3,771,616)
Net foreign exchange (loss)/income	12	(33,779,149)	59,022,310	(37,461,497)	57,251,011
Other operating income	13	10,267,288	4,216,767	9,307,361	3,886,175
Personnel expenses	14	(26,085,304)	(27,743,514)	(18,274,247)	(22,052,095)
Rent expenses		(2,225,121)	(1,665,573)	(1,017,137)	(852,901)
Depreciation	28	(6,689,239)	(5,373,476)	(5,670,827)	(4,588,273)
Amortization	29	(1,349,654)	(1,130,477)	(1,109,516)	(898,997)
Other operating expenses	15	(61,884,064)	(69,136,785)	(54,017,659)	(63,802,632)
Profit before tax		45,842,742	52,048,767	32,208,074	45,266,456
Income tax	16	(6,217,565)	(12,588,824)	(3,149,910)	(10,413,301)
Profit for the period		**39,625,177**	**39,459,943**	**29,058,164**	**34,853,155**
Other comprehensive income (OCI) net of income tax :					
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Unrealised gains during the period		4,125,935	1,213,051	-	-
Net changes in fair value of FVOCI financial instruments					
-Fair value changes during the period		(8,361,488)	4,804,620	(8,071,458)	4,563,014
-Net changes in allowance on FVOCI financial instruments		46,272	-	5,756	-
Other comprehensive (loss)/gain, net of related tax effects		(4,189,281)	6,017,671	(8,065,702)	4,563,014
Total comprehensive income for the period		**35,435,896**	**45,477,614**	**20,992,462**	**39,416,169**
Profit attributable to:					
Owners of the bank		39,178,181	39,352,369	29,058,164	34,853,155
Non-controlling interest	38	446,996	107,574	-	-
Profit for the period		**39,625,177**	**39,459,943**	**29,058,164**	**34,853,155**
Total comprehensive income attributable to:					
Owners of the bank		34,830,650	45,256,340	20,992,462	39,416,169
Non-controlling interest		605,246	221,274	-	-
Total comprehensive income for the period		**35,435,896**	**45,477,614**	**20,992,462**	**39,416,169**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	17	138	138	100	120
Diluted (kobo)	17	135	136	100	120

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

Consolidated and separate statement of financial position
As at 30 June 2018

In thousands of Naira	*Notes*	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Assets					
Cash and balances with banks	18	1,140,541,702	953,944,176	744,848,876	657,144,247
Investment under management	19	20,723,830	20,257,131	20,723,830	20,257,131
Non pledged trading assets	20	57,865,976	46,854,061	52,107,167	43,016,990
Derivative financial assets	21	124,944,697	93,419,293	124,653,661	92,390,219
Loans and advances to banks	22	94,073,439	68,114,076	105,782,161	101,429,001
Loans and advances to customers	23	1,905,021,613	1,995,987,627	1,724,743,537	1,771,282,739
Pledged assets	24	334,115,486	447,114,404	334,115,486	440,503,327
Investment securities	25	412,562,689	278,167,757	260,185,178	121,537,303
Other assets	26	157,624,493	82,753,431	125,644,935	65,189,797
Investment in subsidiaries	27b	-	-	111,464,088	87,794,631
Property and equipment	28	103,599,336	97,114,640	88,068,469	83,676,722
Intangible assets	29	8,098,592	8,295,855	7,819,939	5,981,905
Deferred tax assets	30	1,212,848	740,402	-	-
		4,360,384,701	4,092,762,853	3,700,157,327	3,490,204,012
Asset classified as held for sale	31	11,022,991	9,479,967	11,022,991	9,479,967
Total assets		**4,371,407,692**	**4,102,242,820**	**3,711,180,318**	**3,499,683,979**
Liabilities					
Deposits from financial institutions	32	666,902,321	450,196,970	501,151,733	276,140,835
Deposits from customers	33	2,408,982,524	2,244,879,075	2,007,124,381	1,910,773,713
Derivative financial liabilities	21	4,629,711	5,332,177	4,182,052	5,306,450
Current tax liabilities	16	5,735,511	7,489,586	2,606,964	4,547,920
Other liabilities	34	187,645,022	253,914,174	168,133,694	238,695,686
Deferred tax liabilities	30	9,137,069	8,764,262	8,361,319	7,848,515
Debt securities issued	35	297,335,252	302,106,706	297,335,252	302,106,706
Interest-bearing borrowings	36	328,039,139	311,617,187	314,544,414	282,291,141
Retirement benefit obligation	37	2,812,993	2,495,274	2,796,447	2,481,916
Total liabilities		**3,911,219,542**	**3,586,795,411**	**3,306,236,256**	**3,030,192,882**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		127,800,057	117,701,679	130,357,866	120,218,603
Other components of equity	38	112,436,530	178,399,413	62,147,394	136,833,692
Total equity attributable to owners of the Bank		**452,675,389**	**508,539,894**	**404,944,062**	**469,491,097**
Non controlling interest	38	7,512,761	6,907,515	-	
Total equity		**460,188,150**	**515,447,409**	**404,944,062**	**469,491,097**
Total liabilities and equity		**4,371,407,692**	**4,102,242,820**	**3,711,180,318**	**3,499,683,979**

Signed on behalf of the Board of Directors on 30 July, 2018 by:

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

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

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

Consolidated and separate statement of changes in equity

In thousands of Naira **Group**	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2018	**14,463,986**	**197,974,816**	**43,420,287**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**36,111,322**	**26,813,500**	**117,701,679**	**508,539,894**	**6,907,515**	**515,447,409**
Changes on initial application of IFRS 9 (see note 3.30)	-	-	-	-	-	-	-		-	(78,606,471)	**(78,606,471)**	-	**(78,606,471)**
Transfers (see note 3.30)	-	-	(35,058,266)	-	-	-	-	(36,073,933)	-	71,132,199	-	-	-
Restated balance at 1 January 2018	**14,463,986**	**197,974,816**	**8,362,021**	**70,562,156**	**2,031,978**	**(4,028,910)**	**3,489,080**	**37,389**	**26,813,500**	**110,227,407**	**429,933,423**	**6,907,515**	**436,840,938**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	39,178,181	39,178,181	446,996	39,625,177
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	3,967,685	-	3,967,685	158,250	4,125,935
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	-	(8,361,488)	-	-	(8,361,488)	-	(8,361,488)
Net changes in allowance on FVOCI financial instruments	-	-	-	-	-	-	-	46,272	-	-	46,272	-	46,272
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**(8,315,216)**	**3,967,685**	**-**	(4,347,531)	158,250	**(4,189,281)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,315,216)**	**3,967,685**	**39,178,181**	34,830,650	605,246	**35,435,896**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	3,519,586	6,514,756	-	-	-	-	-	(10,034,342)	-	-	-
Scheme shares	-	-	-	-	392,597	(857,845)	-	-		-	(465,248)	-	(465,248)
Vested shares	-	-	-	-	(891,720)	839,473	-	-	-	-	(52,246)	-	(52,246)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(11,571,189)	(11,571,189)	-	(11,571,189)
Total contributions by and distributions to equity holders	**-**	**-**	**3,519,586**	**6,514,756**	**(499,123)**	**(18,372)**	**-**	**-**	**-**	**(21,605,531)**	**(12,088,683)**	**-**	**(12,088,683)**
Balance at 30 June 2018	**14,463,986**	**197,974,816**	**11,881,607**	**77,076,912**	**1,532,855**	**(4,047,282)**	**3,489,080**	**(8,277,827)**	**30,781,185**	**127,800,057**	**452,675,390**	**7,512,761**	**460,188,151**

Consolidated statement of changes in equity

In thousands of Naira **Group**	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Treasury Shares	Capital reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non Controlling interest	Total Equity
	Attributable to owners of the Bank												
Balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,375)**	**3,489,080**	**23,240,250**	**11,992,025**	**93,614,030**	**448,247,552**	**6,247,028**	**454,494,580**
Total comprehensive income for the period:													
Profit for the period	-	-	-	-	-	-	-	-	-	39,352,369	39,352,369	107,574	39,459,943
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	1,102,244	-	1,102,244	110,807	1,213,051
Realised foreign currency translation difference	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	4,801,726	-	-	4,801,726	2,894	4,804,620
Total other comprehensive income	**-**	**-**	**-**	**-**		**-**	**-**	**4,801,726**	**1,102,244**	**-**	**5,903,970**	**113,701**	**6,017,671**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,801,726**	**1,102,244**	**39,352,369**	**45,256,339**	**221,275**	**45,477,614**
Transactions with equity holders, recorded directly in equity:													
Transfers during the period	-	-	4,884,281	4,974,200	-	-	-	-	-	(9,858,481)	-	-	-
Transactions with non-controlling interests (a)	-	-	-	-	-	-	-	-	-	(6,181,748)	(6,181,748)	(1,930,978)	(8,112,726)
Scheme shares	-	-	-	-	301,629	-	-	-	-	-	301,629	-	301,629
Vested Shares	-	-	-	-	-	(109,370)	-	-	-	-	(109,370)	-	(109,370)
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(11,571,189)	(11,571,189)	-	(11,571,189)
Total contributions by and distributions to equity holders	**-**	**-**	**4,884,281**	**4,974,200**	**301,629**	**(109,370)**	**-**	**-**	**-**	**(27,611,418)**	**(17,560,678)**	**(1,930,978)**	**(19,491,656)**
Balance at 30 June 2017	**14,463,986**	**197,974,816**	**47,816,831**	**67,589,412**	**1,513,607**	**(3,395,745)**	**3,489,080**	**28,041,976**	**13,094,269**	**105,354,981**	**475,943,213**	**4,537,325**	**480,480,538**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserve	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2018	**14,463,986**	**197,974,816**	**35,058,266**	**60,986,896**	**2,031,978**	**3,489,081**	**35,267,471**	**120,218,603**	**469,491,097**
Changes on initial application of IFRS 9 (see note 3.30)	-	-	-	-	-	-		(73,469,186)	**(73,469,186)**
Transfers (see note 3.30)	-	-	(35,058,266)	-	-	-	(36,073,933)	71,132,199	**-**
Restated balance at 1 January 2018	**14,463,986**	**197,974,816**	-	**60,986,896**	**2,031,978**	**3,489,081**	**(806,462)**	**117,881,616**	**396,021,911**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	29,058,164	**29,058,164**
Other comprehensive income, net of tax									
Net changes in fair value of FVOCI financial instruments	-	-	-	-	-	-	(8,071,458)	-	**(8,071,458)**
Net changes in allowance on FVOCI financial instruments							5,756		**5,756**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(8,065,702)**	**-**	**(8,065,702)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(8,065,702)**	**29,058,164**	**20,992,462**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	652,000	4,358,725	-	-	-	(5,010,725)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(11,571,189)	**(11,571,189)**
Scheme shares	-	-	-	-	340,351	-	-	-	**340,351**
Vested shares	-	-	-	-	(839,473)	-	-	-	**(839,473)**
Total contributions by and distributions to equity holders	**-**	**-**	**652,000**	**4,358,725**	**(499,122)**	**-**	**-**	**(16,581,914)**	**(12,070,311)**
Balance at 30 June 2018	**14,463,986**	**197,974,816**	**652,000**	**65,345,621**	**1,532,856**	**3,489,081**	**(8,872,164)**	**130,357,866**	**404,944,062**

Statement of changes in equity
In thousands of Naira

Bank	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Share Scheme reserve	Capital Reserve	Fair value reserve	Retained earnings	Total Equity
Balance at 1 January, 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,008,118**	**3,489,081**	**23,354,093**	**93,329,188**	**421,678,620**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	34,853,155	**34,853,155**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	4,563,014	-	**4,563,014**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**4,563,014**	**-**	**4,563,014**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**4,563,014**	**34,853,155**	**39,416,169**
Transactions with equity holders, recorded directly in equity:									
Transfers for the period	-	-	-	5,227,973	-	-	-	(5,227,973)	**-**
Dividend paid to equity holders	-	-	-	-	-	-	-	(11,571,189)	**(11,571,189)**
Scheme shares	-	-	-	-	234,121	-	-	-	**234,121**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**5,227,973**	**234,121**	**-**	**-**	**(16,799,162)**	**(11,337,068)**
Balance at 30 June 2017	**14,463,986**	**197,974,816**	**35,058,266**	**58,229,045**	**1,242,239**	**3,489,081**	**27,917,107**	**111,383,181**	**449,757,721**

Consolidated statement of cash flows

In thousands of Naira	Note	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Cash flows from operating activities					
Profit before income tax		45,842,742	52,048,767	32,208,074	45,266,456
Adjustments for:					
Depreciation	28	6,689,239	5,373,476	5,670,827	4,588,273
Amortization	29	1,349,654	1,130,477	1,109,517	898,997
Gain on disposal of property and equipment	13	(406,891)	(10,333)	(398,590)	(6,451)
Gain on disposal of available for sale securities	13	-	-	-	-
Fair value gain/(loss) on assets held at FVOCI		-	-	-	-
Impairment of FVOCI debt		46,272		5,756	
Impairment on financial assets	9	7,340,206	10,362,780	6,838,364	9,215,120
Additional gratuity provision	14	317,719	372,683	314,531	378,889
Loss on disposal of subsidiaries		-	-	-	-
Restricted share performance plan expense	14	392,597	301,629	340,351	234,121
Property and equipment written off	28	-	264,051	-	-
Fair value gain on financial assets at FVPL		(25,731,026)	-	(25,731,026)	-
Net interest income	8	(85,296,445)	(81,972,251)	(64,864,399)	(68,841,148)
Unrealised foreign exchange loss on revaluation	12	8,340,630	950,295	7,913,311	692,986
Loss/(Profit) on disposal of of investment in associate		-	-	-	-
Payment to gratuity benefit holders		-	(677,164)	-	(677,164)
Interest paid on deposits to banks and customers		(79,553,304)	(56,346,697)	(65,450,414)	(47,986,167)
Interest received on loans and advances		153,730,064	109,449,291	141,394,888	92,740,898
Dividends on available for sale equity securities	13	(2,729,525)	(2,074,684)	(2,729,525)	(2,074,684)
		30,331,932	39,172,320	36,621,665	34,430,125
Changes in operating assets					
Non-pledged trading assets		(11,283,468)	28,150,653	(9,361,725)	29,759,315
Derivative financial instruments		(32,227,870)	1,534,614	(33,387,841)	1,834,374
Pledged assets		112,998,918	(79,586,161)	106,387,841	(79,586,161)
Restricted deposits		(260,707,333)	(24,168,993)	(119,708,564)	(23,570,941)
Loans and advances to banks and customers		(15,094,006)	82,640,953	(44,562,415)	97,408,822
Other assets		(74,513,922)	(39,658,005)	(60,062,341)	(33,694,771)
Changes in operating liabilities					
Deposits from financial institutions		216,645,364	60,287,059	221,044,102	86,497,028
Deposits from customers		165,401,873	(191,532,623)	95,247,708	(187,789,376)
Other liabilities		(68,142,389)	40,431,601	(72,388,548)	41,311,069
		63,409,100	(82,728,583)	119,829,882	(33,400,515)
Income tax paid		(7,304,188)	(3,808,571)	(4,578,062)	(3,037,437)
Net cash generated from/(used in) operating activities		56,104,911	(86,537,154)	115,251,819	(36,437,953)
Cash flows from investing activities					
Acquisition of investment securities		(798,339,747)	(522,003,501)	(768,185,837)	(476,418,827)
Interest received on investment securities		31,557,721	25,434,586	16,995,510	9,946,925
Dividend received	13	2,729,525	2,074,684	2,729,525	2,074,684
Acquisition of property and equipment	28	(14,006,675)	(14,838,044)	(10,092,049)	(12,332,363)
Proceeds from the sale of property and equipment		591,775	420,885	428,064	15,990
Acquisition of intangible assets	29	(2,966,484)	(465,319)	(2,947,552)	(400,888)
Proceeds from disposal of asset held for sale		-	30,000	-	30,000
Additional investment in subsidiaries		-	-	(24,508,930)	(8,112,235)
Proceeds from matured/disposed investment securities		794,219,196	587,506,255	764,608,845	559,487,217
Net cash generated from investing activities		**13,785,312**	**78,159,547**	**(20,972,424)**	**74,290,505**
Cash flows from financing activities					
Interest paid on interest bearing borrowings and debt securities issued		(18,973,755)	(29,252,662)	(17,463,455)	(28,062,226)
Proceeds from interest bearing borrowings	36(m)	54,038,195	5,536,406	48,858,100	303,788
Repayment of interest bearing borrowings	36(m)	(41,214,212)	(21,111,329)	(19,591,390)	(15,113,726)
Repayment of debt securities issued	35	(38,449,592)	(14,218,119)	(38,449,592)	(14,218,119)
Purchase of own shares		(910,093)	(109,370)	-	-
Dividends paid to owners		(11,571,189)	(11,571,189)	(11,571,189)	(11,571,189)
Debt securities issued	35	23,393,672	59,308,189	23,393,672	59,308,189
Net cash (used in)/generated from financing activities		**(33,686,974)**	**(11,418,074)**	**(14,823,854)**	**(9,353,282)**
Net increase/(decrease) in cash and cash equivalents		36,203,249	(19,795,680)	79,455,540	28,499,270
Cash and cash equivalents at beginning of period	40	492,912,321	343,075,962	198,811,517	149,467,972
Net increase/ (decrease) in cash and cash equivalents		36,203,249	(19,795,678)	79,455,540	28,499,271
Effect of exchange rate fluctuations on cash held		4,531,052	575,993	3,381,995	(1,392)
Cash and cash equivalents at end of period	40	533,646,621	323,856,277	281,649,053	177,965,851

1.0 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 2018 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking. The Bank is listed on the Nigerian Stock Exchange.

These financial statements were approved and authorised for issue by the Board of Directors on 30 July 2018. The directors have the power to amend and reissue the financial statements.

2.0 Statement of compliance with International Financial Reporting Standards

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

3.0 Basis of preparation

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

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

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the 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 judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated and separate financial statements are described in note 4.

3.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial period beginning on or after 1 January 2018 that are relevant to the group.

None of these standards were early adopted by the Group

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

- ***IFRS 9 Financial Instruments***

IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018 and are disclosed in Note 3.30.

Changes to classification and measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the group's business model for managing the assets and the instruments' contractual cash flow characteristics.
The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), Fair value through other comprehensive income (FVOCI), held-to-maturity and amortised cost) have been replaced by:
• Debt instruments at amortised cost
• Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
• Debt instruments at fair value through profit or loss (FVPL), with gains or losses recognised in profit or loss on derecognition
• Equity instruments at FVPL
• Equity instruments at FVOCI with gains or losses not recycled to profit or loss on derecognition
• Other Financial assets designated at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.
Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

The Group's classification of its financial assets and liabilities is explained in Notes 3.9. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 3.3

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Group's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Group's impairment method are disclosed in Note 2.1. The quantitative impact of applying IFRS 9 as at 1 January 2018 is disclosed in Note 3.3

- ***IFRS 15 – Revenue from contracts with customers.***

This note explains the impact of the adoption of IFRS 15 ,Revenue from Contracts with Customers, on the Group's financial statements and also discloses the related accounting policies that have been applied from 1 January 2018 where they are different to those applied in prior periods.

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in minor changes to the wording of the accounting policies. However, the adoption of IFRS 15 did not result in any adjustments to the amounts recognised in the financial statements as the Bank's previous accounting treatment is in line with the requirements of IFRS 15.

In accordance with the transition provisions in IFRS 15, the Bank has adopted the new rules retrospectively without restating comparatives for the 2017 financial year. Accordingly, the information presented for 2017 financial year is as previously reported, under IAS 18 and related interpretations.

There was no impact on the Group's retained earnings at the date of initial application (i.e. 1 January 2018).

- ***Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2***

The International Accounting Standards Board (IASB) has published final amendments to IFRS 2 'Share-based Payment' on 20 December 2017 that clarify the classification and measurement of share-based payment transactions which contains the following: (a) accounting for cash-settled share-based payment transactions that include a performance condition; (b) classification of share-based payment transactions with net settlement features; and (c) the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The standard does not have any impact on the Group as the Group operates an equity settled share based payment scheme.

- **Interpretation 22 Foreign Currency Transactions and Advance Consideration**

The interpretation addresses foreign currency transactions or parts of transactions where:
there is consideration that is denominated or priced in a foreign currency; the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:
The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

There is no material impact on the accounting policies, financial position or performance of the Group.

(b) Impact of standards issued that will have an impact but not yet applied by the entity

IFRS 16 Leases (Effective for periods beginning on or after 1 January 2019)
IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases which includes leases of land, buildings and printers. As at the reporting date, the Bank has no unpaid non-cancellable operating lease commitments as all operating leases are paid in advance. Prepayments in respect of these leases stood at N7.60 billion as at the reporting date.

On application of IFRS 16 , the N7.60 billion lease prepayment will be reclassified to a right of use asset on the balance sheet.In addition, a lease liability will also be recognised for certain lease contracts where the Bank expects to exercise the extension option as stated in the contract. These lease contracts account for 35% of the Bank's lease arrangements.The bank is still quantifying the resulting liability.

Practical expedient
The Bank has chosen not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the Bank will only apply the definition of a lease contained in IFRS 16 to contracts entered into (or changed) on or after the date of initial application.

The Bank has chosen to apply the exemption for short-term leases to certain leases totalling about N7.68Bn of the value of its operating lease prepayments and N2.23Bn of amortisation expense. This means that the current accounting treatment and presentation of these operating leases will not change on application of IFRS 16.

The application of IFRS 16 will have no impact on the cash outflows.

The Bank's activities as a lessor are not material and hence the Bank does not expect any significant impact on its financial statements. However, some additional disclosures will be required from next year.

The Bank will apply the standard from its mandatory adoption date of 1 January 2019. The Bank intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

3.3 Basis of consolidation

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group exercise control.
Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity:
[i] power over the investee;
[ii] exposure, or rights, to variable returns from its involvement with the investee; and
[iii] the ability to use its power over the investee to affect the amount of the investor's returns

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

The Group assesses existence of control where it does not have more than 50% of the voting power i.e. when it holds less than a majority of the voting rights of an investee. A group considers all relevant facts and circumstances in assessing whether or not it's voting rights are sufficient to give it power, including:
[i] a contractual arrangement between the group and other vote holders
[ii] rights arising from other contractual arrangements
[iii] the group's voting rights (including voting patterns at previous shareholders' meetings)
[iv] potential voting rights

The subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Subsidiaries are measured at cost less impairment in the separate financial statement.

(b) Business combinations

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

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

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

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

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

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

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

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

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

(c) Loss of control

Upon 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 the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments.

(d) Disposal of subsidiaries

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

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

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

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

3.4 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

3.5 Foreign currency translation

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

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

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

3.6 Operating income

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

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

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

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

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the consolidated income statement using the effective interest method.
The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets
When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant 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 paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

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

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

(b) Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.
When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.
Fee and commission presented in the income statement includes:
- Credit related fees: This includes advisory and commitment fees. These are fees charged for administration and advisory services to the customer up to the customer's acceptance of the offer letter. The advisory and commitment fees are earned at the point in time where the customer accepts the offer letter which is when the Bank recognises its income. These fees are not integral to the loan, therefore, they are not considered in determining the effective interest rate.
- Account maintenance fees: These are fees charged to current accounts. N1 on every N1,000 in respect of all customer induced debit transactions is charged on these accounts. These fees are earned by the Bank at the time of each transaction and the Bank recognises its income accordingly.
- Card maintenance fees: The Bank charges these fees to customers for maintaining their cards. The fees are earned and recognised by the Bank over the validity period of the card. The Bank charges the customers for this service on a monthly basis.
- Other fees and commission income, includes commission on letters of credit, account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees. These fees and commissions are recognised as the related services are performed

(c) Net loss/gains on investment securities

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

(d) Foreign exchange income

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

(e) Other operating income

Other operating income includes items such as dividends, gains on disposal of properties, rental income, income from asset management, brokerage and agency as well as income from other investments.

Dividend on Fair value through other comprehensive income equity securities: This is recognised when the right to receive payment is established. Dividends are reflected as a component of other operating income.

3.7 Lease payments

Payments made under operating leases are recognised in the income statement 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 shall be charged as expenses in the periods in which they are incurred.

3.8 Income tax

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.

(a) Current tax

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

(b) Minimum Tax

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

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

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

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

(c) Deferred tax

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

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

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

3.9 Financial assets and liabilities

Recognition and derecognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument.
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Classification
From 1 January 2018, the group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).
The group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

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

Debt instruments

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

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

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

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

Equity instruments

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

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

Business model assessment

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

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

The SPPI test

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

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

Financial Liabilities

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

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

	Category (as defined by IFRS 9)	Class (as determined by the Group)
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets
		Investment securities - equity securities
		Derivative financial assets
	Financial assets at amortised cost	Cash and balances with banks
		Loans and advances to banks
		Loans and advances to customers
		Other assets
		Investment securities - debt securities (pledged and non pledged)
	Fair value through other comprehensive income	Investment securities - debt securities (pledged and non pledged)
		Investment under management
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives
	Financial liabilities at amortised cost	Deposits from banks
		Deposits from customers
		Interest bearing borrowings
		Debt securities issued
		Other liabilities

Cash and balances with banks

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

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

Investment under management

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

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried as fair value through OCI and accounting policy (3.9) (a) [iv] applies.

Pledged assets

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

Reclassification of financial assets and liabilities

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

The following are not changes in business model;

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

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

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

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

Derecognition of financial assets and liabilities

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

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

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

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

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

Financial Liabilities

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

Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.4.

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 Net gains/(loss) on investment securities.

Impairment of financial assets

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

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

Staging Assessment

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

• Stage 1: When a financial instrument is first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 also include financial instruments where the credit risk has improved and the financial instruments has been reclassified from Stage 2.

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

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

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

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial Recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-months expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Measuring the Expected Credit Loss

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

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

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

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

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

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

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

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

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

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

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

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.
Until 31 December 2017, the group applied the following accounting policy on its financial assets and financial liabilities below:

The mechanics of the ECL method are summarised below:

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

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

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

• POCI: Purchase or Originated Credit Impaired (POCI) assets are financial assets that are credit impaired on initial recognition. The Group only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the creditadjusted EIR.

• Loan commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected
life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan.
For loan commitments and letters of credit, the ECL is recognised within Provisions.

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

Significant increase in credit risk (SICR)

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

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

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

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

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

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

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

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

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

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

- The borrower is in long-term forbearance
- The borrower is deceased
- The borrower is insolvent
- The borrower is in breach of financial covenant(s)
- An active market for that financial asset has disappeared because of financial difficulties
- Concessions have been made by the lender relating to the borrower's financial difficulty
- It is becoming probable that the borrower will enter bankruptcy
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

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

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

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

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis.
To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as external valuers.

Collateral repossessed
The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

Write-offs
The Group's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

3.9 Financial assets and liabilities

Accounting policies applied until 31 December 2017

The group has applied IFRS 9 prospectively, and has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.
Until 31 December 2017, the group applied the following accounting policy on its financial assets and financial liabilities below:

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

The table below reconciles classification of financial instruments to the respective IAS 39 category.

	Category (as defined by IAS 39)	Class (as determined by the Group)
Financial assets	Financial assets at fair value through profit or loss	Non pledged trading assets
		Derivative financial assets
	Loans and receivables	Cash and balances with banks
		Loans and advances to banks
		Loans and advances to customers
		Other assets
	Held to maturity	Investment securities - debt securities (pledged and non pledged)
	Available for sale financial assets	Investment securities - debt securities (pledged and non pledged)
		Investment securities - equity securities
		Investment under management
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives
	Financial liabilities at amortised cost	Deposits from banks
		Deposits from customers
		Interest bearing borrowings
		Debt securities issued
		Other liabilities

The purchases and sales of financial assets are accounted for in the Group's books at settlement date.

(a) Financial assets
The Group allocates financial assets to the following IFRS 9 categories: Financial assets at fair value through profit or loss ; Financial assets at amortized cost; and financial assets at fair value through other comprehensive income (OCI). Management determines the classification of its financial instruments at initial recognition.

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

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

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

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

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

[ii] Amortized cost

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

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

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

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

[iv] Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities that have been elected as fair value through other comprehensive and other fair vlaue through other comprehensive income investments are carried at fair value.

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement when the Group becomes entitled to the dividend. Foreign exchange gains or losses on such investments are recognised in the income statement.

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

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

[v] Investment under management

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

The investment decision made by the Asset management within an agreed portfolio of high quality Nigerian fixed income and money market instruments which are usually short tenured.
The investments are carried as fair value through OCI and accounting policy (3.9) (a) [iv] applies.

(b) Financial liabilities

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

[i] Financial liabilities at amortised cost

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

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

The Group classifies debt instruments as financial liabilities or equity in accordance with the contractual terms of the instrument.

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

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

[ii] Financial liabilities at fair value

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

(c) De-recognition

[i] Financial assets

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

The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group 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.

Loans that are individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent periods, the asset is considered to be past due and disclosed only if renegotiated again.

[ii] Financial liabilities

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

(d) Offsetting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity. See note 5.1.4.

(e) 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.

(f) Measurement

[i] Amortised cost measurement

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

[ii] Fair value measurement

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

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

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

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

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

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

(g) Identification and measurement of impairment

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

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

[i] Loans and receivables

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

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

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

[ii] Fair value through other comprehensive income securities

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

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

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

(h) Cash and balances with banks

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

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

(i) Derivative financial instruments

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

(j) Reclassification of financial assets

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

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

(k) Pledged assets

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

3.10 Property and equipment

(a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.
When significant parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in the Income statement.

(b) Subsequent costs

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

(c) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of items of property and equipment, to their residual values over the estimated useful lives. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods of significant items of property and equipment are as follows:

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

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

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

(d) De-recognition

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

3.11 Intangible assets

(a) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill has an indefinite useful life and it is tested annually for impairment.

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

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

(b) Software

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

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

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

3.12 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

(a) 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.

(b) 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.

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.

3.13 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 period at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

3.14 Discontinued operations

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

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior 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 the income statement. Gains are not recognised in excess of any cumulative impairment loss.

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

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

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

Repossessed collateral

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

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

3.16 Provisions

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

(a) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

3.17 Financial guarantees

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

3.18 Employee benefits

(a) Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due in respect of service rendered before the end of the reporting 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 8% and 10% respectively of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.

(b) Termination benefits

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

(c) Long-term incentive plan

The Bank has a non-contributory, un-funded lump sum defined benefit plan for top executive management of the Bank from General Manager and above based on the number of periods 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 immediately recognized in the income statement. The Bank recognizes all actuarial gains or losses and all expenses arising from defined benefit plan immediately in the balance sheet, with a charge or credit to other comprehensive income (OCI) in the periods in which they occur. They are not recycled subsequently in the income statement.

(d) Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(e) Share-based payment remuneration scheme

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

3.19 Share capital and reserves

(a) Share issue costs

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

(b) Dividend on the Bank's ordinary shares

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

(c) Treasury shares

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

(d) Earnings per share

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

(e) Regulatory risk reserve

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

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

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

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

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

3.20 Levies

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

3.30 [i] A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

Group

	IAS 39 measurement				IFRS 9	
In thousand naira	**Category**	**Amount**	**Reclassifications**	**Remeasurements ECL**	**Amount**	**Category**
Financial assets						
Cash and balances with banks	L&R *	953,944,176	-	(14,921)	953,929,255.06	AC **
Investment under management	AFS	20,257,131	-	-	20,257,131	FVOCI
Non pledged trading assets	FVPL	46,854,061	-	-	46,854,061	FVPL (Mandatory)
Derivative financial assets	FVPL	93,419,293	-	-	93,419,293	FVPL (Designated)
Loans and advances to banks	L&R	68,114,076	-	(44,841)	68,069,235	AC
Loans and advances to customers	L&R	1,995,987,627	-	(77,062,466)	1,918,925,161	AC
Pledged assets - AFS	AFS	46,533,843	(46,533,843)		N/A	
To: Debt instruments at FVOCI			(46,533,843)	-		FVOCI
Pledged assets - HTM	HTM	313,541,445	(313,541,445)		N/A	
To: Debt instruments at amortised cost			(313,541,445)	-		AC **
Pledged assets - FVPL	FVPL	87,039,116	(87,039,116)		N/A	
To: Debt instruments at FVPL			(87,039,116)	-		FVPL
Investment securities - AFS	AFS	153,373,810	(153,373,810)		N/A	
To: Debt instruments at FVOCI			(83,792,712)	-		FVOCI
To: Equity instruments at FVPL			(69,581,098)	-		FVPL
Investment securities - HTM	HTM	124,793,947	(124,793,947)	-	N/A	
To: Debt instruments at amortised cost			(124,793,947)			AC**
Pledged assets						
Debt instruments at amortised cost		N/A	313,541,445	-	313,541,445	AC
From: Pledged assets - HTM			313,541,445			
Debt instruments at fair value through OCI		N/A	46,533,843	-	46,533,843	FVOCI
From: Pledged assets - AFS			46,533,843			
Debt instruments at FVPL		N/A	87,039,116	-	87,039,116	FVPL (Mandatory)
From: Pledged assets - FVPL			87,039,116			
Investment securities						
Debt instruments at amortised cost		N/A	124,793,947	(36,400.82)	124,757,546	AC
From: Investment securities - HTM			124,793,947			
Debt instruments at fair value through OCI		N/A	83,792,712		83,792,712	FVOCI
From: Investment securities - AFS			83,792,712			
Equity instruments at FVPL		N/A	69,581,098		69,581,098	FVPL (Mandatory)
From: Investment securities - AFS			69,581,098			
Other assets	L&R	82,753,431			82,753,431	AC
Total assets		**3,986,611,956**	**-**	**(77,158,629)**	**3,909,453,326**	
Financial liabilities						
Deposits from financial institutions	AC	450,196,970	-	-	450,196,970	AC
Deposits from customers	AC	2,244,879,075	-	-	2,244,879,075	AC
Derivative financial liabilities	FVPL	5,332,177	-	-	5,332,177	FVPL
Debt issued and other borrowed funds	AC	302,106,706	-	-	302,106,706	AC
Interest bearing borrowings	AC	311,617,187	-	-	311,617,187	AC
Other liabilities	AC	253,167,364	-	-	253,167,364	AC
Current tax liablities	AC	7,489,586	-	-	7,489,586	AC
Non-financial liabilities						
Provisions	N/A	746,809	-	-	746,809	N/A
Retirement benefit obligations	N/A	2,495,274	-	-	2,495,274	N/A
Deferred tax liabilities	N/A	8,764,262	-	-	8,764,262	N/A
Total liabilities		**3,586,795,411**	**-**	**-**	**3,586,795,411**	

* L&R: Loans and receivables
** AC: Amortised cost

Bank

	IAS 39 measurement				IFRS 9	
	Category	Amount	Reclassifications	Remeasurements ECL	Amount	Category
In thousand naira						
Financial assets						
Cash and balances with banks	L&R *	657,144,247	-	(12,456)	657,131,791	AC **
Investment under management	AFS	20,257,131	-	-	20,257,131	FVOCI
Non pledged trading assets	FVPL	43,016,990	-	-	43,016,990	FVPL (Mandatory)
Derivative financial assets	FVPL	92,390,219	-	-	92,390,219	FVPL (Designated)
Loans and advances to banks	L&R	101,429,001	-	-	101,429,001	AC
Loans and advances to customers	L&R	1,771,282,739	-	(72,333,155)	1,698,949,584	AC
Pledged assets - AFS	AFS	46,533,843	(46,533,843)		N/A	
To: Debt instruments at FVOCI			(46,533,843)			
Pledged assets - HTM	HTM	306,930,368	(306,930,368)		N/A	
To: Debt instruments at amortised cost			(306,930,368)			
Pledged assets - FVPL	FVPL	87,039,116	(87,039,116)		N/A	
To: Debt instruments at FVPL			(87,039,116)			
Investment securities - AFS	AFS	106,582,881	(106,582,881)		N/A	
To: Debt instruments at FVOCI			(37,001,783)			
To: Equity instruments at FVPL			(69,581,098)			
Investment securities - HTM	HTM	14,954,422	(14,954,422)		N/A	
To: Debt instruments at amortised cost			(14,954,422)			
Pledged assets						
Debt instruments at amortised cost		N/A	306,930,368		306,930,368	AC
From: Pledged assets - HTM			306,930,368			
Debt instruments at fair value through OCI		N/A	46,533,843		46,533,843	FVOCI
From: Pledged assets - AFS			46,533,843			
Debt instruments at FVPL		N/A	87,039,116		87,039,116	FVPL (Mandatory)
From: Pledged assets - FVPL			87,039,116			
Investment securities						
Debt instruments at amortised cost		N/A	14,954,422	(36,401)	14,918,021	AC
From: Investment securities - HTM			14,954,422			
Debt instruments at fair value through OCI		N/A	37,001,783	-	37,001,783	FVOCI
From: Investment securities - AFS			37,001,783	-		
Equity instruments at FVPL		N/A	69,581,098	-	69,581,098	FVPL (Mandatory)
From: Investment securities - AFS			69,581,098	-		
Other assets	L&R	65,189,797	-	-	65,189,797	AC
Total assets		**3,312,750,753**	**-**	**(72,382,012)**	**3,240,368,741**	
Financial liabilities						
Deposits from financial institutions	AC	276,140,835	-	-	276,140,835	AC
Deposits from customers	AC	1,910,773,713	-	-	1,910,773,713	AC
Derivative financial liabilities	FVPL	5,306,450	-	-	5,306,450	FVPL
Debt issued and other borrowed funds	AC	302,106,706	-	-	302,106,706	AC
Interest bearing borrowings	AC	282,291,141	-	-	282,291,141	AC
Other liabilities	AC	237,948,876	-	-	237,948,876	AC
Current tax liablities	AC	4,547,920	-	-	4,547,920	AC
Non-financial liabilities						
Provisions	N/A	746,809	-	-	746,809	N/A
Retirement benefit obligations	N/A	2,481,917	-	-	2,481,917	N/A
Deferred tax liabilities	N/A	7,848,515	-	-	7,848,515	N/A
Total liabilities		**3,030,192,882**	**-**	**-**	**3,030,192,882**	

3.30 [ii] The table below shows the analysis of the impact of IFRS 9 opening entries on equity

Group

	Impact of IFRS 9 Opening Entries on Equity			
	Retained earnings	**Regulatory risk reserve**	**Fair value reserve**	**Total**
	N'000	N'000	N'000	N'000
Impairment analysis				
Loans and advances to banks	(44,839)	-	-	(44,839)
Loans and advances to customers	(77,009,745)	35,058,266	-	(41,951,479)
Contingents	(1,450,688)	-	-	(1,450,688)
Money market placements	(14,921)	-	-	(14,921)
Eurobond				
- Amortised cost	(1,253)	-	-	(1,253)
- FVOCI	(643)	-	-	(643)
Corporate bonds				
- Amortised cost	(7,225)	-	-	(7,225)
- FVOCI	(69)	-	-	(69)
State government bonds				
- Amortised cost	(27,923)	-	-	(27,923)
- FVOCI	(49,166)	-	-	(49,166)
Equity securities				
- FVOCI	-	-	36,073,933	36,073,933
	(78,606,471)	***35,058,266***	***36,073,933***	***(7,474,272)***

Bank

	Impact of IFRS 9 Opening Entries on Equity			
	Retained earnings	**Regulatory risk reserve**	**Fair value reserve**	**Total**
	N'000	N'000	N'000	N'000
Impairment analysis				
Loans and advances to banks	-			-
Loans and advances to customers	(72,333,155)	35,058,266	-	(37,274,889)
Bonds and Guarantee	(1,037,299)	-	-	(1,037,299)
Letter of credit		-	-	-
Money market placements	(12,456)	-	-	(12,456)
Eurobond				
- Amortised cost	(1,253)	-	-	(1,253)
- FVOCI	(643)	-	-	(643)
Corporate bonds		-	-	-
- Amortised cost	(7,225)	-	-	(7,225)
- FVOCI	(69)	-	-	(69)
State government bonds				
- Amortised cost	(27,923)	-	-	(27,923)
- FVOCI	(49,164)	-	-	(49,164)
Equity securities				
- FVOCI	-	-	36,073,933	36,073,933
	(73,469,186)	35,058,266	36,073,933	(2,336,987)

3.30 [iii] The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions Contingent Liabilities and Contingent Assets to the ECL allowances under IFRS 9.

Group

	Impact of IFRS 9 Opening Entries on Equity		
	Loan loss provision under IAS 39/IAS 37 at 31 December 2017	**Remeasurement**	**ECLs under IFRS 9 at 1 January 2018**
	N'000	N'000	N'000
Loans and advances to banks	41,506	44,839	86,345
Loans and advances to customers	63,844,430	77,009,745	140,854,175
Contingents	-	1,450,688	1,450,688
Money market placements	-	14,921	14,921
Eurobond			
- Amortised cost	-	1,253	1,253
- FVOCI	264,107	643	-
Corporate bonds			
- Amortised cost	-	7,225	7,225
- FVOCI	-	69	69
State government bonds			
- Amortised cost	-	27,923	27,923
- FVOCI	-	49,166	49,166
	64,150,043	***78,606,471***	***142,756,514***

Bank

	Impact of IFRS 9 Opening Entries on Equity		
	Loan loss provision under IAS 39/IAS 37 at 31 December 2017	**Remeasurement**	**ECLs under IFRS 9 at 1 January 2018**
	N'000	N'000	N'000
Loans and advances to banks	41,506	-	41,506
Loans and advances to customers	56,289,402	72,333,155	128,622,556
Contingents	-	1,037,299	1,037,299
Money market placements	-	12,456	12,456
Eurobond			
- Amortised cost	-	1,253	1,253
- FVOCI	264,107	643	264,750
Corporate bonds			
- Amortised cost	-	7,225	7,225
- FVOCI	-	69	69
State government bonds			
- Amortised cost	-	27,923	27,923
- FVOCI	-	49,166	49,166
	56,595,015	***73,469,188***	***130,064,202***

4.0 Use of estimates and judgements

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

Key sources of estimation uncertainty

(i) ***Allowances for credit losses***

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

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

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

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

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

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

Had there been a 20% reduction in expected cashflows from all the significantly impaired loans and customers rated ORR 5 facilities were impaired, there would have been an additional impairment of N14.8bn in the financial statements relating to this. In addition, if the PDs and LGDs were increased by 2%, impairment charge would have further increased by N716m but if the PDs and LGDs were decreased by 2%, there would have been a write back of impairment of N637m.

	Group June 2018	Group December 2017	Group June 2018	Group December 2017
	Loans and advances to individuals		Loans and advances to corporates	
Impact on Profit before tax				
20% reduction in expected cashflows from stage 2 loans	(17,546,145)	(14,757,060)	(16,709,215)	(14,529,752)
Increase in LGD and PD by 2%	(864,849)	(727,376)	(823,597)	(716,172)
Decrease in LGDs and PD by 2%	769,810	647,444	733,091	637,471
Increase in LGDs and PD by 10%	(4,134,169)	(3,477,014)	(3,936,975)	(3,423,456)
Decrease in LGDs and PD by 10%	4,039,130	3,397,082	3,846,469	3,344,756

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 9. As a result of the differences in the methodology/provision regime, there will be variances in the impairments allowances required under the two methodologies.

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

a) Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:
- Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account

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

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

Statement of prudential adjustments *In thousands of Naira*		**June 2018**	**December 2017**
Bank	Note		
Loans & advances:			
Expected Credit Loss (ECL) on loans to customers			
- Loans to Banks	23(b)	49,832	
- Loans to Individuals	23(b)	1,337,634	-
- Loans to Corporate	23(b)	93,796,696	-
Expected Credit Loss (ECL) on loans to banks	22	-	-
Total impairment allowances on loans per IFRS		**95,184,162**	-
Specific impairment allowances on loans to customers			
- Loans to Individuals	23(b)	-	402,318
- Loans to Corporate	23(b)	-	35,614,441
Collective impairment allowances on loans to customers			
- Loans to Individuals	23(b)	-	645,740
- Loans to Corporates	23(b)	-	19,626,902
Collective impairment allowances on loans to banks	22	-	41,506
Total impairment allowances on loans per IFRS		**95,184,162**	**56,330,908**
Total regulatory impairment based on prudential guidelines		**73,354,839**	**91,389,174**
Balance, beginning of the period		35,058,266	35,058,266
Additional transfers to/(from) regulatory risk reserve		(34,406,266)	-
Balance, end of the period		**652,000**	**35,058,266**

4.1 *Valuation of financial instruments*

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

4.1.1 Recurring fair value measurements

In thousands of Naira
Group
June 2018

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	683,237	-	-	683,237
Placements	-	5,665,560	-	5,665,560
Commercial paper	-	2,052,023	-	2,052,023
Treasury bills	7,907,328	-	-	7,907,328
Mutual funds	-	2,346,042	-	2,346,042
Eurobonds	-	2,069,640	-	2,069,640
Non pledged trading assets				
Treasury bills	56,107,434	-	-	56,107,434
Bonds	1,687,982	11,212	-	1,699,195
Equity	59,348	-	-	59,348
Derivative financial instrument	-	124,944,697	-	124,944,697
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	108,827,655	-	-	108,827,655
Bonds	12,708,976	-	-	12,708,976
-Financial instruments at FVPL				
Treasury bills	23,259,810	-	-	23,259,810
Bonds	69,209	-	-	69,209
Investment securities				
-Financial assets at FVOCI				
Treasury bills	148,104,525	-	-	148,104,525
Bonds	67,629,824	14,683,169	-	82,312,993
-Financial assets at FVPL				
Equity	1,074,811	10,603,812	83,675,063	95,353,686
Assets held for sale	-	-	11,022,991	11,022,991
	428,120,137	162,376,154	94,698,054	685,194,346
Liabilities				
Derivative financial instrument	-	4,629,711	-	4,629,711
	-	4,629,711	-	4,629,711

Group
December 2017

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	357,441	-	-	357,441
Placements	-	6,283,077	-	6,283,077
Commercial paper	-	6,992,904	-	6,992,904
Nigerian treasury bills	1,972,963	-	-	1,972,963
Mutual funds	-	2,664,746	-	2,664,746
Eurobonds	-	1,986,000	-	1,986,000
Non pledged trading assets				
Treasury bills	37,743,819	-	-	37,743,819
Bonds	9,031,525	19,369	-	9,050,894
Equity	59,348	-	-	59,348
Derivative financial instrument	-	93,419,293	-	93,419,293
Pledged assets				
Treasury bills	157,172,849	-	-	157,172,849
Bonds	30,748,762	-	-	30,748,762
Investment securities				
Available for sale				
Treasury bills	29,977,451	-	-	29,977,451
Bonds	35,684,865	18,394,503	-	54,079,367
Equity	1,147,387	8,760,176	59,673,535	69,581,099
Assets held for sale	-	-	9,479,967	9,479,967
	303,896,411	138,520,068	69,153,502	511,569,980
Liabilities				
Derivative financial instrument	-	5,332,177	-	5,332,177
	-	5,332,177	-	5,332,177

Bank
June 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	683,237	-	-	683,237
Placements	-	5,665,560	-	5,665,560
Commercial paper	-	2,052,023	-	2,052,023
Nigerian treasury bills	7,907,328	-	-	7,907,328
Mutual funds	-	2,346,042	-	2,346,042
Eurobonds	-	2,069,640	-	2,069,640
Non pledged trading assets				
Treasury bills	50,348,625	-	-	50,348,625
Bonds	1,687,982	11,212	-	1,699,195
Equity	59,348	-	-	59,348
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	108,827,655	-	-	108,827,655
Bonds	12,708,976	-	-	12,708,976
-Financial instruments at FVPL				
Treasury bills	23,259,810	-	-	23,259,810
Bonds	69,209	-	-	69,209
Derivative financial instrument	-	124,653,661	-	124,653,661
Investment securities				
-Financial assets at FVOCI				
Treasury bills	97,256,442	-	-	97,256,442
Bonds	40,292,073	14,683,169	-	54,975,242
Equity	-	-	-	-
-Financial assets at FVPL				
Equity	1,044,122	10,603,812	83,675,063	95,322,997
Asset held for sale	-	-	11,022,991	11,022,991
	344,144,806	162,085,119	94,698,054	600,927,979
Liabilities				
Derivative financial instrument	-	4,182,052	-	4,182,052
	-	4,182,052	-	4,182,052

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management				
Government bonds	-	357,441	-	357,441
Placements	-	6,283,077	-	6,283,077
Commercial paper	-	6,992,904	-	6,992,904
Nigerian treasury bills	1,972,963	-	-	1,972,963
Mutual funds	-	2,664,746	-	2,664,746
Eurobonds	-	1,986,000	-	1,986,000
Non pledged trading assets				
Treasury bills	33,906,748	-	-	33,906,748
Bonds	9,031,525	19,369	-	9,050,894
Equity	59,348	-	-	59,348
Pledged assets				
Treasury bills	157,172,849	-	-	157,172,849
Bonds	30,748,762	-	-	30,748,762
Derivative financial instrument	-	92,390,219	-	92,390,219
Investment securities				
Available for sale				
Treasury bills	9,598,737	-	-	9,598,737
Bonds	9,671,791	18,394,503	-	28,066,294
Equity	1,147,387	8,760,176	59,274,393	69,181,956
Asset held for sale	-	-	9,479,967	9,479,967
	253,310,111	137,848,436	68,754,360	459,912,905
Liabilities				
Derivative financial instrument	-	5,306,450	-	5,306,450
	-	5,306,450	-	5,306,450

4.1.2 Financial instruments not measured at fair value

Group
June 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	1,140,541,702	-	1,140,541,702
Loans and advances to banks	-	-	94,073,439	94,073,439
Loans and advances to customers	-	-	1,905,021,613	1,905,021,613
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	59,162,339	-	-	59,162,339
Bonds	130,087,498	-	-	130,087,498
Investment securities				
-Financial assets at amortised cost				
Treasury bills	50,398,945	-	-	50,398,945
Bonds	34,651,041	1,772,869		36,423,910
Equity	-	-	-	-
Other assets	-	-	109,141,661	109,141,661
	274,299,822	1,142,314,571	2,108,236,713	3,524,851,106
Liabilities				
Deposits from financial institutions	-	-	666,902,321	666,902,321
Deposits from customers	-	-	2,408,982,524	2,408,982,524
Other liabilities	-	-	168,559,472	168,559,472
Debt securities issued	241,140,662	56,194,590	-	297,335,252
Interest-bearing borrowings	-	-	328,039,139	328,039,139
	241,140,662	56,194,590	3,572,483,456	3,869,818,708

Group
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	953,944,176	-	953,944,176
Loans and advances to banks	-	-	68,049,702	68,049,702
Loans and advances to customers	-	-	2,045,074,534	2,045,074,534
Pledged assets				
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				
Held to Maturity				
Treasury bills	87,203,365	-	-	87,203,365
Bonds	36,590,582	-	-	36,590,582
Other assets	-	-	46,799,196	46,799,196
	217,031,788	**1,070,001,139**	**2,159,923,432**	**3,446,956,359**

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	-	450,196,970	450,196,970
Deposits from customers	-	-	2,244,879,075	2,244,879,075
Other liabilities	-	-	235,786,478	235,786,478
Debt securities issued	220,217,410	70,331,371	-	290,548,781
Interest-bearing borrowings	-	-	311,349,297	311,349,297
	220,217,410	**70,331,371**	**3,242,211,820**	**3,532,760,601**

Bank
June 2018
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	744,848,876	-	744,848,876
Loans and advances to banks	-	-	105,782,161	105,782,161
Loans and advances to customers	-	-	1,724,743,537	1,724,743,537
Pledged assets				
-Financial instruments at amortized cost				
Treasury bills	59,162,339	-	-	59,162,339
Bonds	130,087,498	-	-	130,087,498
Investment securities				
Financial assets at amortised cost				
Treasury bills	1,217,421	-	-	1,217,421
Bonds	9,671,577	1,772,869	-	11,444,447
Other Assets	-	-	83,911,015	83,911,015
	200,138,835	746,621,745	1,914,436,713	2,861,197,293
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	158,408,979	158,408,979
Debt securities issued	241,140,662	56,194,590	-	297,335,252
Interest-bearing borrowings	-	-	314,544,414	314,544,414
	241,140,661	56,194,590	472,953,393	770,288,645

Bank
December 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	657,144,247	-	657,144,247
Loans and advances to banks	-	-	101,523,651	101,523,651
Loans and advances to customers	-	-	1,822,018,996	1,822,018,996
Pledged assets				
Treasury bills	89,821,710	-	-	89,821,710
Bonds	119,473,094	-	-	119,473,094
Investment securities				
Held to maturity				
Bonds	2,352,196	6,161,050	-	8,513,246
Other Assets	-	-	34,517,514	34,517,514
	217,031,788	663,305,297	1,958,060,160	2,838,397,245
Liabilities				
Deposits from financial institutions	-	-	-	-
Deposits from customers	-	-	-	-
Other liabilities	-	-	223,963,436	223,963,436
Debt securities issued	220,217,410	70,331,371	-	290,548,781
Interest-bearing borrowings	-	-	288,902,461	288,902,461
	220,217,409	70,331,371	512,865,897	803,414,678

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

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

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

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

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

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

(ii) Valuation of financial instruments

Valuation techniques used to derive Level 2 fair values

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

Description	Fair value at 30 June 2018	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Relationship of observable inputs to fair value
Investment in MTN	10,603,812	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	11,134,003	10,073,621	The higher the share price as at the last trade date, the higher the fair value
Derivative financial assets	124,944,697	Forward and swap: Fair value through market rate from a quoted market	Market rates from quoted market	140,602,792	100,340,426	The higher the market rate, the higher the fair value of the derivative financial instrument
Derivative financial liabilities	4,629,711	Futures: Fair value through reference market rate				

Valuation techniques used to derive Level 3 fair values

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

Description	Fair value at 30 June 2018	Valuation Technique	Observable Inputs	Fair value if inputs increased by 5%	Fair value if inputs decreased by 5%	Fair value if unobservable inputs increased by 5%	Fair value if unobservable inputs decreased by 5%	Relationship of unobservable inputs to fair value
Investment in Africa Finance Corporation	74,446,676	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	76,557,277	76,557,277	76,557,277	69,266,108	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System Limited	3,546,000	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	3,723,300	3,368,700	3,588,100	3,503,100	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,491,300	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,565,865	1,416,735	1,509,000	1,473,500	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	3,123,447	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	3,279,620	2,967,275	4,213,600	4,114,600	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	28,600	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	30,030	27,170	28,900	28,200	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	143,000	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	150,150	135,850	144,700	141,300	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC Bureau	389,000	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	408,450	369,550	393,600	384,300	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Nigerian Mortgage Refinance Company	203,700	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	203,700	193,500	206,100	201,300	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
NG Clearing	303,340	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	318,507	288,173	333,674	273,006	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value

Reconciliation of Level 3 Items

The following tables presents the changes in Level 3 instruments for the period ended 30 June 2018

Financial assets at fair value through profit or loss	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Opening balance	59,673,535	49,821,881	59,274,394	49,821,881
Total unrealised gains or (losses) in PoL	23,990,655	-	23,990,655	-
Cost of Asset Additions	410,014	399,140	410,014	-
Sales	(368,453)	-	-	-
Total unrealised gains or (losses) in OCI	-	9,452,512	-	9,452,512
Balance, period end	**83,705,752**	**59,673,535**	**83,675,063**	**59,274,394**

Assets Held for Sale	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Opening balance	9,479,967	140,727	9,479,967	140,727
Cost of asset added	1,566,295	9,369,240	1,566,295	9,369,240
Cost of Asset disposed	(23,271)	(30,000)	(23,271)	(30,000)
Balance, period end	**11,022,990**	**9,479,967**	**11,022,990**	**9,479,967**

Varying valuation techniques were applied in the valuation of assets classified as Level 3

Disclosure Requirements for Level 3 Financial Instruments

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

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

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

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

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

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg, Reuters or Nigeria Stock Exchange

Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the EV/EBITDA or Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by applying an Illiquidity discount and EPS Haircut Adjustment to obtain the Adjusted Equity Value
Step 6: Multiply the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare the Adjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

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

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

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

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

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

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

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

(iii) Assessment of impairment of goodwill on acquired subsidiaries
Goodwill on acquired subsidiaries was tested for impairment using discounted cash flow valuation method. Projected cash flows were discounted to present value using a discount rate of 19.50% (Dec. 2016: 19.50%) and a cash flow growth rate of 5.44% (Dec. 2016: 6.62%) over a period of four periods. The Group determined the appropriate discount rate at the end of the period by making reference to 15 period government bond which is the longest tenured security in Rwanda. See note 29b for further details.

(iv) Defined benefit plan
The present value of the long term incentive plan depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate. The Group determines the appropriate discount rate at the end of the 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. See note 37 for the sensitivity analysis.

4.3 Financial assets and liabilities

Fair value measurement

Accounting classification measurement basis and fair values

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

Group **In thousands of Naira** June 2018	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	1,140,541,702	-	-	-	1,140,541,702	1,140,541,702
Investment under management	-	-	20,723,830	-	-	20,723,830	20,723,830
Non pledged trading assets	-	-	-	-	-	-	-
Treasury bills	56,107,434	-	-	-	-	56,107,434	56,107,434
Bonds	1,699,195	-	-	-	-	1,699,195	1,699,195
Equity	59,348	-	-	-	-	59,348	59,348
Derivative financial instruments	124,944,697	-	-	-	-	124,944,697	124,944,697
Loans and advances to banks	-	94,073,438	-	-	-	94,073,438	94,073,438
Loans and advances to customers	-	1,905,021,613	-	-	-	1,905,021,613	2,012,464,747
Pledged assets							
Treasury bills	23,259,810	59,162,339	108,827,655	-	-	191,249,804	189,934,675
Bonds	69,209	130,087,498	12,708,976	-	-	142,865,682	111,037,556
Investment securities	-	-	-	-	-	-	-
- Financial assets at FVOCI							
Treasury bills	-	-	148,104,525	-	-	148,104,525	148,104,525
Bonds	-	-	82,312,993	-	-	82,312,993	82,312,993
- Financial assets at FVPL							
Equity	95,353,686	-	-	-	-	95,353,686	95,353,686
- Financial assets at amortised cost							
Treasury bills	-	50,398,945	-	-	-	50,398,945	49,337,915
Bonds	-	36,392,541	-	-	-	36,398,297	35,595,675
Other assets		109,141,661	-	-	-	109,141,661	109,141,661
		3,524,819,735	372,677,979	-	-	4,198,996,847	4,271,433,076
Deposits from financial institutions	-	-	-	-	666,902,321	666,902,321	666,902,321
Deposits from customers	-	-	-	-	2,408,982,524	2,408,982,524	2,408,982,524
Other liabilities	-	-	-	-	168,559,471	168,559,471	168,559,471
Derivative financial instruments	-	-	-	4,629,711	-	4,629,711	4,629,711
Debt securities issued	-	-	-	-	297,335,252	297,335,252	296,227,589
Interest bearing borrowings	-	-	-	-	328,039,139	328,039,139	327,503,451
	-	**-**	**-**	**4,629,711**	**3,869,818,707**	**3,874,448,418**	**3,872,805,067**

Group *In thousands of Naira* **December 2017**	**Held for trading**	**Held-to-maturity**	**Loans and receivables at amortized cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	953,944,176	-	-	-	953,944,176	953,944,176
Investment under management	-	-	-	20,257,131	-	-	20,257,131	20,257,131
Non pledged trading assets								
Treasury bills	37,743,819	-	-	-	-	-	37,743,819	37,743,819
Bonds	9,050,894	-	-	-	-	-	9,050,894	9,050,894
Equity	59,348	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	-	-	-	93,419,293	-	93,419,293	93,419,293
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076	101,523,651
Loans and advances to customers	-	-	1,995,987,627	-	-	-	1,995,987,627	2,045,074,534
Pledged assets								
Treasury bills	126,477,561	-	-	132,195,254	-	-	258,672,815	246,994,559
Bonds	68,554	161,264,920	-	27,108,115	-	-	188,441,589	150,221,856
Investment securities								
- Available for sale								
Treasury bills	-	-	-	29,977,451	-	-	29,977,451	29,977,451
Bonds	-	-	-	54,079,368	-	-	54,079,368	54,079,368
Equity	-	-	-	69,581,098	-	-	69,581,098	69,581,098
- Held to Maturity								
Treasury bills	-	88,203,365	-	-	-	-	88,203,365	87,203,365
Bonds		36,590,582	-	-	-	-	36,590,582	36,590,582
Other assets	-	-	46,799,196	-	-	-	46,799,196	46,799,196
	173,400,176	**286,058,868**	**3,064,845,074**	**333,198,417**	**93,419,293**	**-**	**3,950,921,827**	**3,982,520,321**
Deposits from financial institutions	-	-	-	-	-	450,196,970	450,196,970	450,196,970
Deposits from customers	-	-	-	-	-	2,244,879,075	2,244,879,075	2,244,879,075
Other liabilities	-	-	-	-	-	235,786,478	235,786,478	235,786,478
Derivative financial instruments	-		-	-	5,332,177	-	5,332,177	5,332,177
Debt securities issued	-	-	-	-	-	302,106,706	302,106,706	290,548,781
Interest bearing borrowings	-	-	-	-	-	311,617,187	311,617,187	311,349,297
	-	**-**	**-**	**-**	**5,332,177**	**3,544,586,417**	**3,549,918,594**	**3,538,092,778**

Bank *In thousands of Naira* **June 2018**	**Financial assets measured through FVPL**	**Financial assets measured at amortized cost**	**Financial assets measured at FVOCI**	**Financial liabilities measured through FVPL**	**Financial liabilities measured at amortised cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	744,848,876	-	-	-	744,848,876	744,848,876
Investment under management	-	-	20,723,830	-	-	20,723,830	20,723,830
Non pledged trading assets	-	-	-	-	-	-	-
Treasury bills	50,348,625	-	-	-	-	50,348,625	50,348,625
Bonds	1,699,195	-	-	-	-	1,699,195	1,699,195
Equity	59,348	-	-	-	-	59,348	59,348
Derivative financial instruments	124,653,661	-	-		-	124,653,661	124,653,661
Loans and advances to banks	-	105,782,161	-	-	-	105,782,161	105,782,161
Loans and advances to customers	-	1,724,743,537	-	-	-	1,724,743,537	1,822,018,996
Pledged assets	-	-	-	-	-	-	-
Treasury bills	23,259,810	59,162,339	108,827,655	-	-	191,249,804	189,934,675
Bonds	69,209	130,087,498	12,708,976	-	-	142,865,682	111,037,556
Investment securities	-	-	-	-	-	-	-
- Financial assets at FVOCI	-	-	-	-	-	-	-
Treasury bills	-	-	97,256,442	-	-	97,256,442	97,256,442
Bonds	-	-	54,975,242	-	-	54,975,242	54,975,242
Equity	-	-	-	-	-	-	-
- Financial assets at FVPL	-						
Equity	95,322,997	-	-	-	-	95,322,997	95,322,997
- Financial assets at amortised cost	-	-	-	-	-	-	-
Treasury bills	-	1,217,421	-	-	-	1,217,421	1,191,791
Bonds	-	11,418,832	-	-	-	11,418,832	10,616,210
Other assets	-	83,911,015	-	-	-	83,911,015	83,911,015
		2,861,171,678	**294,492,145**	**-**	**-**	**3,451,076,667**	**3,514,380,620**
Deposits from financial institutions	-	-	-	-	501,151,733	501,151,733	-
Deposits from customers	-	-	-	-	2,007,124,381	2,007,124,381	-
Derivative financial instruments	-	-	-	4,182,052	-	4,182,052	4,182,052
Other liabilities	-	-	-	-	158,408,978	158,408,978	158,408,978
Debt securities issued	-	-	-	-	297,335,252	297,335,252	296,227,589
Interest bearing borrowings	-	-	-	-	314,544,414	314,544,414	314,008,726
		-	**-**	**4,182,052**	**3,278,564,758**	**3,282,746,809**	**772,827,344**

Bank *In thousands of Naira* **December 2017**	**Held for trading**	**Held-to-maturity**	**Loans and receivables at amortised cost**	**Available-for-sale**	**Fair value through profit or loss**	**Financial Liabilities measured at amortized cost**	**Total carrying amount**	**Fair value**
Cash and balances with banks	-	-	657,144,247	-	-	-	657,144,247	657,144,247
Investment under management	-	-	-	20,257,131	-	-	20,257,131	20,257,131
Non pledged trading assets								
Treasury bills	33,906,748	-	-	-	-	-	33,906,748	33,906,748
Bonds	9,050,894	-	-	-	-	-	9,050,894	9,050,894
Equity	59,348						59,348	59,348
Derivative financial instruments	-	-	-	-	92,390,219	-	92,390,219	92,390,219
Loans and advances to banks	-	-	101,429,001	-	-	-	101,429,001	101,523,651
Loans and advances to customers	-	-	1,771,282,739	-	-	-	1,771,282,739	1,822,018,996
Pledged assets								
Treasury bills	141,319,214	94,888,889	-	15,853,635	-	-	252,061,738	246,994,559
Bonds	68,554	157,692,827	-	30,680,208	-	-	188,441,589	150,221,856
Investment securities								
Available for sale								
Treasury bills	-	-	-	9,598,737	-	-	9,598,737	9,598,737
Bonds	-	-	-	28,066,294	-	-	28,066,294	28,066,294
Equity	-	-	-	69,181,956	-	-	69,181,956	69,181,956
Held to maturity								
Treasury bills	-	5,837,568	-	-	-	-	5,837,568	5,384,788
Bonds	-	9,116,855	-	-	-	-	9,116,855	8,513,246
Other assets	-	-	34,517,514	-	-	-	34,517,514	34,517,514
	184,404,758	**267,536,139**	**2,564,373,501**	**173,637,961**	**92,390,219**	**-**	**3,282,342,578**	**3,288,830,183**
Deposits from financial institutions	-	-	-	-	-	276,140,835	276,140,835	-
Deposits from customers	-	-	-	-	-	1,910,773,713	1,910,773,713	-
Derivative financial instruments	-	-	-	-	5,306,450	-	5,306,450	5,306,450
Other liabilities	-	-	-	-	-	223,963,436	223,963,436	223,963,436
Debt securities issued	-	-	-	-	-	302,106,706	302,106,706	290,548,781
Interest bearing borrowings	-	-	-	-	-	282,291,141	282,291,141	288,902,461
	-	**-**	**-**	**-**	**5,306,450**	**2,995,275,832**	**3,000,582,281**	**808,721,128**

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

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

(i) Cash

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

(ii) Loans and advances to banks and customers

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

(iii) Investment securities and pledged assets

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

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

(iv) Other assets

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

(v) Deposits from banks and customers

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

(vi) Other liabilities

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

(vii) Interest bearing borrowings

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

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 IFRS and 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 the various Heads of Risk within the Credit Risk Management Groups.

Principal Credit Policies
The following are the principal credit policies of the Bank:

Credit Risk Management Policy: The core objective is to enable maximization of returns on a risk adjusted basis from banking book credit risk exposures that are brought under the ambit of Credit Risk Management Policy 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 will validate such ratings.

Notwithstanding who derives the risk rating, Credit Risk Management is responsible for reviewing and ensuring the correctness of the ORR and FRR assigned to 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.

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 and risk rating of facilities

The standard credit evaluation process is based both on quantitative figures from the Financial Statements and on an array of qualitative factors. Factual information on the borrower is collected as well as pertinent macroeconomic data, such as an outlook for the relevant sector, 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.

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 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.

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)

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 NBFIs
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 the 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 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	External Rating	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	

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.

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, credit insurance, credit derivatives and other guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Where appropriate, credit derivatives are used to reduce credit risks in the portfolio. Due to their potential impact on income volatility, such derivatives are used in a controlled manner with reference to their expected volatility.

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types.

This structure gives Access Bank the 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

Approving Authority	**Approved Limit (New Credits)**	**Approved Limit (Renewals of existing credits)**
Executive Director	150	200
Group Deputy Managing Directors	400	500
Group Managing Director/CEO	500	600
Managing Directors of bank subsidiaries	See Below:	
COUNTRY	APPROVAL LIMIT (N)	
GHANA	65 MILLION	
RWANDA	20 MILLION	

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

Access Bank Risk Rating	S&P Long term equivalent	Exposure Limit (ORR-based LLL) for New credits	Management Credit Committee Approval Limit	Board Credit Committee Approval Limit	Board of Directors Limit
1	AAA	N41Bn	N20bn	N40bn	Legal lending limit
2+	AA	N33bn	N15bn	N30bn	
2	A	N25bn	N5bn	N15bn	
2-	BBB	N16bn	N2bn	N10bn	
3+	BB+	N3bn	N1bn	N10bn	
3	BB	N1.7bn	N0.8bn	N10bn	
3-	BB-	N.8bn	N0.5bn	N2bn	
4	B		Above N0.1bn		
5	B-				

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. For all credit risk mitigants that meet the policy criteria, a clear set of procedures are applied to ensure that the value of the underlying collateral is appropriately recorded and updated regularly.

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

Other techniques include buying a credit derivative to offset credit risk at transaction level. At portfolio level, asset securitisation, credit derivatives etc. are used to mitigate risks in the portfolio.

However the primary consideration for approving credits is hinged largely on the obligor's financial strength and debt-servicing capacity. The guidelines relating to risk mitigant as incorporated in the guidance note of 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 can it compensate for insufficient information. It should be recognized that any credit enforcement actions (e.g. foreclosure proceedings) can eliminate the profit margin on the transaction. In addition, 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 the bank including certificates of deposit or comparable instruments issued by the bank.
- Certificates of Deposit from other banks.
- Commodities.
- Debt securities issued by sovereigns and public-sector enterprises.
- Debt securities issued by banks and corporations.
- Equities - Stocks / Share Certificates of quoted blue chip companies
- Mortgage on Landed Property
- Asset-backed securities.
- Charge on assets (Fixed and/or Floating) - premises/ inventory/ receivables/ merchandise/ plant/ machinery etc.
- Negative Pledges
- Lien on Asset being financed
- Stock Hypothecation
- Shipping Documents (for imports)
- Bankers Acceptance
- Life Assurance Policies

Master Netting Arrangements - Traded Products

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

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

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

It is the Group's policy that all credit exposures are adequately 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.

MARKET RISK MANAGEMENT

Definition

Access Bank is faced with the risk of decline in its earnings and capital arising from adverse changes in market variables; such as interest rate and foreign exchange rate. Market Risk is the risk that the value of on/off-balance sheet positions will be adversely affected by movements in interest rates and currency exchange rates. Access Bank is exposed to market risk through the positions created in its trading and banking books.

Market risk policy, management and control

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

These developments have prompted a comprehensive and dynamic Market Risk Policy, ALM Policy, Liquidity Policy, Stress Testing Policy, e.t.c. to ensure that risks faced across business activities and on an aggregate basis are within the stipulated risk appetite of the Bank. These policies have been benchmarked with industry and international best practices, and CBN regulations.

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

The Bank runs a state-of-the-art integrated and straight through processing treasury system for enabling efficient, monitoring and management of interest rate and foreign exchange risks in the bank. Liquidity, Exchange Rate, and Interest Rate risks are managed through various metrics viz. Liquidity Gap Analysis, Dynamic Cash Flow Analysis, Liquidity Ratios, Value at Risk (VaR), Earnings at Risk (EaR) and Sensitivity Analysis. The primary aim of these processes is risk forecasting and impact mitigation through management action and portfolio rebalancing.

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

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

In line with the CBN circular on new capital adequacy framework, Access Bank has adopted the standardised approach for market risk and is used in the annual computation of the Internal Capital

Adequacy Assessment Process (ICAAP) which involves the identification, measurement and assessment of all material risks and resultant capital requirements.

Also, the bank has put in place a detailed plan for the full implementation for the Basel II & III frameworks. A road map for the migration to more advanced capital computation method which factors in the actual loss experience of the bank has also been drawn up and is being implemented.

Non-trading portfolio

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

- ✓ Re-pricing gap analysis (which allows the Bank to maintain a positive or negative gap depending upon the forecast of interest rate position). The size of the gap is then adjusted to either hedge net interest income against changing interest rates or to speculatively increase net interest income
- ✓ Liquidity gap analysis
- ✓ Earnings-at-Risk (EAR) using various interest rate forecasts
- ✓ Sensitivity Analysis

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.

Re-pricing and Liquidity Gap Analysis

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

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or in differing amounts. In the case of floating rated assets and liabilities, the Bank is 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 NIBOR and different types of interest.

Non-traded interest rate risk arises in the banking book from the provision of retail and wholesale (non-traded) banking products and services, as well as from certain structural exposures within the 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.

Earnings-at-Risk (EAR) Approach

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

Interest-rate risk is monitored centrally with a Gap report. A limits framework is in place to ensure that retained risk remains within approved appetite. Interest rate risk also arises in 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.

Sensitivity Analysis and Stress Testing

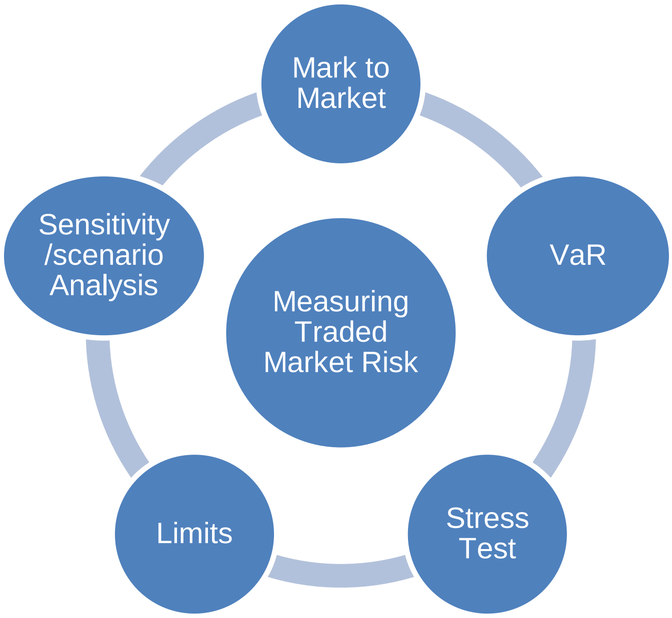
Sensitivity analysis and stress testing are risk measurement techniques that help us ensure that the risks the Bank takes remain within our risk appetite and that our level of capital remains adequate. Sensitivity analysis involves varying a single factor (e.g. a model input or specific assumption) to assess the impact on various risk measures.

Stress testing generally involves consideration of the simultaneous movements in a number of risk factors. It is used to measure the level of potential unexpected losses for Credit, Market (both trading and non-trading), Operational and Liquidity Risks.

Under potential adverse conditions, stress testing plays an important role in supporting overall capital management and adequacy assessment processes. Our enterprise-wide stress testing program utilizes stress scenarios featuring a range of severities based on unlikely but possible adverse market and economic events. These common stress scenarios are evaluated across the organization, and results are integrated to develop an enterprise-wide view of the impacts on our financial results and capital requirements. This program uses macro-economic projections and applies them as stress impacts on the organization viz-a-viz the various risk types.

Trading portfolio

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



Limits
Specific limits and triggers (regulatory and in-house) have been set across the various market risk areas to prevent undue exposure and the market risk management group ensure that these limits and triggers are adhered to by the bank. The following limits currently exist;

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

Interbank placement and takings Limit**:** In line with Banks drive to be a top liquidity provider in the financial market, stringent controls have been set to ensure that any takings from interbank are preceded by proper authorization, to reduce the risks that come with huge interbank borrowing.

Management Action Trigger (MAT): This establishes decision points to confirm the Board of Directors' tolerance for accepting trading risk losses on a cumulative basis. MAT therefore, 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 Limits: This limit sets a maximum transaction limit by a dealer. It is based on experience and knowledge.

These risk limits are set and reviewed at least annually to control Access Bank's trading activities in line with the defined risk appetite of the Group. Criteria for setting risk limits include relevant market analysis, market liquidity and business strategy. Appropriate performance triggers are also used as part of the risk management process.

Mark-to-Market (MTM)

The marking-to-market technique establishes historical profit/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.

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 materially above the minimum liquidity ratio and the requirements of its stress tests. Global funding and liquidity risk management activities are centralized within Corporate Treasury. We believe that a centralized approach to funding and liquidity risk management enhances our ability to monitor liquidity requirements, maximize access to funding sources, minimizes borrowing costs and facilitate 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. In line with Basel III regulations, the Bank has documented its internal Liquidity Adequacy Assessment Process (ILAAP).

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 a contingency funding plan which incorporates early warning indicators to monitor market conditions. The Bank monitors its liquidity position and funding strategies on an ongoing basis, but recognizes that unexpected events, economic or market conditions, earnings problems or situations beyond its control could cause either a short or long-term liquidity crisis. It reviews its contingency funding plan in the light of evolving market conditions and stress test results.

To monitor liquidity and funding, the Group Treasury prepares a liquidity worksheet 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 materialize, we consider it important to evaluate this risk and formulate contingency plans should one occur.

The contingency funding plan covers: the available sources of contingent funding to supplement cash flow 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.

5.1 Credit risk management

5.1.1 Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to financial assets are as follows:

In thousands of Naira	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Cash and balances with banks				
- Current balances with banks	56,916,760	217,862,989	62,015,840	177,770,685
- Unrestricted balances with central banks	28,369,771	28,837,649	3,469,138	7,976,547
- Restricted balances with central banks	617,637,847	357,173,356	436,374,697	354,986,209
- Money market placements	195,424,019	261,805,783	20,620,029	28,157,562
- Other deposits with central banks	118,329,886	88,214,622	118,329,886	88,214,622
Investment under management	20,723,830	20,257,131	20,723,830	20,257,131
Non pledged trading assets				
Treasury bills	56,107,434	37,743,819	50,348,625	33,906,748
Bonds	1,699,195	9,050,894	1,699,195	9,050,894
Derivative financial instruments	124,944,697	93,419,293	124,653,661	92,390,219
Loans and advances to banks	94,073,439	68,114,076	105,782,161	101,429,001
Loans and advances to customers	1,905,021,613	1,995,987,627	1,724,743,537	1,771,282,738
Pledged assets				
-Financial instruments at FVOCI				
Treasury bills	108,827,655	-	108,827,655	-
Bonds	12,708,976	-	12,708,976	-
-Financial instruments at amortized cost				
Treasury bills	59,162,339	-	59,162,339	-
Bonds	130,087,498	-	130,087,498	-
-Financial instruments at FVPL				
Treasury bills	23,259,810	-	23,259,810	-
Bonds	69,209	-	69,209	-
Treasury bills	-	258,672,815		252,061,738
Bonds	-	188,441,589		188,441,589
Investment securities				
-Financial instruments at FVOCI				
Treasury bills	148,104,525		97,256,442	
Bonds	67,629,824	54,079,368	40,292,073	28,066,294
- Financial assets at amortised cost				
Treasury bills	50,398,945	88,203,365	1,217,421	5,837,568
Bonds	36,423,910	36,590,582	11,444,447	9,116,855
Other assets	109,141,661	46,799,196	83,911,015	34,517,514
Total	**3,965,062,841**	**3,851,254,153**	**3,236,997,482**	**3,203,463,913**
Off balance sheet exposures				
Transaction related bonds and guarantees	370,078,773	370,892,995	300,049,895	225,158,636
Guaranteed facilities	-	171,002,109	-	81,335,619
Clean line facilities for letters of credit and other commitments	270,764,532	293,267,039	247,989,289	200,918,665
Future, swap and forward contracts	576,940,377	662,935,746	572,031,849	624,709,693
Total	**1,217,783,682**	**1,498,097,889**	**1,120,071,033**	**1,132,122,613**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 30 June 2018 and 31 December 2017, without taking account of any collateral held or other credit enhancements attached.

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position. For off balance sheet exposures, the Future, swap and forward contracts disclosed above are the nominal values of the contracts.

The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

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

In thousands of Naira	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Agriculture	17,139,930	41,049,807	16,159,322	33,387,238
Construction	188,333,241	201,778,198	169,378,580	167,640,113
Education	1,242,964	1,578,846	1,242,964	1,143,935
Finance and insurance	24,547,864	26,803,137	20,771,307	21,272,239
General	72,776,358	58,222,075	62,183,143	51,380,613
General commerce	222,630,514	246,861,833	172,419,681	202,418,282
Government	254,796,154	252,844,215	254,749,981	252,842,296
Information And communication	123,185,330	108,995,556	121,211,677	104,961,637
Other Manufacturing (Industries)	80,711,646	86,898,036	60,622,826	63,138,053
Basic Metal Products	1,607,274	2,447,738	1,607,274	2,447,738
Cement	26,940,652	28,230,573	26,940,652	28,230,573
Conglomerate	19,619,759	28,680,746	19,619,759	28,680,746
Flourmills And Bakeries	16,119,835	23,690,560	10,325,829	23,690,560
Food Manufacturing	27,486,418	35,728,951	27,486,418	25,574,476
Steel Rolling Mills	76,995,026	65,610,086	76,995,026	65,610,086
Oil And Gas - Downstream	99,229,170	125,782,480	93,001,350	117,101,483
Oil And Gas - Services	234,541,712	246,820,468	234,541,712	245,082,920
Oil And Gas - Upstream	149,094,003	124,627,587	149,094,003	124,627,587
Crude oil refining	42,703,412	36,001,965	42,703,412	36,001,965
Real estate activities	158,315,553	167,173,504	152,402,205	148,852,107
Transportation and storage	86,162,258	85,626,593	65,405,679	60,458,743
Power and energy	40,874,577	12,075,600	21,136,056	11,152,289
Professional, scientific and technical activities	10,593,050	4,920,204	10,593,050	2,631,415
Others	33,709,052	47,406,687	9,285,961	9,245,046
	2,009,355,751	**2,059,855,446**	**1,819,877,867**	**1,827,572,139**

5.1.3(a) Group
Credit quality by class

Loans to Retail Customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	69,302,182	2,195,860	4,163,868	75,661,910	205,768	46,081	987,316	1,239,164	74,422,745
Non-Investment	-	106,727	898,793	1,005,519	-	92,021	351,441	443,462	562,057

Loans to Corporate Customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	695,276,781	11,210,170	31,748	706,518,699	3,064,853	57,334	7,529	3,129,716	703,388,983
Standard grade	862,637,098	181,464,046	3,287,213	1,047,388,357	30,112,948	20,961,445	424,120	51,498,513	995,889,844
Non-Investment	-	87,621,659	91,159,607	178,781,266	-	21,267,502	26,755,781	48,023,283	130,757,983
	75,607,757								

Loans and advances to Banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	92,944,540	-	-	92,944,540	21,905	-	-	21,905	92,922,634
Standard grade	1,153,469	-	29	1,153,499	15,574	-	14	15,589	1,137,910
Non-Investment	-	-	25,231	25,231	-	-	12,338	12,338	12,894

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	946,729,571	-	-	946,729,571	980,543	-	-	980,543	945,749,028
Standard grade	270,764,532	-	-	270,764,532	1,147,156	-	-	1,147,156	269,617,376
Non-Investment	1,911,733	-	664,471	2,576,205	47,185	-	111,741	158,926	2,417,279

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	316,711,678	-	-	316,711,678	1,512	-	-	1,512	316,710,166
Standard grade	-	438,695	-	438,695	-	25,480	-	25,480	413,215
Non-Investment	-	90,000	-	90,000	-	4,377	-	4,377	85,623

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	195,421,554	-	-	195,421,554	197,676	-	-	197,676	195,223,878
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(b) Bank
Credit quality by class

Loans to Retail Customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	-	-	-	-	-	-	-	-	-
Standard grade	27,720,540	2,195,860	4,163,868	34,080,267	136,769	46,081	987,316	1,170,166	32,910,102
Non-Investment	-	3,010	706,175	709,185	-	23	167,445	167,468	541,717

Loans to Corporate Customers

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	636,546,808	11,210,170	31,748	647,788,726	2,618,662	57,334	7,529	2,683,525	645,105,201
Standard grade	801,579,246	181,464,046	3,287,213	986,330,505	28,328,185	20,961,445	424,120	49,713,750	936,616,755
Non-Investment	-	77,887,430	73,081,753	150,969,183	-	19,059,548	22,339,873	41,399,421	109,569,762

Loans and advances to Banks

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade				-				-	-
Investment	104,653,263	-	-	104,653,263	21,905	-	-	21,905	104,631,357
Standard grade	1,153,469	-	29	1,153,499	15,574	-	14	15,589	1,137,910
Non-Investment	-	-	25,231	25,231	-	-	12,338	12,338	12,894

Off balance sheet

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	866,213,286	-	-	866,213,286	520,730	-	-	520,730	865,692,555
Standard grade	253,108,355	-	-	253,108,355	1,147,156	-	-	1,147,156	251,961,199
Non-Investment	1,911,733	-	664,471	2,576,205	47,185	-	111,741	158,926	2,417,279

Investment securities

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	164,364,856	-	-	164,364,856	1,512	-	-	1,512	164,363,344
Standard grade	-	438,695	-	438,695	-	25,480	-	25,480	413,215
Non-Investment	-	90,000	-	90,000	-	4,377	-	4,377	85,623

Money market placements

In thousands of Naira	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Internal rating grade									
Investment	20,620,029	-	-	20,620,029	20,858	-	-	20,858	20,599,171
Standard grade	-	-	-	-	-	-	-	-	-
Non-Investment	-	-	-	-	-	-	-	-	-

5.1.3(a) Group
Credit quality by class
In thousands of Naira

	Loans and advances to Individuals	Loans and advances Corporates	Loans and advances to banks	Off balance sheet
	December 2017	December 2017	December 2017	December 2017
Carrying amount	66,336,659	1,929,650,967	68,114,077	1,498,097,889
Neither past due nor impaired				
Grade 1 :	-	125,458,686	66,799,117	767,924,971
Grade 2:	-	562,911,931	-	416,377,679
Grade 3:	65,208,257	1,071,044,176	1,273,337	313,795,239
Grade 4:	896,996	75,682,756	-	-
Grade 5:	-	28,786,043	-	-
Gross amount	66,105,253	1,863,883,592	68,072,454	1,498,097,889
Impairment	(527,413)	(17,561,519)	(19,926)	-
Carrying amount	65,577,841	1,846,322,074	68,052,528	1,498,097,889
Past due but not impaired:				
Grade 6:	57,643	3,712,416	-	
Grade 7:	80,338	16,457,998	82,917	
Grade 8:	446,868	7,761,468	-	
Gross amount	584,849	27,931,882	82,917	
Impairment	(153,373)	(4,755,924)	(21,369)	
Carrying amount	431,475	23,175,959	61,548	
Past due and impaired:				
Grade 6: Impaired	369,308	6,397,603		
Grade 7: Impaired	16,640	74,180,182		
Grade 8: Impaired	354,403	20,031,730		
Gross amount	740,350	100,609,516		
Allowance for impairment	(413,006)	(40,456,581)		
Carrying amount	327,344	60,152,935		

Bank **Credit quality by class** *In thousands of Naira*	**Loans and advances to Individuals** **December 2017**	**Loans and advances Corporates** **December 2017**	**Loans and advances to banks** **December 2017**	**Off balance sheet** **December 2017**
Carrying amount	30,254,137	1,797,318,003	101,450,160	1,132,122,612
Neither past due nor impaired				
Grade 1 :	-	124,748,995	100,135,411	666,975,113
Grade 2:	-	543,007,535	-	248,042,564
Grade 3:	30,268,297	933,355,020	1,273,337	217,104,937
Grade 4:	-	66,497,470	-	-
Grade 5:	-	84,210,684	-	-
Gross amount	30,268,297	1,751,636,407	101,408,748	1,132,122,612
Impairment	(492,459)	(15,733,601)	(19,926)	-
Carrying amount	29,775,837	1,735,902,806	101,388,821	1,132,122,612
Past due but not Impaired:				
Grade 6:	55,037	1,301,178	-	
Grade 7:	72,018	12,282,392	82,917	
Grade 8:	360,694	5,389,076	-	
Gross amount	487,750	18,972,646	82,917	
Impairment	(153,281)	(3,893,301)	(21,580)	
Carrying amount	334,467	15,079,344	61,337	
Past due and Impaired:				
Grade 6: Impaired	364,095	1,092,879		
Grade 7: Impaired	-	66,044,948		
Grade 8: Impaired	182,055	14,812,468		
Gross amount	546,150	81,950,295		
Allowance for impairment	(402,318)	(35,614,441)		
Carrying amount	143,832	46,335,853		

5.1.3 Credit quality
(c) Credit quality by risk rating class

Group

In thousands of Naira
June 2018

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	210,165	21,383	3,131	234,679	1,093	539	742	2,374	232,305
BB	Standard	3	68,738,436	2,167,194	4,160,612	75,066,243	202,907	45,432	986,544	1,234,883	73,831,360
BB-	Standard	3-	353,581	7,283	125	360,988	1,767	110	30	1,907	359,081
B-	Non-Investment	5	-	103,717	192,617	296,334	-	91,998	183,996	275,994	20,340
CCC	Non-Investment	6	-	567	174,260	174,827	-	20	41,320	41,339	133,487
C	Non-Investment	7	-	-	80,116	80,116	-	-	18,997	18,997	61,119
D	Non-Investment	8	-	2,443	451,800	454,243	-	3	107,129	107,132	347,111
Carrying amount			**69,302,182**	**2,302,587**	**5,062,660**	**76,667,429**	**205,768**	**138,102**	**1,338,757**	**1,682,627**	**74,984,803**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	144,695,015	-	-	144,695,015	52,274	-	-	52,274	144,642,741
AA	Investment	2+	176,623,212	739	31,745	176,655,696	932,927	1	7,527	940,455	175,715,241
A	Investment	2	188,326,001	10,443,638	4	198,769,642	1,203,022	45,561	2	1,248,585	197,521,057
BBB	Investment	2-	185,632,552	765,793	-	186,398,345	876,629	11,772	-	888,401	185,509,944
BB+	Standard	3+	290,952,401	12,770,040	232,971	303,955,412	6,777,114	1,422,953	40,867	8,240,934	295,714,478
BB	Standard	3	481,156,480	137,313,188	3,028,846	621,498,513	16,924,581	14,394,780	382,353	31,701,714	589,796,800
BB-	Standard	3-	90,528,217	31,380,818	25,396	121,934,432	6,411,253	5,143,712	900	11,555,866	110,378,566
B	Non-Investment	4	-	56,029,169	-	56,029,169	-	14,911,766	-	14,911,766	41,117,404
B-	Non-Investment	5	-	31,592,250	18,966,727	50,558,977	-	6,355,721	4,766,224	11,121,945	39,437,032
CCC	Non-Investment	6	-	-	1,832,275	1,832,275	-	-	332,393	332,393	1,499,882
C	Non-Investment	7	-	241	69,538,317	69,538,557	-	16	21,411,792	21,411,807	48,126,750
D	Non-Investment	8	-	-	822,289	822,289	-	-	245,373	245,373	576,916
			1,557,913,879	**280,295,875**	**94,478,568**	**1,932,688,322**	**33,177,801**	**42,286,282**	**27,187,430**	**102,651,512**	**1,830,036,810**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	92,944,540	-	-	92,944,540	21,905	-	-	21,905	92,922,634
BB	Standard	3	1,153,469	-	29	1,153,499	15,574	-	14	15,589	1,137,910
C	Non-Investment	7	-	-	25,231	25,231	-	-	12,338	12,338	12,894
			94,098,009	**-**	**25,261**	**94,123,269**	**37,480**	**-**	**12,352**	**49,832**	**94,073,438**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	316,711,678	-	-	316,711,678	1,512	-	-	1,512	316,710,166
BB	Standard	3	-	438,695	-	438,695	-	25,480	-	25,480	413,215
B	Non-Investment	4	-	90,000	-	90,000	-	4,377	-	4,377	85,623
			316,711,678	**528,695**	**-**	**317,240,373**	**1,512**	**29,857**	**-**	**31,370**	**317,209,003**

Derivative Financial Instruments

External Rating Equivalent	Grade	Risk Rating	Gross Nominal June 2018	Gross Nominal December 2017	Fair Value June 2018	Fair Value December 2017
AAA-A	Investment	1	458,696,660	314,229,021	127,764,739	77,838,681
A	Investment	2	-	7,385,190	-	1,796,922
AA	Investment	2+	91,730,367	3,078,492	(1,829,980)	187,071
BBB	Investment	2-	31,728,358	101,649,792	(990,062)	13,596,620
Gross amount			**582,155,385**	**426,342,494**	**124,944,697**	**93,419,293**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Bank
June 2018
In thousands of Naira

Loans and advances to retail customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
BB+	Standard	3+	210,165	21,383	3,131	234,679	1,093	539	742	2,374	232,305
BB	Standard	3	27,156,794	2,167,194	4,160,612	33,484,600	133,908	45,432	986,544	1,165,884	32,318,716
BB-	Standard	3-	353,581	7,283	125	360,988	1,767	110	30	1,907	359,081
CCC	Non-Investment	6	-	567	174,260	174,827	-	20	41,320	41,339	133,487
C	Non-Investment	7	-	-	80,116	80,116	-	-	18,997	18,997	61,119
D	Non-Investment	8	-	2,443	451,800	454,243	-	3	107,129	107,132	347,111
Carrying amount			**27,720,540**	**2,198,870**	**4,870,043**	**34,789,453**	**136,769**	**46,104**	**1,154,760**	**1,337,634**	**33,451,819**

Loans and advances to corporate customers

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	144,695,015	-	-	144,695,015	52,274	-	-	52,274	144,642,741
AA	Investment	2+	176,623,212	739	31,745	176,655,696	932,927	1	7,527	940,455	175,715,241
A	Investment	2	129,596,029	10,443,638	4	140,039,670	756,832	45,561	2	802,395	139,237,275
BBB	Investment	2-	185,632,552	765,793	-	186,398,345	876,629	11,772	-	888,401	185,509,944
BB+	Standard	3+	290,952,401	12,770,040	232,971	303,955,412	6,777,114	1,422,953	40,867	8,240,934	295,714,478
BB	Standard	3	420,098,628	137,313,188	3,028,846	560,440,662	15,139,818	14,394,780	382,353	29,916,951	530,523,711
BB-	Standard	3-	90,528,217	31,380,818	25,396	121,934,432	6,411,253	5,143,712	900	11,555,866	110,378,566
B	Non-Investment	4	-	56,029,169	-	56,029,169	-	14,911,766	-	14,911,766	41,117,404
B-	Non-Investment	5	-	21,858,020	888,873	22,746,893	-	4,147,767	350,315	4,498,082	18,248,811
CCC	Non-Investment	6	-	-	1,832,275	1,832,275	-	-	332,393	332,393	1,499,882
C	Non-Investment	7	-	241	69,538,317	69,538,557	-	16	21,411,792	21,411,807	48,126,750
D	Non-Investment	8	-	-	822,289	822,289	-	-	245,373	245,373	576,916
			1,438,126,054	**270,561,646**	**76,400,714**	**1,785,088,414**	**30,946,847**	**40,078,327**	**22,771,522**	**93,796,696**	**1,691,291,718**

Loans and advances to banks

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	104,653,263	-	-	104,653,263	21,905	-	-	21,905	104,631,357
BB	Standard	3	1,153,469	-	29	1,153,499	15,574	-	14	15,589	1,137,910
C	Non-Investment	7	-	-	25,231	25,231	-	-	12,338	12,338	12,894
			105,806,732	**-**	**25,261**	**105,831,993**	**37,480**	**-**	**12,352**	**49,832**	**105,782,161**

Investment securities

External Rating Equivalent	Grade	Risk Rating	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
AAA	Investment	1	164,364,856	-	-	164,364,856	1,512	-	-	1,512	164,363,344
BB	Standard	3	-	438,695	-	438,695	-	25,480	-	25,480	413,215
B	Non-Investment	4	-	90,000	-	90,000	-	4,377	-	4,377	85,623
			164,364,856	**528,695**	**-**	**164,893,551**	**1,512**	**29,857**	**-**	**31,370**	**164,862,181**

Derivative Financial Instruments

			Gross Nominal		Fair Value	
External Rating Equivalent	**Grade**	**Risk Rating**	**June 2018**	**December 2017**	**June 2018**	**December 2017**
AAA-A	Investment	1	458,696,660	314,229,021	127,317,082	77,838,681
A	Investment	2	-	7,385,190	-	1,796,922
AA	Investment	2+	91,730,367	3,078,492	(1,829,980)	187,071
BBB	Investment	2-	21,604,822	66,105,562	(833,440)	12,567,546
Gross amount			**572,031,849**	**390,798,264**	**124,653,661**	**92,390,219**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

5.1.3 Credit quality

(c) Credit quality by risk rating class

Group

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances to Corporates December 2017	Loans and advances to banks December 2017
AAA	Investment	1	-	125,458,686	66,799,326
AA	Investment	2+	-	200,441,984	-
A	Investment	2	-	142,448,359	-
BBB	Investment	2-	-	220,021,589	-
BB+	Standard	3+	183,059	349,018,386	-
BB	Standard	3	63,821,628	594,989,903	1,273,337
BB-	Standard	3-	1,203,570	127,513,661	-
B	Non-Investment	4	896,996	75,682,756	-
B-	Non-Investment	5	-	28,786,043	-
CCC	Non-Investment	6	426,950	10,110,020	-
C	Non-Investment	7	96,978	90,160,408	82,917
D	Non-Investment	8	801,270	27,793,196	-
Gross amount			67,430,452	1,992,424,991	68,155,582
Collective Impairment			(680,786)	(21,401,515)	(41,506)
Specific Impairment			(413,006)	(41,372,509)	-
Carrying amount			**66,336,660**	**1,929,650,967**	**68,114,074**

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Fair Value December 2017
AAA-A	Investment	1	314,229,021	77,838,681
A	Investment	2	7,385,190	1,796,922
AA	Investment	2+	3,078,492	187,071
BBB	Investment	2-	101,649,792	13,596,620
Gross amount			426,342,495	93,419,294
Collective Impairment			-	-
Specific Impairment			-	-
Carrying amount			**426,342,495**	**93,419,294**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies. These instruments are neither past due nor impaired

Credit quality by risk rating class

Bank

In thousands of Naira

External Rating Equivalent	Grade	Risk Rating	Loans and advances to Individuals December 2017	Loans and advances Corporates December 2017	Loans and advances to banks December 2017
AAA	Investment	1	-	124,748,995	100,114,041
AA	Investment	2+	-	199,561,424	-
A	Investment	2	-	139,252,419	-
BBB	Investment	2-	-	204,193,692	-
BB+	Standard	3+	183,059	326,358,842	-
BB	Standard	3	28,559,373	486,873,939	1,273,337
BB-	Standard	3-	477,807	120,122,240	-
B	Non-Investment	4	-	66,497,470	-
B-	Non-Investment	5	-	28,786,043	-
CCC	Non-Investment	6	419,132	2,394,057	-
C	Non-Investment	7	72,018	78,327,340	83,127
D	Non-Investment	8	542,749	20,201,543	-
Gross amount			30,254,138	1,797,318,004	101,470,507
Collective Impairment			(645,740)	(19,626,902)	(41,506)
Specific Impairment			(402,318)	(35,614,441)	-
Carrying amount			**29,206,080**	**1,742,076,661**	**101,429,001**

External Rating Equivalent	Grade	Risk Rating	Gross Nominal December 2017	Fair Value December 2017
AAA-A	Investment	1	314,229,021	77,838,681
A	Investment	2	7,385,190	1,796,922
AA	Investment	2+	3,078,492	187,071
BBB	Investment	2-	66,105,562	12,567,546
Gross amount			390,798,265	92,390,219
Collective Impairment			-	-
Specific Impairment			-	-
Carrying amount			**390,798,265**	**92,390,219**

The external rating equivalent refers to the equivalent ratings for loans and advances by credit rating agencies.

5.1.3 (d) The table below summarises the risk rating for other financial assets:

Group

In thousands of Naira **June 2018**	**Total**	**Grade 1-3**	**Grade 4-5**	**Grade 6**	**Grade 7**	**Grade 8**
Cash and balances with banks						
Current balances with banks	56,916,760	56,916,760	-	-	-	-
Restricted deposits with central banks	617,637,847	617,637,847	-	-	-	-
Unrestricted balances with central banks	28,369,771	28,369,771	-	-	-	-
Money market placements	195,424,019	195,424,019				
Other deposits with central banks	118,329,886	118,329,886				
Investment under management	20,723,830	20,723,830	-	-	-	-
Non-pledged trading assets						
Treasury bills	56,107,434	56,107,434	-	-	-	-
Bonds	1,699,195	1,676,793	22,401	-	-	-
Derivative financial instruments	124,944,697	124,944,697	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	108,827,655	108,827,655	-	-	-	-
Bonds	12,708,976	12,708,976				
-Financial instruments at amortized cost						
Treasury bills	59,162,339	59,162,339	-	-	-	-
Bonds	130,087,498	130,087,498	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	23,259,810	23,259,810	-	-	-	-
Bonds	69,209	69,209	-	-	-	-
Investment securities						
Treasury bills	148,104,525	148,104,525	-	-	-	-
Bonds	82,312,993	82,312,993	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	3,546,000	3,546,000	-	-	-	-
Bonds	74,618,276	74,618,276	-	-	-	-
Other assets	109,141,661	109,141,661	-	-	-	-
	1,971,992,381	**1,971,969,977**	**22,401**	**-**	**-**	**-**

Group

In thousands of Naira
December 2017

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	217,912,766	217,912,766	-	-	-	-
Current balances with banks	357,173,356	357,173,356	-	-	-	-
Unrestricted balances with central banks	28,837,649	28,837,649	-	-	-	-
Money market placements	261,805,783	261,805,783				
Other deposits with central banks	88,214,622	88,214,622				
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	37,743,819	37,743,819	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Derivative financial instruments	93,419,293	93,419,293	-	-	-	-
Pledged assets						
Treasury bills	258,672,815	258,672,815	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	29,977,451	29,977,451	-	-	-	-
Bonds	39,429,252	39,429,252	-	-	-	-
- Held to Maturity						
Treasury bills	88,203,365	88,203,365	-	-	-	-
Bonds	36,590,582	36,590,582	-	-	-	-
Other assets	46,799,196	46,799,196	-	-	-	-
	1,802,529,563	**1,817,107,500**	**22,401**	**-**	**-**	**-**

The table below summarises the risk rating for other financial assets:

Bank
In thousands of Naira
June 2018

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	62,015,840	62,015,840	-	-	-	-
Restricted deposits with central banks	436,374,697	436,374,697	-	-	-	-
Unrestricted balances with central banks	3,469,138	3,469,138	-	-	-	-
Money market placements	20,620,029	20,620,029	-	-	-	-
Other deposits with central banks	118,329,886	118,329,886	-	-	-	-
Investment under management	20,723,830	20,723,830	-	-	-	-
Non-pledged trading assets						
Treasury bills	50,348,625	50,348,625	-	-	-	-
Bonds	1,699,195	1,688,258	10,936	-	-	-
Derivative financial instruments	124,653,661	124,653,661	-	-	-	-
Pledged assets						
-Financial instruments at FVOCI			-	-	-	-
Treasury bills	108,827,655	108,827,655	-	-	-	-
Bonds	12,708,976	12,708,976				
-Financial instruments at amortized cost						
Treasury bills	59,162,339	59,162,339	-	-	-	-
Bonds	130,087,498	130,087,498	-	-	-	-
-Financial instruments at FVPL						
Treasury bills	23,259,810	23,259,810	-	-	-	-
Bonds	69,209	69,209	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	97,256,442	97,256,442	-	-	-	-
Bonds	54,975,242	54,975,242	-	-	-	-
- Financial assets at amortised cost						
Treasury bills	1,217,421	1,217,421	-	-	-	-
Bonds	11,444,447	11,444,447	-	-	-	-
Other assets	83,911,015	83,911,015	-	-	-	-
	1,421,154,956	**1,421,144,018**	**10,936**	**-**	**-**	**-**

Bank
In thousands of Naira
December 2017

	Total	Grade 1-3	Grade 4-5	Grade 6	Grade 7	Grade 8
Cash and balances with banks						
Current balances with banks	177,809,307	177,809,307	-	-	-	-
Restricted deposits with central banks	443,200,831	443,200,831	-	-	-	-
Unrestricted balances with central banks	7,976,547	7,976,547	-	-	-	-
Money market placements	28,157,562	28,157,562	-	-	-	-
Other deposits with central banks	88,214,622	88,214,622	-	-	-	-
Investment under management	20,257,131	20,257,131	-	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,028,493	22,401	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	-	-	-	-	-	-
Bonds	13,416,178	13,416,178	-	-	-	-
Held to Maturity						
Bonds	5,837,568	5,837,568	-	-	-	-
Other assets	34,517,514	34,517,514	-	-	-	-
	1,401,076,016	**1,340,328,511**	**22,401**	**-**	**-**	**-**

5.1.3 Credit quality
(e) Credit quality by staging

Group
In thousands of Naira
June 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	7,165,449	187,057	121,496	7,474,002	24,062	3,854	28,947	56,864	7,417,139
Credit Card	3,832,393	3,114	43,565	3,879,072	19,787	338	10,607	30,732	3,848,340
Finance Lease	43,126	311	578	44,015	73	276	552	901	43,114
Mortgage Loan	32,566,768	31,284	333,416	32,931,468	69,586	1,081	79,611	150,278	32,781,190
Overdraft	1,087,353	4,329	1,736,783	2,828,465	9,894	978	413,201	424,073	2,404,392
Personal Loan	20,955,456	1,813,906	1,626,245	24,395,607	69,493	39,945	388,374	497,812	23,897,795
Term Loan	2,972,038	100,822	930,254	4,003,114	11,709	4,316	222,652	238,676	3,764,437
Time Loan	679,599	161,764	270,324	1,111,687	1,164	87,313	194,814	283,291	828,395
	69,302,182	2,302,587	5,062,660	76,667,429	205,768	138,102	1,338,757	1,682,627	74,984,803

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,472,414	226,070	178,320	3,876,804	15,624	5,790	42,282	63,697	3,813,107
Credit Card	624,034	244	100	624,377	3,882	16	24	3,921	620,456
Finance Lease	795,088	85,455	281,914	1,162,457	29,174	17,990	123,119	170,282	992,175
Mortgage Loan	23,963,219	38,937	72,311	24,074,467	446,195	8,832	17,664	472,691	23,601,777
Overdraft	89,740,861	10,471,706	9,419,526	109,632,093	2,200,214	1,667,326	2,484,635	6,352,175	103,279,917
Personal Loan	43,368	-	-	43,368	151	-	-	151	43,218
Term Loan	1,087,882,852	229,169,023	67,327,838	1,384,379,713	26,288,306	40,135,649	19,689,048	86,113,003	1,298,266,710
Time Loan	351,392,042	40,304,441	17,198,559	408,895,042	4,194,256	450,679	4,830,658	9,475,592	399,419,450
	1,557,913,879	280,295,875	94,478,568	1,932,688,322	33,177,801	42,286,282	27,187,430	102,651,512	1,830,036,810

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,473	-	-	3,473	10	-	-	10	3,463
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,149,997	-	25,261	1,175,257	15,564	-	12,352	27,916	1,147,341
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	92,944,540	-	-	92,944,540	21,905	-	-	21,905	92,922,634
	94,098,009	-	25,261	94,123,270	37,480	-	12,352	49,832	94,073,438

Bank
In thousands of Naira
June 2018
Loans and advances to retail customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,007,285	186,953	121,304	3,315,542	17,162	3,762	28,763	49,688	3,265,854
Credit Card	3,208,668	2,906	43,180	3,254,755	18,752	154	10,239	29,145	3,225,610
Finance Lease	1,545	-	-	1,545	4	-	-	4	1,540
Mortgage Loan	3,459,619	30,869	332,645	3,823,133	21,287	713	78,875	100,875	3,722,258
Overdraft	900,235	3,291	1,734,857	2,638,384	9,583	58	411,361	421,002	2,217,382
Personal Loan	14,302,393	1,811,832	1,622,392	17,736,618	58,453	38,105	384,694	481,252	17,255,366
Term Loan	2,597,803	99,267	927,364	3,624,434	11,088	2,936	219,892	233,915	3,390,519
Time Loan	242,992	63,751	88,300	395,043	440	375	20,937	21,752	373,291
	27,720,540	2,198,870	4,870,043	34,789,453	136,769	46,104	1,154,760	1,337,634	33,451,819

Loans and advances to corporate customers

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,472,414	226,070	178,320	3,876,804	15,624	5,790	42,282	63,697	3,813,107
Credit Card	623,914	244	100	624,257	3,879	16	24	3,919	620,339
Finance Lease	675,300	56,252	227,681	959,233	26,943	11,366	109,871	148,180	811,053
Mortgage Loan	5,654	-	-	5,654	4	-	-	4	5,650
Overdraft	82,553,592	10,374,364	9,238,747	102,166,702	2,066,357	1,645,247	2,440,476	6,152,080	96,014,623
Personal Loan	43,368	-	-	43,368	151	-	-	151	43,218
Term Loan	1,002,953,405	219,746,289	49,828,475	1,272,528,169	24,706,562	37,998,349	15,414,449	78,119,360	1,194,408,808
Time Loan	347,798,408	40,158,428	16,927,391	404,884,226	4,127,327	417,560	4,764,419	9,309,306	395,574,920
	1,438,126,054	270,561,646	76,400,714	1,785,088,414	30,946,847	40,078,327	22,771,522	93,796,696	1,691,291,718

Loans and advances to banks

	Stage 1 Gross amount	Stage 2 Gross amount	Stage 3 Gross amount	Total Gross amount	Stage 1 ECL	Stage 2 ECL	Stage 3 ECL	Total ECL	Carrying amount
Auto Loan	3,473	-	-	3,473	10	-	-	10	3,463
Credit Card	-	-	-	-	-	-	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-
Mortgage Loan	-	-	-	-	-	-	-	-	-
Overdraft	1,149,997	-	25,261	1,175,257	15,564	-	12,352	27,916	1,147,341
Personal Loan	-	-	-	-	-	-	-	-	-
Term Loan	-	-	-	-	-	-	-	-	-
Time Loan	104,653,263	-	-	104,653,263	21,905	-	-	21,905	104,631,357
	105,806,732	-	25,261	105,831,993	37,480	-	12,352	49,832	105,782,161

5.1.3 Credit quality

(e) Credit quality by credit risk rating model

Group

In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals December 2017	Loans and advances to Corporates December 2017	Loans and advances to banks December 2017
Auto Loan	1,878,145	1,620,583	-
Credit Card	3,019,121	453,502	-
Finance Lease	1,226,099	3,620,889	5,484
Mortgage Loan	33,118,619	10,584,856	-
Overdraft	2,494,735	199,670,621	1,350,771
Personal Loan	17,615,988	-	-
Term Loan	7,175,548	1,269,478,525	-
Time Loan	902,195	506,996,016	66,799,326
Gross amount	67,430,452	1,992,424,992	68,155,581
Collective Impairment	(680,786)	(21,401,515)	(41,506)
Specific Impairment	(413,006)	(41,372,509)	-
Carrying amount	66,336,660	1,929,650,967	68,114,076

Bank

In thousands of Naira

Risk Rating (ORR) Model	Loans and advances to Individuals December 2017	Loans and advances to Corporates December 2017	Loans and advances to banks December 2017
Auto Loan	1,671,616	1,620,583	-
Credit Card	2,905,420	418,797	-
Finance Lease	63,923	3,620,889	5,484
Mortgage Loan	4,230,374	-	-
Overdraft	2,367,502	154,534,930	1,350,771
Personal Loan	15,085,225	-	-
Term Loan	3,125,406	1,194,329,450	-
Time Loan	804,675	442,793,355	100,114,252
Gross amount	30,254,138	1,797,318,003	101,470,507
Collective Impairment	(645,740)	(19,626,902)	(41,506)
Specific Impairment	(402,318)	(35,614,441)	-
Carrying amount	29,206,080	1,742,076,659	101,429,001

5.1.3 (g) Disclosure of Collateral held against loans and advances to customers by fair value hierarchy

Group

In thousands of Naira	Level 1	Leve1 2	Level 3	Level 1	Leve1 2	Level 3
	June 2018			December 2017		
Against neither past due and not impaired						
Property	-	-	791,222,298	-	-	995,295,330
Equities	11,002,620	2,750,655	-	18,533,713	36,354,348	-
Cash	304,796,395	-	-	129,525,855	-	-
Pledged goods/receivables	-	-	155,691,613	-	-	133,801,201
Others	-	-	1,254,597,533	-	-	1,596,503,916
Total	**315,799,015**	**2,750,655**	**2,201,511,444**	**148,059,568**	**36,354,348**	**2,725,600,447**
Against past due but not impaired:						
Property	-	-	152,367,927	-	-	10,885,975
Equities	845,148	-	-	-	-	-
Cash	6,678,472	-	-	-	-	-
Pledged goods/receivables	-	-	7,899,248	-	-	2,970,693
Others	-	-	95,005,796	-	-	14,416,593
Total	**7,523,620**	**-**	**255,272,971**	**-**	**-**	**28,273,261**
Against past due and impaired						
Property	-	-	41,522,065	-	-	16,629,299
Equities	625,454	-	-	-	-	-
Cash	2,897,489	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	2,090,637
Others	-	-	13,445,994	-	-	17,312,492
	3,522,943	**-**	**54,968,059**	**-**	**-**	**36,032,429**
Total	**326,845,578**	**2,750,655**	**2,511,752,473**	**148,059,569**	**36,354,348**	**2,789,906,136**

Bank

In thousands of Naira	Level 1	Leve1 2	Level 3	Level 1	Leve1 2	Level 3
	June 2018			December 2017		
Against neither past due and not impaired						
Property	-	-	783,810,585	-	-	852,166,224
Equities	11,002,620	2,750,655	-	18,533,713	36,354,348	-
Cash	301,076,891	-	-	107,162,730	-	-
Pledged goods/receivables	-	-	155,691,613	-	-	133,801,201
Others	-	-	1,199,703,883	-	-	1,445,196,657
Total	**312,079,511**	**2,750,655**	**2,139,206,080**	**125,696,443**	**36,354,348**	**2,431,164,082**
Against past due but not impaired:						
Property	-	-	151,730,658	-	-	5,544,609
Equities	845,148	-	-	-	-	-
Cash	6,648,392	-	-	-	-	-
Pledged goods/receivables	-	-	7,899,248	-	-	2,970,693
Others	-	-	91,819,654	-	-	14,416,593
Total	**7,493,540**	**-**	**251,449,560**	**-**	**-**	**22,931,895**
Against past due and impaired						
Property	-	-	37,073,273	-	-	7,654,848
Equities	625,454	-	-	-	-	-
Cash	2,894,305	-	-	-	-	-
Pledged goods/receivables	-	-	-	-	-	2,090,637
Others	-	-	12,859,265	-	-	15,418,194
	3,519,759	**-**	**49,932,536**	**-**	**-**	**25,163,679**
Total	**323,092,810**	**2,750,655**	**2,440,588,177**	**125,696,443**	**36,354,348**	**2,479,259,656**

Collateral held and other credit enhancements, and their financial effect

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional consideration in the credit process and the Group generally requests that corporate borrowers provide collateral. The Group may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. The Bank will sell or repossess a pledged collateral only in the event of a default and after exploring other means of repayment. In addition to the Group's focus on creditworthiness, the Group aligns with its Credit Policy Guide to periodically review the valuations of collaterals held against all loans to customers. This is done in line with the approved Framework for valuing various categories of collateral accepted by the Bank.

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the bank. The valuation technique adopted for properties are based on fair values of similar properties in the neighborhood.
The fair values of non-property collaterals (such as equities, bond, treasury bills, etc.) are determined with reference to market quoted prices or market values of similar instruments.

5.1.4 Offsetting financial assets and financial liabilities

As at June 2018

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	94,073,439	-	94,073,439
Total	**94,073,439**	**-**	**94,073,439**

As at June 2018

Financial liabilities			
Interest bearing borrowing	328,039,139	-	328,039,139
Total	**328,039,139**	**-**	**328,039,139**

As at December 2017

In thousands of Naira

The following financial assets are subject to offsetting	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
Financial assets			
Loans and advances to banks	45,954,156	751,154	45,203,002
Total	**45,954,156**	**751,154**	**45,203,002**

As at December 2017

Financial liabilities			
Interest bearing borrowing	300,294,861	751,154	299,543,707
Total	**300,294,861**	**751,154**	**299,543,707**

5.1.5 (a) Credit concentration

The Group's risk profile is assessed through a 'bottom-up' analytical approach covering all of the Group's major businesses and products. The risk appetite is approved by the Board and forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix.

The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of net credit risk at the reporting date is shown below:

Group

By Sector

June 2018

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	1,016,678,283	-	-	-	1,016,678,283
Investment under management	4,398,066	-	7,735,200	-	8,590,563	-	20,723,830
Non pledged trading assets							
Treasury bills	-	-	-	-	56,107,434	-	56,107,434
Bonds	-	-	11,212	-	1,687,982	-	1,699,195
Derivative financial instruments	493,185	-	1,006,654	-	123,444,857	-	124,944,697
Loans and advances to banks	-	-	94,073,439	-	-	-	94,073,439
Loans and advances to customers							
Auto Loan	706,378	3,106,729	-	7,417,139	-	-	11,230,246
Credit Card	68,883	551,574	-	3,848,340	-	-	4,468,797
Finance Lease	180,050	812,125	-	43,114	-	-	1,035,289
Mortgage Loan	-	23,601,777	-	32,781,190	-	-	56,382,966
Overdraft	29,378,981	68,448,595	-	2,404,392	5,452,341	-	105,684,309
Personal Loan	-	43,218	-	23,897,795	-	-	23,941,013
Term Loan	463,618,715	589,060,508	-	3,764,437	245,587,488	-	1,302,031,148
Time Loan	174,667,234	224,752,216	-	828,395	-	-	400,247,845
Pledged assets							
Treasury bills	-	-	-	-	191,249,804	-	191,249,804
Bonds	-	-	-	-	142,865,682	-	142,865,682
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	148,104,525	-	148,104,525
Bonds	7,678,319	-	6,384	-	74,628,289	-	82,312,993
-Financial assets at amortised cost						-	
Treasury bills	-	-	-	-	50,398,945	-	50,398,945
Bonds	710,978	-	2,676,697	-	33,036,236	-	36,423,910
Other assets	42,354,815	27,581,965	28,169,445	13,941,616	8,085,786	37,490,866	157,624,494
Total	**724,255,603**	**937,958,705**	**1,150,357,315**	**88,926,417**	**1,089,239,933**	**37,490,866**	**4,028,228,842**

Credit risk exposures relating to other credit commitments at gross amount are as follows:	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	193,365,424	167,701,248	3,268,349	5,743,752	-	-	370,078,773
Clean line facilities for letters of credit and	112,020,380	135,906,009	-	22,838,143	-	-	270,764,532
other commitments	-	-	-	-	-	-	
Future, swap and forward contracts	19,780,037	14,461,310	84,002,369	-	458,696,660	-	576,940,377
Total	**325,165,841**	**318,068,567**	**87,270,718**	**28,581,896**	**458,696,660**	**-**	**1,217,783,682**

Group
By Sector

December 2017
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	953,894,399	-	-	-	953,894,399
Investment under management	11,643,650	-	6,283,077	-	2,330,403	-	20,257,130
Non pledged trading assets							
Treasury bills	-	-	-	-	37,743,819	-	37,743,819
Bonds	-	8,497	19,464	-	9,031,525	-	9,059,486
Derivative financial instruments	3,560,997	11,689,840	8,108,304	-	125,038,574	-	148,397,715
Loans and advances to banks	-	-	68,114,076	-	-	-	68,114,076
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,742,750	-	-	3,450,060
Credit Card	50,729	394,973	-	2,965,221	-	-	3,410,923
Finance Lease	655,638	2,744,831	-	1,240,840	792	-	4,642,101
Mortgage Loan	4,762,196	5,820,461	-	33,040,279	-	-	43,622,936
Overdraft	63,006,869	119,702,034	-	2,174,641	5,872	-	184,889,417
Personal Loan	-	-	-	17,137,946	-	-	17,137,946
Term Loan	460,239,059	519,238,682	-	7,066,329	252,696,580	-	1,239,240,650
Time Loan	249,173,054	249,535,770	-	884,769	-	-	499,593,593
Pledged assets							
Treasury bills	-	-	-	-	258,672,815	-	258,672,815
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	-	-	-	-	29,977,451	-	29,977,451
Bonds	912,890.00	-	3,316,197	-	23,837,207	26,013,074	54,079,368
- Held to Maturity						-	
Treasury bills	-	-	-	-	88,203,365	-	88,203,365
Bonds	2,675,972	-	-	-	33,914,611	-	36,590,582
Other assets	25,934,436	3,381,399	12,846,281	1,036,130	88,305	3,512,644	46,799,196
Total	**822,735,938**	**913,103,352**	**1,052,581,797**	**68,288,905**	**1,049,982,907**	**29,525,718**	**3,936,218,619**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	290,343,003	242,039,256	-	9,512,845	-	-	541,895,104
Clean line facilities for letters of credit and other commitments	100,773,513	184,063,021	-	8,430,505	-	-	293,267,039
Future, swap and forward contracts	53,713,545	64,076,506	284,158,615	-	260,987,080	-	662,935,746
Total	**444,830,061**	**490,178,782**	**284,158,615**	**17,943,350**	**260,987,080**	**-**	**1,498,097,889**

5.1.5(a)i Concentration by location for loans and advances is measured based on the location of the Group entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities is measured based on the location of the issuer of the security.

By geography

Group

June 2018 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	602,228,498	83,670,680	312,184,356	18,597,213	1,016,680,748
Investment under management	20,723,830	-	-	-	20,723,830
Non pledged trading assets					
Treasury bills	50,348,625	5,758,809	-	-	56,107,434
Bonds	1,699,195	-	-	-	1,699,195
Derivative financial instruments	123,137,749	219,557	1,587,391	-	124,944,697
Loans and advances to banks	1,150,804	-	92,922,634	-	94,073,438
Loans and advances to customers					
Auto Loan	7,078,961	4,151,285	-	-	11,230,246
Credit Card	3,845,949	622,848	-	-	4,468,797
Finance Lease	812,593	222,695	-	-	1,035,289
Mortgage Loan	3,727,907	1,579,652	51,075,407	-	56,382,966
Overdraft	98,232,004	7,452,305	-	-	105,684,309
Personal Loan	17,298,583	6,642,430	-	-	23,941,013
Term Loan	1,197,799,327	104,231,821	-	-	1,302,031,148
Time Loan	395,948,212	4,299,634	-	-	400,247,845
Pledged assets					
Treasury bills	191,249,804	-	-	-	191,249,804
Bonds	142,865,682	-	-	-	142,865,682
Investment securities					
-Financial assets at FVOCI					
Treasury bills	97,256,442	4,511,895	-	46,336,188	148,104,525
Bonds	54,975,242	26,206,445	1,131,305	-	82,312,992
-Financial assets at amortised cost					
Treasury bills	1,217,421	40,655,629	-	8,525,894	50,398,944
Bonds	11,444,447	24,220,339	759,125	-	36,423,911
Other assets	114,887,279	32,697,776	1,700,218	8,339,221	157,624,493
Total	**3,137,928,554**	**347,143,799**	**461,360,435**	**81,798,516**	**4,028,231,304**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	301,419,350	51,579,918	17,079,505	-	370,078,773
Clean line facilities for letters of credit and other commitments	247,989,289	21,091,722	1,683,520	-	270,764,532
Future, swap and forward contracts	503,332,488	19,215,069	47,864,278	6,528,543	576,940,377
Total	**1,052,741,128**	**91,886,709**	**66,627,302**	**6,528,543**	**1,217,783,682**

By geography

Group
December 2017
In thousands of Naira

	Nigeria	Rest of Africa	Europe	Others	Total
Cash and balances with banks	543,056,552	54,026,117	276,361,986	80,449,743	953,894,398
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	3,837,071	-	-	37,743,819
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	1,029,074	265,547	1,053,455	93,419,293
Loans and advances to banks	1,293,590	-	66,820,486	-	68,114,076
Loans and advances to customers					
Auto Loan	3,243,530	206,530	-	-	3,450,060
Credit Card	3,263,598	147,029	-	-	3,410,627
Finance Lease	3,486,367	1,155,733	-	-	4,642,100
Mortgage Loan	4,162,867	359,036	39,100,026	-	43,621,930
Overdraft	142,060,909	42,199,850	-	-	184,260,759
Personal Loan	14,613,195	2,524,752	-	-	17,137,946
Term Loan	1,165,111,472	39,818,776	34,763,385	-	1,239,693,633
Time Loan	435,157,504	8,181,813	56,431,255	-	499,770,572
Pledged assets					
Treasury bills	252,061,738	6,611,077	-	-	258,672,815
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
- Available for sale					
Treasury bills	9,598,737	20,378,715	-	-	29,977,452
Bonds	28,066,294	16,017,820	-	9,995,254	54,079,368
- Held to Maturity					
Treasury bills	5,837,568	82,365,797	-	-	88,203,365
Bonds	7,051,660	2,065,195	-	27,473,727	36,590,582
Other assets	31,813,827	14,868,165	-	117,203	46,799,196
Total	**2,992,606,987**	**295,792,549**	**473,742,687**	**119,089,383**	**3,881,231,605**

	Nigeria	Rest of Africa	Europe	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	306,494,255	55,066,543	108,457,791	71,876,515	541,895,104
Clean line facilities for letters of credit and other commitments	200,918,665	47,189,190	27,083,771	18,075,413	293,267,039
Future, swap and forward contracts	335,204,211	44,259,738	42,048,747	241,423,049	662,935,746
Total	**842,617,132**	**146,515,471**	**177,590,308**	**331,374,977**	**1,498,097,889**

Credit risk management

5.1.5 (b) By Sector

Bank
June 2018

In thousands of Naira	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	640,809,590	-	-	-	640,809,590
Investment under management	4,398,066	-	7,735,200	-	8,590,564	-	20,723,830
Non pledged trading assets							
Treasury bills	-	-	-	-	50,348,625	-	50,348,625
Bonds	11,212	-	-	-	1,687,982	-	1,699,195
Derivative financial instruments	493,184	-	1,006,654	-	123,153,822	-	124,653,661
Loans and advances to banks	-	-	105,782,161	-	-	-	105,782,161
Loans and advances to customers	-	-	-				
Auto Loan	706,378	3,106,729	-	3,265,854	-	-	7,078,961
Credit Card	68,883	551,456	-	3,225,610	-	-	3,845,949
Finance Lease	103,382	707,671	-	1,540	-	-	812,593
Mortgage Loan	-	5,650	-	3,722,258	-	-	3,727,907
Overdraft	26,303,625	64,258,656	-	2,217,382	5,452,341	-	98,232,004
Personal Loan	-	43,218	-	17,255,366	-	-	17,298,583
Term Loan	419,656,282	529,211,212	-	3,390,519	245,541,314	-	1,197,799,327
Time Loan	173,039,868	222,535,053	-	373,291	-	-	395,948,212
Pledged assets							
Treasury bills	-	-	-	-	191,249,804	-	191,249,804
Bonds	-	-	-	-	142,865,682	-	142,865,682
Investment securities							
-Financial assets at FVOCI							
Treasury bills	-	-	-	-	97,256,442	-	97,256,442
Bonds	7,678,319	-	6,384	-	47,290,539	-	54,975,242
-Financial assets at amortised cost							
Treasury bills	-	-	-	-	1,217,421	-	1,217,421
Bonds	710,978	-	1,858,612	-	8,874,856	-	11,444,447
Other assets	41,909,687	3,259,082	26,393,871	10,742,407	7,940,520	35,399,368	125,644,935
Total	**675,079,864**	**823,678,725**	**783,592,473**	**44,194,225**	**931,469,914**	**35,399,368**	**3,293,414,572**

Credit risk exposures relating to other credit commitments at gross amount are as follows:

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Transaction related bonds and guarantees	129,638,032	164,861,627	-	5,550,236	-	-	300,049,895
Clean line facilities for letters of credit and other commitments	92,124,486	134,526,942	-	21,337,861	-	-	247,989,289
Future, swap and forward contracts	19,780,037	14,461,310	79,093,841	-	458,696,660	-	572,031,849
Total	**241,542,556**	**313,849,878**	**79,093,841**	**26,888,097**	**458,696,660**	**-**	**1,120,071,033**

By Sector

Bank
December 2017
In thousands of Naira

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Cash and balances with banks	-	-	657,105,625	-	-	-	657,105,625
Investment under management	11,643,650	-	6,283,077	-	2,330,404	-	20,257,131
Non pledged trading assets							
Treasury bills	-	-	-	-	33,906,748	-	33,906,748
Bonds	19,369	-	-	-	9,031,525	-	9,050,894
Derivative financial instruments	821,635	-	1,332,133	-	90,236,451	-	92,390,219
Loans and advances to banks	-	-	101,429,001	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	120,445	586,865	-	2,536,221	-	-	3,243,530
Credit Card	35,402	376,240	-	2,851,956	-	-	3,263,598
Finance Lease	655,638	2,744,831	-	85,107	792	-	3,486,368
Mortgage Loan	-	-	-	4,162,867	-	-	4,162,867
Overdraft	43,791,210	96,216,229	-	2,047,597	5,872	-	142,060,909
Personal Loan	-	-	-	14,613,195	-	-	14,613,195
Term Loan	428,695,546	480,687,418	-	3,033,846	252,694,662	-	1,165,111,472
Time Loan	220,301,312	214,248,083	-	791,406	-	-	435,340,801
Pledged assets							
Treasury bills	-	-	-	-	252,061,738	-	252,061,738
Bonds	-	-	-	-	188,441,589	-	188,441,589
Investment securities							
Available for sale							
Treasury bills	-	-	-	-	9,598,737	-	9,598,737
Bonds	912,890	-	3,316,197	-	23,837,207	-	28,066,294
Held to Maturity							
Treasury bills	-	-	-	-	5,837,568	-	5,837,568
Bonds	2,675,972	-	-	-	6,440,883	-	9,116,855
Other assets	25,934,436	3,381,399	564,600	1,036,130	88,305	3,512,644	34,517,514
Total	**735,607,503**	**798,241,065**	**770,030,635**	**31,158,325**	**874,512,479**	**3,512,644**	**3,213,062,653**

	Corporate	Commercial	Bank	Retail	Government	Others	Total
Credit risk exposures relating to other credit commitments at gross amount are as follows:							
Transaction related bonds and guarantees	176,709,295	125,063,373	-	4,721,587	-		306,494,255
Clean line facilities for letters of credit and other commitments	41,018,285	151,469,875	-	8,430,505	-		- 200,918,665
Future, swap and forward contracts	44,362,157	64,076,506	284,158,615	-	232,112,414	-	624,709,692
Total	**262,089,737**	**340,609,755**	**284,158,615**	**13,152,092**	**232,112,414**	**-**	**1,132,122,613**

5.1.5 (b)i By geography

Bank **June 2018** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	553,532,147	2,605,629	79,609,140	5,062,674	640,809,590
Investment under management	20,723,830	-	-	-	20,723,830
Non pledged trading assets					
Treasury bills	50,348,625	-	-	-	50,348,625
Bonds	1,699,195	-	-	-	1,699,195
Derivative financial instruments	123,137,749	10,361	1,505,552	-	124,653,661
Loans and advances to banks	1,150,804	-	104,631,357	-	105,782,161
Loans and advances to customers	-				
Auto Loan	7,078,961	-	-	-	7,078,961
Credit Card	3,845,949	-	-	-	3,845,949
Finance Lease	812,593	-	-	-	812,593
Mortgage Loan	3,727,907	-	-	-	3,727,907
Overdraft	98,232,004	-	-	-	98,232,004
Personal Loan	17,298,583	-	-	-	17,298,583
Term Loan	1,197,799,327	-	-	-	1,197,799,327
Time Loan	395,948,212	-	-	-	395,948,212
Pledged assets					
Treasury bills	191,249,804	-	-	-	191,249,804
Bonds	142,865,682	-	-	-	142,865,682
Investment securities					
-Financial assets at FVOCI					
Treasury bills	97,256,442	-	-	-	97,256,442
Bonds	54,975,242	-	-	-	54,975,242
-Financial assets at amortised cost					
Treasury bills	1,217,421	-	-	-	1,217,421
Bonds	11,444,447	-	-	-	11,444,447
Other assets	114,887,279	10,629,547	-	128,110	125,644,935
Total	**3,089,232,204**	**13,245,536**	**185,746,049**	**5,190,783**	**3,293,414,573**
Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	300,049,895	-	-	-	300,049,895
Clean line facilities for letters of credit and other commitments	247,989,289 -	- -	- -	- -	247,989,289
Future, swap and forward contracts	503,332,488	14,306,541	47,864,278	6,528,543	572,031,849
Total	**1,051,371,673**	**14,306,541**	**47,864,278**	**6,528,543**	**1,120,071,033**

By geography

Bank **December 2017** *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Others**	**Total**
Cash and balances with banks	543,056,552	627,395	76,516,219	36,944,081	657,144,248
Investment under management	20,257,131	-	-	-	20,257,131
Non pledged trading assets					
Treasury bills	33,906,748	-	-	-	33,906,748
Bonds	9,050,894	-	-	-	9,050,894
Derivative financial instruments	91,071,217	-	265,547	1,053,455	92,390,219
Loans and advances to banks	1,295,927	-	100,133,074	-	101,429,001
Loans and advances to customers					
Auto Loan	3,243,530	-	-	-	3,243,530
Credit Card	3,263,598	-	-	-	3,263,598
Finance Lease	3,486,368	-	-	-	3,486,368
Mortgage Loan	4,162,867	-	-	-	4,162,867
Overdraft	142,060,909	-	-	-	142,060,909
Personal Loan	14,613,195	-	-	-	14,613,195
Term Loan	1,165,111,472	-	-	-	1,165,111,472
Time Loan	435,340,801	-	-	-	435,340,801
Pledged assets					
Treasury bills	252,061,738	-	-	-	252,061,738
Bonds	188,441,589	-	-	-	188,441,589
Investment securities					
Available for sale					
Treasury bills	9,598,737	-	-	-	9,598,737
Bonds	28,066,294	-	-	-	28,066,294
Held to Maturity					
Treasury bills	5,837,568	-	-	-	5,837,568
Bonds	7,051,660	2,065,195	-	-	9,116,855
Other assets	33,126,538	1,273,772	-	117,203	34,517,514
Total	**2,994,105,331**	**3,966,362**	**176,914,840**	**38,114,740**	**3,213,101,275**

Credit risk exposures relating to other credit commitments at gross amount are as follows:					
Transaction related bonds and guarantees	306,494,255	-	-	-	306,494,255
Clean line facilities for letters of credit and other commitments	200,918,665	-	-	-	200,918,665
Future, swap and forward contracts	335,204,211	44,259,738	3,822,694	241,423,049	624,709,693
Total	**842,617,131**	**44,259,738**	**3,822,694**	**241,423,049**	**1,132,122,613**

5.2.1 A summary of the Group's interest rate gap position on financial instruments is as follows:

Group

In thousands of Naira **June 2018**	Re-pricing period						
	Less than 3 months	**4 - 6 months**	**7 - 12 months**	**1 - 5 periods**	**More than 5 periods**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	195,424,019	-	-	-	-	945,117,683	1,140,541,702
Investment under management	17,970,953	-	-	-	2,752,877	-	20,723,830
Non pledged trading assets							
Treasury bills	20,283,243	15,105,492	20,718,698	-	-	-	56,107,434
Bonds	-	-	-	36,867	1,662,327	-	1,699,195
Loans and advances to banks	89,717	93,951,205	32,517	-	-	-	94,073,438
Loans and advances to customers							
Auto Loan	1,200,246	1,719,395	1,970,081	6,340,525	-	-	11,230,246
Credit Card	3,794,092	21,982	652,722	-	-	-	4,468,797
Finance Lease	155,244	143,614	218,558	517,873	-	-	1,035,289
Mortgage Loan	5,428,205	8,121,968	2,977,378	12,416,675	27,438,741	-	56,382,966
Overdraft	64,370,115	11,192,953	30,121,241	-	-	-	105,684,310
Personal Loan	2,939,538	3,591,117	6,812,123	10,597,169	1,065	-	23,941,013
Term Loan	77,855,645	90,189,694	141,676,641	658,980,791	333,328,377	-	1,302,031,148
Time Loan	240,319,492	142,479,697	16,753,550	695,107	-	-	400,247,845
Pledged assets							-
Treasury bills	74,667,274	116,582,530	-	-	-	-	191,249,804
Bonds	-	-	7,325,901	26,019,581	109,520,200	-	142,865,682
Investment securities							
-Financial assets at FVOCI							
Treasury bills	27,717,169	82,305,292	38,082,065	-	-	-	148,104,526
Bonds	-	6,133	-	14,185,639	68,121,220	-	82,312,992
-Financial assets at amortised cost							
Treasury bills	38,851,101	11,547,844	-	-	-	-	50,398,944
Bonds	-	-	366,167	5,201,929	30,830,201	-	36,398,296
Other assets	-	-	-	-	-	109,141,661	109,141,661
	771,066,054	**576,958,915**	**267,707,642**	**734,992,157**	**573,655,008**	**1,054,259,344**	**3,978,639,117**
Non-derivative liabilities							
Deposits from financial institutions	517,351,716	91,573,345	57,977,260	-	-	-	666,902,321
Deposits from customers	1,183,320,637	7,644,017	307,434,724	910,583,145	-	-	2,408,982,524
Other liabilities	-	-	-	-	-	168,559,471	168,559,471
Debt securities issued	56,059,975	-	-	241,275,277	-	-	297,335,252
Interest bearing borrowings	24,329,308	522,260	8,955,428	294,232,142	-	-	328,039,139
	1,781,061,636	**99,739,623**	**374,367,414**	**1,446,090,564**	**-**	**168,559,471**	**3,869,818,706**
Total interest re-pricing gap	(1,009,995,582)	477,219,292	(106,659,772)	(711,098,407)	573,655,008	885,699,873	108,820,411

Group

In thousands of Naira **December 2017**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 periods**	**More than 5 periods**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	261,805,783	-	-	-	-	692,138,393	953,944,176
Investment under management	17,913,690	-	-	-	2,343,441	-	20,257,131
Non pledged trading assets							
Treasury bills	5,704,968	11,234,566	20,804,285	-	-	-	37,743,819
Bonds	8,986	-	-	611,845	8,430,064	-	9,050,894
Loans and advances to banks	26,525,825	26,256,691	8,224,312	7,107,248	-	-	68,114,076
Loans and advances to customers							
Auto Loan	116,269	95,730	196,956	3,041,105	-	-	3,450,061
Credit Card	3,123,914	80,568	119,767	86,674	-	-	3,410,923
Finance Lease	362,195	349,077	442,929	3,487,899	-	-	4,642,100
Mortgage Loan	8,286,897	10,260,466	11,048,819	10,967,049	3,059,705	-	43,622,936
Overdraft	126,674,409	21,382,195	36,832,811	-	-	-	184,889,415
Personal Loan	1,725,515	957,406	2,966,665	11,424,561	63,800	-	17,137,946
Term Loan	37,030,911	46,634,948	68,506,819	503,572,022	583,495,950	-	1,239,240,651
Time Loan	232,550,547	128,971,685	115,415,256	22,656,108	-	-	499,593,596
Pledged assets							
Treasury bills	118,193,104	67,658,924	72,820,788	-	-	-	258,672,815
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	22,116,867	-	-	-	29,977,451
Bonds	-	-	28,634,329	8,099,475	17,345,564	-	54,079,368
- Held to Maturity							
Treasury bills	1,277,269	56,109,691	29,993,308	823,097	-	-	88,203,365
Bonds	1,040,216	1,341,861	24,307,671	9,137,827	763,007	-	36,590,582
Other assets	-	-	-	-	-	46,799,196	46,799,196
	846,308,164	**395,950,984**	**442,431,582**	**612,637,636**	**751,596,134**	**738,937,589**	**3,787,862,089**
Non-derivative liabilities							
Deposits from financial institutions	176,015,647	216,644,358	57,536,965	-	-	-	450,196,970
Deposits from customers	1,926,536,624	134,890,825	53,550,146	60,911,025	6,156,835	62,833,620	2,244,879,075
Other liabilities	-	-	-	618,785	-	235,167,694	235,786,479
Debt securities issued	17,193,034	24,501,603	29,028,152	231,383,918	-	-	302,106,706
Interest bearing borrowings	-	2,625,903	76,614,381	232,376,902	-	-	311,617,187
	2,119,745,304	**378,662,690**	**216,729,645**	**525,290,631**	**6,156,835**	**298,001,314**	**3,544,586,417**
Total interest re-pricing gap	(1,273,437,140)	17,288,295	225,701,937	87,347,005	745,439,299	440,936,275	243,275,672

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

Bank

In thousands of Naira **June 2018**	**Re-pricing period** Less than 3 months	**4 - 6 months**	**7 - 12 months**	**1 - 5 periods**	**More than 5 periods**	**Non-Interest bearing**	**Total**
Non-derivative assets							
Cash and balances with banks	20,620,029	-	-	-	-	724,228,846	744,848,876
Investment under management	17,970,953	-	-	-	2,752,877	-	20,723,830
Non- pledged trading assets							
Treasury bills	18,270,112	15,870,060	16,208,452	-	-	-	50,348,625
Bonds	-	-	-	36,867	1,662,327	-	1,699,195
Loans and advances to banks	89,717	105,659,928	32,517	-	-	-	105,782,161
Loans and advances to customers							
Auto Loan	785,117	764,600	1,264,362	4,264,882	-	-	7,078,961
Credit Card	3,794,092	21,982	29,874	-	-	-	3,845,949
Finance Lease	132,974	65,671	127,253	486,695	-	-	812,593
Mortgage Loan	162,699	223,709	344,625	1,885,663	1,111,211	-	3,727,907
Overdraft	64,370,115	11,192,953	22,668,937	-	-	-	98,232,005
Personal Loan	1,943,174	1,266,267	4,288,000	9,800,078	1,065	-	17,298,583
Term Loan	67,432,463	76,639,557	118,745,641	606,864,880	328,116,786	-	1,197,799,327
Time Loan	238,169,675	141,490,781	15,592,649	695,107	-	-	395,948,212
Pledged assets							
Treasury bills	74,667,274	116,582,530	-	-	-	-	191,249,804
Bonds	-	-	7,325,901	26,019,581	109,520,200	-	142,865,682
Investment securities							
-Financial assets at FVOCI							
Treasury bills	18,219,787	54,103,105	24,933,550	-	-	-	97,256,442
Bonds	-	4,073	-	9,420,658	45,550,511	-	54,975,242
-Financial assets at amortised cost							
Treasury bills	560,996	656,425	-	-	-	-	1,217,421
Bonds	-	-	95,768	1,359,018	9,964,046	-	11,418,832
Other assets	-	-	-	-	-	83,911,016	83,911,016
	527,189,180	**524,541,642**	**211,657,527**	**660,833,431**	**498,679,021**	**808,139,862**	**3,231,040,663**
Non-derivative liabilities							
Deposits from financial institutions	383,791,103	67,932,577	49,428,054	-	-	-	501,151,733
Deposits from customers	948,202,609	6,393,560	290,904,038	761,624,175	-	-	2,007,124,381
Other liabilities	-	-	-	-	-	158,408,979	158,408,979
Debt securities	56,059,975	-	-	241,275,277	-	-	297,335,252
Interest bearing borrowings	23,344,314	501,116	8,592,860	282,106,124	-	-	314,544,414
	1,411,397,999	**74,827,253**	**348,924,951**	**1,285,005,576**	**-**	**158,408,979**	**3,278,564,760**
Total interest re-pricing gap	(884,208,820)	449,714,389	(137,267,424)	(624,172,145)	498,679,021	649,730,883	(47,524,097)

Bank

In thousands of Naira **December 2017**	**Less than 3 months**	**4 - 6 months**	**7 - 12 months**	**1 - 5 periods**	**More than 5 periods**	**Non-Interest bearing**	**Total**
	Re-pricing period						
Non-derivative assets							
Cash and balances with banks	28,157,562	-	-	-	-	628,986,685	657,144,247
Investment under management	17,913,690	-	-	-	2,343,441	-	20,257,131
Non- pledged trading assets							
Treasury bills	5,704,968	7,397,495	20,804,285	-	-	-	33,906,748
Bonds	8,986	-	-	552,496	8,489,412	-	9,050,894
Loans and advances to banks	26,504,666	25,088,937	49,835,397	-	-	-	101,429,001
Loans and advances to customers							
Auto Loan	66,702	42,032	141,193	2,993,603	-	-	3,243,530
Credit Card	3,095,922	36,371	90,302	41,003	-	-	3,263,597
Finance Lease	107,934	60,144	107,766	3,210,523	-	-	3,486,368
Mortgage Loan	282	848	-	1,102,032	3,059,705	-	4,162,867
Overdraft	108,258,151	7,248,788	26,553,969	-	-	-	142,060,909
Personal Loan	1,271,060	275,723	2,007,259	10,995,353	63,800	-	14,613,194
Term Loan	22,946,367	22,913,611	49,974,525	485,781,019	583,495,950	-	1,165,111,472
Time Loan	211,347,123	114,193,542	94,854,362	14,945,773	-	-	435,340,800
Pledged assets							
Treasury bills	118,193,104	61,047,847	72,820,787	-	-	-	252,061,738
Bonds	-	20,724,258	-	31,622,727	136,094,604	-	188,441,589
Investment securities							
- Available for sale							
Treasury bills	3,967,666	3,892,918	1,738,153	-	-	-	9,598,737
Bonds	-	-	4,307	10,716,424	17,345,563	-	28,066,295
- Held to Maturity							
Treasury bills	-	-	5,837,568	-	-	-	5,837,568
Bonds	1,040,216	1,341,861	214,995	5,756,776	763,007	-	9,116,855
Other assets	-	-	-	-	-	33,943,303	33,943,303
	548,584,398	**264,264,376**	**324,984,869**	**567,717,729**	**751,655,482**	**662,929,988**	**3,120,136,844**
Non-derivative liabilities							
Deposits from financial institutions	233,303,608	31,090,132	11,747,095	-	-	-	276,140,835
Deposits from customers	1,797,936,589	95,276,386	17,481,020	79,718	-	-	1,910,773,713
Other liabilities	-	-	-	-	-	223,963,436	223,963,436
Debt securities	17,193,034	24,501,603	29,236,738	231,175,331	-	-	302,106,706
Interest bearing borrowings	-	2,625,904	67,196,160	212,469,076	-	-	282,291,141
	2,048,433,233	**153,494,024**	**125,661,013**	**443,724,126**	**-**	**223,963,436**	**2,995,275,831**
Total interest re-pricing gap	(1,499,848,835)	110,770,352	199,323,856	123,993,603	751,655,482	438,966,552	124,861,013

Market risk management

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

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

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

June 2018	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	195,424,019	-	945,141,006	1,140,565,025
Non pledged trading assets	57,806,628	-	59,348	57,865,976
Derivative financial instruments	-	-	124,944,697	124,944,697
Loans and advances to banks	94,073,439	-	-	94,073,439
Loans and advances to customers	7,364,797	1,897,656,816	-	1,905,021,613
Pledged assets	334,115,486	-	-	334,115,486
Investment securities:				
-Financial assets at FVOCI	230,417,518	-	95,353,686	325,771,204
-Financial assets at amortised cost	86,791,485	-	-	86,791,485
TOTAL	**1,005,993,372**	**1,897,656,816**	**1,165,498,736**	**4,069,148,924**
LIABILITIES				
Deposits from financial institutions	666,902,321	-	-	666,902,321
Deposits from customers	1,285,380,124	1,123,602,402	-	2,408,982,526
Derivative financial instruments	-	-	4,629,711	4,629,711
Debt securities issued	297,335,252	-	-	297,335,252
Interest-bearing borrowings	247,275,335	80,763,804	-	328,039,139
TOTAL	**2,496,893,032**	**1,204,366,206**	**4,629,711**	**3,705,888,949**

December 2017	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	261,805,783	-	692,138,393	953,944,176
Non pledged trading assets	46,794,713	-	59,348	46,854,062
Derivative financial instruments	-	-	93,419,293	93,419,293
Loans and advances to banks	68,114,076	-	-	68,114,076
Loans and advances to customers	27,256,401	1,968,731,226	-	1,995,987,627
Pledged assets	447,114,404	-	-	447,114,404
Investment securities:				
– Available-for-sale	84,056,819	-	69,316,991	153,373,810
– Held-to-maturity	124,793,947	-	-	124,793,947
TOTAL	**1,059,936,143**	**1,968,731,226**	**854,934,024**	**3,883,601,394**
LIABILITIES				
Deposits from financial institutions	450,196,970	-	-	450,196,970
Deposits from customers	1,172,733,890	1,072,145,186	-	2,244,879,075
Derivative financial instruments	-	-	5,332,177	5,332,177
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	267,572,158	44,045,029	-	311,617,187
TOTAL	**2,192,609,724**	**1,116,190,215**	**5,332,177**	**3,314,132,116**

Bank

June 2018	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	20,620,029	-	724,249,704	744,869,734
Non pledged trading assets	52,047,818	-	59,348	52,107,166
Derivative financial instruments	-	-	124,653,661	124,653,661
Loans and advances to banks	105,782,161	-	-	105,782,161
Loans and advances to customers	6,543,667	1,718,199,870	-	1,724,743,537
Pledged assets	334,115,486	-	-	334,115,486
Investment securities:				
-Financial assets at FVOCI	152,231,684	-	95,322,997	247,554,682
-Financial assets at amortised cost	12,630,497	-	-	12,630,497
TOTAL	**683,971,343**	**1,718,199,870**	**944,285,710**	**3,346,456,922**

LIABILITIES				
Deposits from financial institutions	501,151,733	-	-	501,151,733
Deposits from customers	1,089,103,426	918,020,955	-	2,007,124,381
Derivative financial instruments	-	-	4,182,052	4,182,052
Debt securities issued	297,335,252	-	-	297,335,252
Interest-bearing borrowings	241,282,058	73,262,356	-	314,544,414
TOTAL	2,128,872,469	991,283,311	4,182,052	3,124,337,832

December 2017	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	28,157,562	-	628,986,685	657,144,247
Non pledged trading assets	42,957,641	-	59,348	43,016,990
Derivative financial instruments	-	-	92,390,219	92,390,219
Loans and advances to banks	101,429,001	-	-	101,429,001
Loans and advances to customers	29,616,824	1,741,665,915	-	1,771,282,739
Pledged assets	440,503,327	-	-	440,503,327
Investment securities:				
– Available-for-sale	23,014,914	-	68,917,849	91,932,764
– Held-to-maturity	14,954,423	-	-	14,954,423
TOTAL	**680,633,692**	**1,741,665,915**	**790,354,102**	**3,212,653,708**
LIABILITIES				
Deposits from financial institutions	276,140,835	-	-	276,140,835
Deposits from customers	1,035,810,196	874,963,517	-	1,910,773,713
Derivative financial instruments	-	-	5,306,450	5,306,450
Debt securities issued	302,106,706	-	-	302,106,706
Interest-bearing borrowings	246,837,492	35,453,649	-	282,291,141
TOTAL	1,860,895,229	910,417,166	5,306,450	2,776,618,845

Derivative financial instruments include elements of interest rate differential between the applicable underlying currencies. Further details on the fair value of derivatives have been discussed in Note3.9(J) of the financial statement.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing (note 5.2.1) that may be undertaken, which is monitored daily by Group Treasury.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from risk assets, long-term borrowings, deposits from banks and customers. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Other financial liabilities issued at fixed rates expose the group to fair value interest rate risk.

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

(i) Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

(ii) Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

Group
Interest sensitivity analysis- June 2018
Impact on net interest income of +/-100 basis points changes in rates over a one period period (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	2,245,779	(2,245,779)
6 months	(1,108,389)	1,108,389
12 months	348,488	(348,488)
	1,485,877	**(1,485,877)**

Interest sensitivity analysis- December 2017
Impact on net interest income of +/-100 basis points changes in rates over a one period period (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

Bank
Interest sensitivity analysis - June 2018
Impact on net interest income of +/-100 basis points changes in rates over a one period period (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	2,032,413	(2,032,413)
6 months	(1,010,060)	1,010,060
12 months	262,350	(262,350)
	1,284,703	**(1,284,703)**

Interest sensitivity analysis - December 2017
Impact on net interest income of +/-100 basis points changes in rates over a one period period (N'000)

	Cash flow interest rate risk	
Time Band	**100 basis points decline in rates**	**100 basis points increase in rates**
Less than 3 months	(266,110)	266,110
6 months	105,710	(105,710)
12 months	2,338,170	(2,338,170)
	2,177,770	**(2,177,770)**

The table above sets out the impact on net interest income of a 100 basis points parallel fall or rise in all yields. A parallel increase in yields by 100 basis points would lead to an increase in net interest income while a parallel fall in yields by 100 basis points would lead to a decline in net interest income. The interest rate sensitivities are based on simplified scenarios and assumptions, including that all positions will be retained and rolled over upon maturity. The figures represent the effect of movements in net interest income based on the 100 basis point shift in interest rate and subject to the current interest rate exposures. However, the effect has not taken into account the possible risk management measures undertaken by the Bank to mitigate interest rate risk. In practice, the Assets and Liability Committee, ALCO seeks proactively to change the interest rate risk profile to minimize losses and optimise net revenues. The projections also assume that interest rates on various maturities will move within similar ranges, and therefore do not reflect any potential effect on net interest income in the event that some interest rates may change and others remain unchanged.

Price sensitivity analysis on bonds and treasury bills
The table below shows the impact of likely movement in yields on the value of bonds and treasury bills. This relates to the positions held for trade and available for sale. Since an increase in yields would lead to decline in market values of bonds and treasury bills, the analysis was carried out to show the likely impact of 50 and 100 basis points increase in market yields. The impact of held for trading investments is on the income statement while the impact of available for sale instruments is on the statement of other comprehensive income.

Group

June 2018	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Fair value through profit or loss: Bonds	1,699,195	(43,413)	(85,132)
Fair value through profit or loss: T-bills	56,107,434	(111,693)	(223,386)
Pledged assets: Bonds	191,249,804	(391,481)	(809,048)
Pledged assets: T-bills	142,865,682	(1,426,417)	(2,781,883)
	391,922,114	(1,973,004)	(3,899,449)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI	230,417,518	(1,359,839)	(2,260,317)
TOTAL	**622,339,632**	**(3,332,843)**	**(6,159,766)**

December 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive			
Investment under management T-Bills			
Held for trading Bonds	9,050,894	(2,123)	(3,313)
Held for trading T-bills	37,743,819	(8,374)	(16,748)
Pledged assets: T-bills	258,672,815	(124,203)	(248,405)
	493,909,118	(253,483)	(453,844)
Impact on Other Comprehensive Income			
Available for sale investments	84,056,819	(1,359,839)	(2,260,317)
TOTAL	**577,965,936**	**(1,613,322)**	**(2,714,160)**

Bank

June 2018	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Fair value through profit or loss: Bonds	1,699,195	(43,413)	(85,132)
Fair value through profit or loss: T-bills	50,348,625	(111,693)	(223,386)
Pledged assets: Bonds	142,865,682	(391,481)	(809,048)
Pledged assets: T-bills	191,249,804	(1,426,417)	(2,781,883)
	386,163,305	(1,973,004)	(3,899,449)
Impact on Other Comprehensive Income			
-Financial assets at FVOCI	152,231,684	(1,359,839)	(2,260,317)
TOTAL	**538,394,989**	**(3,332,843)**	**(6,159,767)**

December 2017	**Carrying Value**	**Impact of 50 basis points increase in yields**	**Impact of 100 basis points increase in yields**
Impact on Statement of Comprehensive Income			
Held for trading Bonds	9,050,894	(2,106)	(3,287)
Held for trading T.bills	33,906,748	(7,473)	(14,946)
Pledged assets: Bonds	188,441,589	(118,800)	(185,404)
Pledged assets: T-bills	252,061,738	(125,104)	(250,207)
	483,460,969	(253,483)	(453,844)
Impact on Other Comprehensive Income			
Available for sale investments	37,665,031	(1,359,839)	(2,260,317)
TOTAL	**521,126,000**	**(1,613,322)**	**(2,714,161)**

Foreign currency sensitivity analysis
The Group's principal foreign currency exposure is to US Dollars, as it constitutes a significant portion of the Group's foreign currency exposure as at 30 June 2018. The table below illustrates the hypothetical sensitivity of the Group and Bank's reported profit to a 5% increase in the US Dollar/Naira exchange rates at the period end, assuming all other variables remain unchanged. The sensitivity rate of 5% increase represents the directors' assessment of a reasonable possible change based on historic volatility.

Group

	Impact on statement of comprehensive income
In thousands of naira	**June 2018**
Naira weakens by 5%	(18,322,521)

	Impact on statement of comprehensive income
In thousands of naira	**December 2017**
Naira weakens by 10% *	(15,736,259)

Bank

	Impact on statement of comprehensive income
In thousands of naira	**June 2018**
Naira weakens by 5%	(17,898,102)

	Impact on statement of comprehensive income
	December 2017
Naira weakens by 10% *	(13,400,561)

The NGN/USD exchange rate applied in the conversion of balances as at period end is N344.94/USD1 (2017: N331/USD1). The strengthening or weakening of Naira may not produce symmetrical results depending on the proportion and nature of balance sheet and the impact of derivatives.

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

Financial instruments by currency
Group

In thousands of Naira

June 2018	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	1,140,541,702	617,855,234	277,970,491	193,855,688	28,082,590	22,777,699
Investment under management	20,723,830	18,654,190	2,069,640	-	-	-
Non-pledged trading assets						
Treasury bills	56,107,434	50,348,625	-	-	-	5,758,809
Bonds	1,699,195	1,687,988	11,206	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	124,944,697	124,653,661	247,340	267	3,849	39,580
Loans and advances to banks	94,073,438	1,150,804	92,922,634	-	-	-
Loans and advances to customers						
Auto Loan	11,230,246	7,078,961	-	-	-	4,151,285
Credit Card	4,468,796	658,375	3,651,723	267	-	158,431
Finance Lease	1,035,288	812,593	-	-	-	222,695
Mortgage Loan	56,382,966	3,703,974	23,933	-	-	52,655,059
Overdraft	105,684,309	84,995,626	13,236,378	1	-	7,452,305
Personal Loan	23,941,013	16,405,738	892,845	-	-	6,642,430
Term Loan	1,302,031,148	851,499,822	421,401,093	-	-	29,130,232
Time Loan	400,247,845	110,338,503	281,366,677	330,961	7,003,914	1,207,791
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	108,827,655	108,827,655	-	-	-	-
Bonds	12,708,976	12,708,976	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	59,162,339	59,162,339	-	-	-	-
Bonds	130,087,498	130,087,498	-	-	-	-
-Financial assets at FVPL						
Treasury bills	23,259,810	23,259,810	-	-	-	-
Bonds	69,209	69,209	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	148,104,525	97,256,442	46,336,188	-	-	4,511,895
Bonds	82,312,993	54,968,858	1,137,690	-	-	26,206,446
-Financial assets at FVPL						
Equity	95,353,686	95,322,997	-	29,372	-	1,317
-Financial assets at amortised cost						
Treasury bills	50,398,945	1,217,421	-	-	-	49,181,523
Bonds	36,423,911	9,585,834	1,858,612	-	-	24,979,465
Other assets	109,141,661	43,329,563	40,960,164	23,752	213,718	24,614,465
	4,199,022,463	**2,525,700,044**	**1,184,086,614**	**194,240,307**	**35,304,070**	**259,691,427**
Deposits from financial institutions	666,902,321	23,849,814	617,064,289	10,049,048	13,936,205	2,002,965
Deposits from customers	2,408,982,524	1,573,199,122	558,157,154	169,247,003	15,049,784	93,329,461
Derivative financial instruments	4,629,711	4,182,052	3,252	415,379	27,456	1,572
Other liabilities	168,559,472	123,184,577	29,741,885	2,942,687	5,943,620	6,746,703
Debt securities issued	297,335,252	55,855,561	241,479,691	-	-	-
Interest bearing borrowings	328,039,139	223,119,539	102,021,126	-	2,436,143	462,332
	3,874,448,419	**2,003,390,665**	**1,548,467,396**	**182,654,117**	**37,393,208**	**102,543,035**
Off balance sheet exposures:						
Transaction related bonds and guarantees	370,078,773	121,345,318	125,914,723	1,985,203	61,544,762	59,288,767
Clean line facilities for letters of credit and other commitments	270,764,532	-	241,607,491	561,671	27,334,451	1,260,919
Future, swap and forward contracts	576,940,377	572,031,849	4,908,528	-	-	-
	1,217,783,682	**693,377,168**	**372,430,741**	**2,546,874**	**88,879,213**	**60,549,686**

*Included in Others are balances the group has in other currencies which includes South Africa Rand, Japanese Yen, Ghanaian Cedis, Dirham, Australian dollars, Canadian dollars, Swiss franc, Chinese Yuan etc.

Financial instruments by currency

Group
In thousands of Naira

December 2017	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	953,944,177	536,637,684	163,776,193	143,200,181	9,623,913	100,706,205
Investment under management	20,257,131	18,271,131	1,986,000	-	-	-
Non-pledged trading assets						
Treasury bills	37,743,819	33,906,748	-	-	-	3,837,071
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	93,419,294	92,390,219	-	871,060	4,656	153,358
Loans and advances to banks	68,114,076	1,317,297	66,796,779	-	-	-
Loans and advances to customers						
Auto Loan	3,450,060	3,243,530	-	-	-	206,530
Credit Card	3,410,923	619,453	2,717,400	260	-	73,810
Finance Lease	4,642,101	3,486,368	-	-	-	1,155,733
Mortgage Loan	43,622,936	4,127,122	35,745	-	-	39,460,069
Overdraft	184,889,416	125,726,416	16,334,492	-	-	42,828,508
Personal Loan	17,137,948	13,684,111	929,085	-	-	2,524,752
Term Loan	1,239,240,649	821,599,652	383,765,648	-	-	33,875,350
Time Loan	499,593,594	161,146,171	326,038,284	52,976	3,972,146	8,384,016
Pledged assets						
Treasury bills	258,672,815	252,061,737	-	-	-	6,611,078
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
- Available for sale						
Treasury bills	29,977,451	9,598,737	20,378,714	-	-	-
Bonds	54,079,368	27,714,194	25,827,939	-	-	537,235
Equity	69,581,098	69,181,956	-	-	-	399,142
- Held to Maturity						
Treasury bills	88,203,365	5,837,568	-	-	-	82,365,797
Bonds	36,590,582	7,051,661	2,888,292	-	-	26,650,629
Other assets	46,799,196	29,968,924	12,286,475	2,094,409	68,109	2,381,279
	3,950,921,828	**2,415,084,167**	**1,023,799,390**	**146,218,886**	**13,668,825**	**352,150,562**
Deposits from financial institutions	450,196,971	-	395,997,362	10,254,479	12,759,626	31,185,503
Deposits from customers	2,244,879,076	1,567,707,471	357,139,781	154,965,544	14,087,735	150,978,544
Derivative financial instruments	5,332,176	4,455,736	-	871,060	4,656	725
Other liabilities	235,786,478	106,714,552	117,132,975	2,725,726	3,448,905	5,764,320
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	311,617,188	224,994,913	85,925,654	-	-	696,620
	3,549,918,593	**1,974,857,034**	**1,187,318,117**	**168,816,809**	**30,300,922**	**188,625,713**
Off balance sheet exposures						
Transaction related bonds and guarantees	541,895,104	166,026,065	200,431,845	104,644,938	55,460,234	15,332,023
Clean line facilities for letters of credit	293,267,039	21,774	205,359,311	42,762,220	17,491,992	27,631,742
Future, swap and forward contracts	662,935,746	-	653,645,538	9,290,208	-	-
	1,498,097,889	**166,047,839**	**1,059,436,693**	**156,697,366**	**72,952,226**	**42,963,765**

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

Financial instruments by currency

Bank
In thousands of Naira

June 2018	Total	Naira	US	GBP	Euro	Others
Cash and balances with banks	744,848,876	617,855,234	106,062,077	5,401,841	14,638,334	891,390
Investment under management	20,723,830	18,654,190	2,069,640	-	-	-
Non-pledged trading assets						
Treasury bills	50,348,625	50,348,625	-	-	-	-
Bonds	1,699,195	1,687,988	11,206	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	124,653,661	124,653,661	-	-	-	-
Loans and advances to banks	105,782,161	1,150,804	104,631,357	-	-	-
Loans and advances to customers						
Auto Loan	7,078,961	7,078,961	-	-	-	-
Credit Card	3,845,949	658,375	3,187,307	267	-	-
Finance Lease	812,593	812,593	-	-	-	-
Mortgage Loan	3,727,907	3,703,974	23,933	-	-	-
Overdraft	98,232,004	84,995,626	13,236,378	1	-	-
Personal Loan	17,298,583	16,405,738	892,845	-	-	-
Term Loan	1,197,799,327	851,499,822	346,299,505	-	-	-
Time Loan	395,948,212	110,338,503	278,218,093	330,961	7,003,914	56,741
Pledged assets						
-Financial assets at FVOCI						
Treasury bills	108,827,655	108,827,655	-	-	-	-
Bonds	12,708,976	12,708,976	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	59,162,339	59,162,339	-	-	-	-
Bonds	130,087,498	130,087,498	-	-	-	-
-Financial assets at FVPL						
Treasury bills	23,259,810	23,259,810	-	-	-	-
Bonds	69,209	69,209	-	-	-	-
Investment securities						
-Financial assets at FVOCI						
Treasury bills	97,256,442	97,256,442	-	-	-	-
Bonds	54,975,242	54,968,858	6,384	-	-	-
-Financial assets at FVPL						
Equity	95,322,997	95,322,997	-	-	-	-
-Financial assets at amortised cost						
Treasury bills	1,217,421	1,217,421	-	-	-	-
Bonds	11,444,447	9,585,834	1,858,612	-	-	-
Other assets	83,911,015	43,329,563	40,411,858	23,752	145,841	1
	3,451,102,283	**2,525,700,044**	**896,909,197**	**5,756,821**	**21,788,089**	**948,131**
Deposits from financial institutions	501,151,733	23,849,814	469,087,750	115,882	8,036,014	62,274
Deposits from customers	2,007,124,381	1,573,199,122	421,574,382	7,060,421	5,290,155	302
Derivative financial instruments	4,182,052	4,182,052	-	-	-	-
Other liabilities	158,408,979	123,184,577	29,234,894	110,327	5,877,925	1,255
Debt securities issued	297,335,252	55,855,561	241,479,691	-	-	-
Interest bearing borrowings	314,544,414	223,119,539	91,424,875	-	-	-
	3,282,746,811	**2,003,390,665**	**1,252,801,591**	**7,286,630**	**19,204,094**	**63,831**
Off balance sheet exposures:						
Transaction related bonds and guarantees	437,166,936	165,793,809	151,355,618	-	120,017,509	-
Clean line facilities for letters of credit and other commitments	247,989,289	-	233,451,696	294,199	13,058,985	1,184,408
Future, swap and forward contracts	572,031,849	572,031,849	-	-	-	-
	1,257,188,074	**737,825,658**	**384,807,314**	**294,199**	**133,076,494**	**1,184,408**

Financial instruments by currency

Bank
In thousands of Naira

December 2017	**Total**	**Naira**	**US**	**GBP**	**Euro**	**Others**
Cash and balances with banks	657,144,247	536,637,684	107,413,980	2,762,465	9,623,913	706,205
Investment under management	20,257,131	18,271,131	1,986,000	-	-	-
Non-pledged trading assets						
Treasury bills	33,906,748	33,906,748	-	-	-	-
Bonds	9,050,894	9,012,553	38,342	-	-	-
Equity	59,348	59,348	-	-	-	-
Derivative financial instruments	92,390,219	92,390,219	-	-	-	-
Loans and advances to banks	101,429,002	1,295,927	100,133,074	-	-	-
Loans and advances to customers						
Auto Loan	3,243,530	3,243,530	-	-	-	-
Credit Card	3,263,598	619,453	2,643,885	260	-	-
Finance Lease	3,486,368	3,486,368	-	-	-	-
Mortgage Loan	4,162,867	4,127,123	35,745	-	-	-
Overdraft	142,060,909	125,726,417	16,334,492	-	-	-
Personal Loan	14,613,195	13,684,110	929,085	-	-	-
Term Loan	1,165,111,472	821,599,653	343,511,819	-	-	-
Time Loan	435,340,801	161,146,172	268,931,936	52,976	2,909,240	2,300,476
Pledged assets						
Treasury bills	252,061,738	252,061,738	-	-	-	-
Bonds	188,441,589	188,441,589	-	-	-	-
Investment securities						
Available for sale						
Treasury bills	9,598,737	9,598,737	-	-	-	-
Bonds	28,066,294	27,714,194	352,100	-	-	-
Equity	69,181,956	69,181,956	-	-	-	-
Held to Maturity						
Treasury bills	5,837,568	5,837,568	-	-	-	-
Bonds	9,116,855	7,051,661	2,065,194	-	-	-
Other assets	34,517,514	29,968,924	4,542,711	4,887	992	-
	3,282,342,579	**2,417,048,801**	**846,932,362**	**2,820,588**	**12,534,145**	**3,006,681**
Deposits from financial institutions	276,140,835	-	267,588,985	-	6,482,044	2,069,806
Deposits from customers	1,910,773,713	1,577,026,973	323,377,322	5,700,968	4,668,185	265
Derivative financial instruments	5,306,450	5,306,450	-	-	-	-
Other liabilities	223,963,436	106,714,552	113,189,353	279,505	3,778,831	1,195
Debt securities issued	302,106,706	70,984,362	231,122,344	-	-	-
Interest bearing borrowings	282,291,141	224,994,913	57,296,228	-	-	-
	3,000,582,281	**1,985,027,249**	**992,574,231**	**5,980,473**	**14,929,060**	**2,071,266**
Off balance sheet exposures						
Transaction related bonds and guarantees	306,494,255	187,719,787	55,450,869	22,338	63,301,261	-
Clean line facilities for letters of credit	200,918,666	-	181,761,573	1,004,791	17,484,858	667,443
Future, swap and forward contracts	624,709,693	-	624,709,693	-	-	-
	1,132,122,613	187,719,787	861,922,135	1,027,129	80,786,119	667,443

Liquidity risk management
The following table shows the undiscounted cash flows on the Group's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow / (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

The amounts in the table below have been compiled as follows:

Type of financial instrument	**Basis on which amounts are compiled**
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantee contracts, and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial liabilities and financial assets held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts and currency swaps) and the net amounts for derivatives that are net settled.
Trading derivative liabilities and assets forming part of the Group's proprietary trading operations that are expected to be closed out before contractual maturity	Fair values at the date of the statement of financial position. This is because contractual maturities are not reflective of the liquidity risk exposure arising from these positions. These fair values are disclosed in the 'less than one month' column.
Trading derivative liabilities and assets that are entered into by the Group with its customers	Contractual undiscounted cash flows. This is because these instruments are not usually closed out before contractual maturity and so the Group believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. For example, demand deposits from customers are expected to remain stable or increase and unrecognised loan commitments are not all expected to be drawn down immediately. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising Cash and balances with banks and debt securities issued by federal government, which can be readily sold to meet liquidity requirements.
In addition, the Group maintains agreed lines of credit with other banks and holds unencumbered assets eligible for use as collateral.

5.3.1 Residual contractual maturities of financial assets and liabilities

Group **June 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 periods**	**More than 5 periods**
Cash and balances with banks	1,140,541,702	1,180,614,870	580,934,120	21,662,285	23,313,882	-	554,704,583
Investment under management	20,723,830	20,723,830	8,011,603	9,959,351	2,752,877	-	-
Non-pledged trading assets							
Treasury bills	56,107,434	82,129,244	34,114,065	16,164,477	31,850,702	-	-
Bonds	1,699,195	4,305,522	-	-	-	48,608	4,256,914
Derivative financial instruments	124,944,697	124,944,697	7,468,058	69,608,536	12,663,100	35,035,311	169,691
Loans and advances to banks	94,073,439	94,123,269	89,717	94,001,036	32,517	-	-
Loans and advances to customers							
Auto Loan	11,230,246	11,350,806	1,213,539	1,733,292	1,991,552	6,412,424	-
Credit Card	4,468,797	4,503,449	3,826,710	22,171	654,568	-	-
Finance Lease	1,035,289	1,206,472	181,793	163,640	251,193	609,846	-
Mortgage Loan	56,382,966	57,005,935	5,484,817	8,206,335	3,012,808	12,572,120	27,729,855
Overdraft	105,684,310	112,460,558	68,677,368	11,941,916	31,841,274	-	-
Personal Loan	23,941,013	24,438,976	2,996,099	3,632,152	6,937,747	10,871,883	1,095
Term Loan	1,302,031,148	1,388,382,827	83,066,537	96,242,813	151,203,960	702,677,670	355,191,847
Time Loan	400,247,845	410,006,729	246,146,197	145,912,519	17,236,524	711,488	-
Pledged assets							
-Financial instruments at FVOCI							
Treasury bills	108,827,655	114,688,824	29,885,000	80,693,824	4,110,000	-	-
Bonds	12,708,976	13,585,445	-	-	3,950,000	-	9,635,445
-Financial instruments at amortised cost							
Treasury bills	59,162,339	63,800,000	37,050,000	26,750,000	-	-	-
Bonds	130,087,498	127,217,652	-	-	5,950,000	30,299,097	90,968,555
-Financial instruments at FVPL							
Treasury bills	23,259,810	23,805,414	12,905,414	10,900,000	-	-	-
Bonds	69,209	66,490	-	-	-	-	66,490
Investment securities							
-Financial assets at FVOCI							
Treasury bills	148,104,525	149,696,286	33,433,335	75,316,874	40,946,077	-	-
Bonds	82,312,993	82,444,780	4,508	-	1,183,650	16,181,828	65,074,794
-Financial assets at amortised cost							
Treasury bills	50,398,945	60,342,036	50,739,523	3,838,553	3,817,418	1,946,542	-
Bonds	36,423,910	28,359,433	92,626	976,760	6,883,703	20,406,344	-
Other assets	109,141,661	110,127,636	27,999,083	74,770,178	1,375,979	47,853	5,934,543
	4,103,609,428	**4,290,331,180**	**1,234,320,111**	**752,496,711**	**351,959,531**	**837,821,013**	**1,113,733,812**
Deposits from financial institutions	666,902,321	802,550,535	496,831,116	171,045,989	134,673,430	-	-
Deposits from customers	2,408,982,524	2,440,625,619	2,034,478,782	215,419,341	104,286,636	86,428,213	12,648
Derivative financial instruments	4,629,711	4,464,590	4,160,009	170,980	133,601	-	-
Other liabilities	168,559,472	169,260,108	76,683,193	14,802,099	77,222,788	552,028	-
Debt securities issued	297,335,252	374,488,974	-	25,183,123	32,775,014	316,530,837	-
Interest bearing borrowings	328,039,139	340,123,500	89,290	102,924	1,335,310	24,051,562	314,544,414
	3,874,448,419	**4,131,513,325**	**2,612,242,388**	**426,724,453**	**350,426,777**	**427,562,641**	**314,557,063**
Gap (asset - liabilities)	229,161,011	158,817,855	(1,377,922,278)	325,772,259	1,532,753	410,258,372	799,176,751
Cumulative liquidity gap			(1,377,922,278)	(1,052,150,019)	(1,050,617,266)	(640,358,893)	158,817,858
Off-balance sheet							
Transaction related bonds and guarantees	370,078,773	386,786,320	40,545,070	135,241,507	97,735,141	89,270,501	23,994,101
Clean line facilities for letters of credit and other commitments	270,764,532	352,041,236	253,107,028	88,993,267	9,940,941	-	-
Future, swap and forward contracts	576,940,377	572,031,849	157,269,417	204,184,928	72,601,505	137,976,000	-
	1,217,783,682	**1,310,859,405**	**450,921,515**	**428,419,701**	**180,277,586**	**227,246,501**	**23,994,101**

Group **December 2017** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 periods**	**More than 5 periods**
Cash and balances with banks	953,944,176	954,012,176	330,005,037	261,873,783	-	-	362,133,356
Investment under management	20,257,131	16,923,280	13,877,216	3,046,063	-	-	-
Non-pledged trading assets							
Treasury bills	37,743,819	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	93,419,293	93,419,293	12,695,471	629,958	80,093,864		
Loans and advances to banks	68,114,076	68,176,739	26,588,489	26,256,691	8,224,312	7,107,247	-
Loans and advances to customers							
Auto Loan	3,450,060	3,498,729	128,961	108,498	194,929	3,066,341	-
Credit Card	3,410,923	3,472,919	3,181,972	44,542	121,679	87,725	37,001
Finance Lease	4,642,101	4,846,987	510,124	535,534	1,049,267	2,752,062	-
Mortgage Loan	43,622,936	43,704,482	8,433,901	10,406,234	11,429,466	11,602,742	1,832,139
Overdraft	184,889,416	202,794,012	140,774,170	15,154,432	39,101,674	-	7,763,737
Personal Loan	17,137,948	17,615,990	1,661,804	1,275,024	5,378,942	9,266,259	33,960
Term Loan	1,239,240,650	1,275,906,615	72,618,866	84,098,691	309,187,788	550,403,024	259,598,246
Time Loan	499,593,593	507,912,180	213,775,524	116,977,559	160,313,843	16,845,254	-
Pledged assets							
Treasury bills	258,672,815	266,032,828	119,642,449	70,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	29,977,451	32,529,011	6,000,297	24,578,714	1,950,000	-	-
Bonds	54,079,368	111,384,906	2,693,868	1,617,346	4,319,922	53,212,754	49,541,016
Held to Maturity							
Treasury bills	88,203,365	92,202,918	8,064,301	32,074,308	52,064,309	-	-
Bonds	36,590,581	42,510,708	1,018,325	18,032,767	6,269,123	10,101,940	7,088,551
Other assets	46,799,196	76,560,762	46,162,812	3,161,155	9,355,050	17,881,745	-
	3,881,281,381	**4,208,357,470**	**1,019,940,544**	**680,742,371**	**797,437,718**	**778,045,060**	**932,191,777**
Deposits from financial institutions	450,196,970	492,753,085	290,787,768	191,532,855	10,432,462	-	-
Deposits from customers	2,244,879,075	2,526,911,645	1,322,388,754	882,033,700	28,665,196	293,823,995	-
Derivative financial instruments	5,332,177	5,332,177	4,433,573	650,884	247,719	-	-
Other liabilities	235,786,478	237,574,121	144,535,406	69,146,396	23,891,209	1,110	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193		-
Interest bearing borrowings	311,617,187	298,207,558	828,707	2,580,269	23,035,123	244,997,208	26,766,250
	3,549,918,594	**3,882,461,238**	**1,780,671,945**	**1,172,479,827**	**363,720,903**	**538,822,313**	**26,766,250**
Gap (asset - liabilities)	331,362,789	325,896,233	(760,731,401)	(491,737,453)	433,716,816	239,222,745	905,425,529
Cumulative liquidity gap			(760,731,401)	(1,252,468,854)	(818,752,038)	(579,529,293)	325,896,236
Off-balance sheet							
Transaction related bonds and guarantees	541,895,104	541,895,105	123,143,883	75,739,824	172,961,001	170,050,398	-
Clean line facilities for letters of credit and other commitments	293,267,039	293,267,039	167,575,246	98,015,062	27,676,731	-	-
Future, swap and forward contracts	662,935,746	662,935,745	109,529,465	46,416,674	506,989,605		-
	1,498,097,889	**1,498,097,889**	**400,248,593**	**220,171,561**	**707,627,337**	**170,050,398**	**-**

5.3.1 Residual contractual maturities of financial assets and liabilities

Bank **June 2018** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 periods**	**More than 5 periods**
Cash and balances with banks	744,848,876	744,848,876	282,683,724	21,300,029	-	-	440,865,122
Investment under management	20,723,830	20,723,830	15,402,955	2,664,746	2,656,129	-	-
Non-pledged trading assets							
Treasury bills	50,348,625	50,348,625	5,754,587	12,348,143	32,245,894		
Bonds	1,699,195	1,699,195	509,156	114,088	609,408		466,543
Derivative financial instruments	124,653,661	124,653,661	23,342,407	629,958	100,681,296		
Loans and advances to banks	105,782,161	105,831,993	89,717	105,709,760	32,517	-	-
Loans and advances to customers							
Auto Loan	7,078,961	7,192,346	797,693	776,846	1,284,614	4,333,193	-
Credit Card	3,845,949	3,879,012	3,826,710	22,171	30,131	-	-
Finance Lease	812,593	960,777	157,224	77,646	150,459	575,449	-
Mortgage Loan	3,727,907	3,828,787	167,102	229,763	353,951	1,936,690	1,141,281
Overdraft	98,232,005	104,805,087	68,677,368	11,941,916	24,185,803	-	-
Personal Loan	17,298,583	17,779,986	1,997,251	1,301,505	4,407,331	10,072,805	1,095
Term Loan	1,197,799,327	1,276,152,603	71,843,515	81,652,884	126,513,311	646,562,558	349,580,335
Time Loan	395,948,212	405,279,270	243,782,468	144,825,203	15,960,110	711,488	-
Pledged assets							
Treasury bills	191,249,804	191,249,804	96,944,051	64,466,824	29,838,929	-	-
Bonds	142,865,682	142,865,682	5,843,214	2,481,750	8,821,729	27,509,141	98,209,848
Investment securities							
-Financial assets at FVOCI							
Treasury bills	97,256,442	97,256,442	4,000,297	4,200,000	1,950,000	28,745,028	58,361,117
Bonds	54,975,242	54,975,242	1,346,934	808,673	2,159,961	26,125,846	24,533,828
-Financial assets at amortised cost							
Treasury bills	1,217,421	1,217,421	-	(1,564,073)	2,781,494	-	-
Bonds	11,444,447	11,413,076	1,776,941	910,662	557,673	6,747,316	1,420,484
Other assets	83,911,015	83,911,015	52,391,395	-	835,486	30,684,134	-
	3,355,719,938	**3,450,872,728**	**881,334,706**	**454,898,497**	**356,056,224**	**784,003,648**	**974,579,654**
Deposits from financial institutions	501,151,733	501,151,733	227,049,345	254,003,018	20,038,675	60,695	-
Deposits from customers	2,007,124,381	2,007,124,381	1,604,704,862	381,857,042	20,473,680	88,797	-
Derivative financial instruments	4,182,052	4,182,052	3,680,201	254,132	247,719	-	-
Other liabilities	158,408,979	158,408,979	66,953,943	14,656,236	76,798,800	-	-
Debt securities issued	297,335,252	297,335,252	17,697,737	26,535,721	253,101,794	-	-
Interest bearing borrowings	314,544,414	314,544,414	129,888,670	78,396,609	46,536,781	32,239,324	27,483,030
	3,282,746,810	3,282,746,811	2,049,974,758	755,702,757	417,197,449	32,388,817	27,483,030
Gap (asset - liabilities)	72,973,127	168,125,917	(1,168,640,052)	(300,804,261)	(61,141,225)	751,614,831	947,096,624
Cumulative liquidity gap			(1,168,640,052)	(1,469,444,313)	(1,530,585,538)	(778,970,706)	168,125,917
Off balance-sheet							
Transaction related bonds and guarantees	300,049,895	300,049,895	34,704,433	36,797,208	69,058,480	78,154,155	-
Clean line facilities for letters of credit and other commitments	247,989,289	247,989,289	158,862,851	79,466,674	9,659,764	-	-
Future, swap and forward contracts	572,031,849	572,031,849	200,331,811	202,501,390	74,201,215	94,997,433	-
	1,120,071,033	**1,120,071,033**	**393,899,095**	**318,765,271**	**152,919,459**	**173,151,588**	**-**

Bank **December 2017** *In thousands of Naira*	**Carrying amount**	**Gross nominal inflow/(outflow)**	**Less than 3 months**	**6 months**	**12 months**	**5 periods**	**More than 5 periods**
Cash and balances with banks	657,144,247	657,824,247	269,040,476	28,837,562	-	-	359,946,209
Investment under management	20,257,131	20,257,131	15,248,944	2,664,746	2,343,441	-	-
Non-pledged trading assets							
Treasury bills	33,906,748	36,591,854	5,754,587	7,808,409	23,028,858		
Bonds	9,050,894	24,667,877	509,156	114,088	609,408	5,268,742	18,166,483
Derivative financial instruments	92,390,219	92,390,219	12,695,471	629,958	79,064,790		
Loans and advances to banks	101,429,001	101,470,508	35,270,508	24,825,000	41,375,000	-	-
Loans and advances to customers							
Auto Loan	3,243,530	3,292,199	79,394	54,800	139,166	3,018,839	-
Credit Card	3,263,598	3,324,216	3,153,636	-	91,869	41,710	37,001
Finance Lease	3,486,368	3,684,811	254,252	244,990	712,494	2,473,076	-
Mortgage Loan	4,162,867	4,230,374	143,777	143,106	377,137	1,734,215	1,832,139
Overdraft	142,060,909	156,902,433	121,336,888	-	27,801,808	-	7,763,737
Personal Loan	14,613,195	15,085,225	1,205,845	591,838	4,418,034	8,835,548	33,960
Term Loan	1,165,111,472	1,197,454,857	57,453,678	59,296,709	289,574,849	531,531,376	259,598,246
Time Loan	435,340,801	443,414,730	192,556,762	102,184,076	139,554,312	9,119,579	-
Pledged assets							
Treasury bills	252,061,738	260,032,828	119,642,449	64,466,824	75,923,555	-	-
Bonds	188,441,589	333,593,205	5,843,214	2,481,750	8,821,729	90,449,224	225,997,288
Investment securities							
Available for sale							
Treasury bills	9,598,737	10,150,297	4,000,297	4,200,000	1,950,000	-	-
Bonds	28,066,294	55,692,453	1,346,934	808,673	2,159,961	26,606,377	24,770,508
Held to Maturity							
Treasury bills	5,837,568	5,957,035	-	-	5,957,035	-	-
Bonds	9,116,855	10,889,048	1,776,941	910,662	557,673	6,396,217	1,247,555
Other assets	34,517,514	64,618,113	46,024,737	-	835,486	17,757,889	-
	3,213,101,274	**3,501,523,661**	**893,337,945**	**300,263,190**	**705,296,607**	**703,232,791**	**899,393,127**
Deposits from financial institutions	276,140,835	287,106,829	156,414,526	110,592,932	20,038,675	60,695	-
Deposits from customers	1,910,773,713	1,923,543,742	1,577,123,251	325,858,014	20,473,680	88,797	-
Derivative financial instruments	5,306,450	5,306,450	4,433,548	625,183	247,719	-	-
Other liabilities	223,963,436	223,963,436	132,508,400	14,656,236	76,798,800	-	-
Debt securities issued	302,106,706	321,682,651	17,697,737	26,535,721	277,449,193	-	-
Interest bearing borrowings	282,291,141	295,636,255	123,648,978	65,728,142	46,536,781	32,239,324	27,483,030
	3,000,582,281	3,057,239,362	2,011,826,439	543,996,228	441,544,848	32,388,817	27,483,030
Gap (asset - liabilities)	212,518,993	444,284,294	(1,118,488,495)	(243,733,037)	263,751,756	670,843,975	871,910,096
Cumulative liquidity gap			(1,118,488,495)	(1,362,221,532)	(1,098,469,776)	(427,625,801)	444,284,294
Off balance-sheet							
Transaction related bonds and guarantees	306,494,255	306,494,255	34,704,433	36,797,208	69,058,480	165,934,134	-
Clean line facilities for letters of credit and other commitments	200,918,665	200,918,665	111,792,227	79,466,674	9,659,764	-	-
Future, swap and forward contracts	624,709,693	624,709,693	200,331,811	237,795,545	74,201,215	112,381,121	-
	1,132,122,613	**1,132,122,613**	**346,828,471**	**354,059,428**	**152,919,459**	**278,315,256**	**-**

5.3.2 Financial instruments below and above 1 period's maturity

Group	June 2018			December 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	522,903,854	617,637,847	**1,140,541,702**	596,770,820	357,173,356	**953,944,176**
Investments under management	17,970,953	2,752,877	**20,723,830**	17,913,690	2,343,441	**20,257,131**
Non pledged trading assets						
Treasury bills	56,107,434	-	**56,107,434**	37,743,819	-	**37,743,819**
Bonds	-	1,699,195	**1,699,195**	8,986	9,041,908	**9,050,894**
Derivative financial instruments	69,984,429	54,960,268	**124,944,697**	38,459,025	54,960,268	**93,419,293**
Loans and advances to banks	94,073,438	-	**94,073,438**	61,006,828	7,107,247	**68,114,075**
Loans and advances to customers						
Auto Loan	4,889,721	6,340,525	**11,230,246**	408,955	3,041,105	**3,450,060**
Credit Card	4,468,797	-	**4,468,797**	3,324,249	86,674	**3,410,923**
Finance Lease	517,416	517,873	**1,035,289**	1,154,202	3,487,899	**4,642,101**
Mortgage Loan	16,527,551	39,855,416	**56,382,966**	29,596,182	14,026,754	**43,622,936**
Overdraft	105,684,310	-	**105,684,310**	184,889,416	-	**184,889,416**
Personal Loan	13,342,779	10,598,235	**23,941,014**	5,649,586	11,488,361	**17,137,947**
Term Loan	309,721,980	992,309,168	**1,302,031,148**	152,172,678	1,087,067,972	**1,239,240,650**
Time Loan	399,552,738	695,107	**400,247,845**	476,937,485	22,656,108	**499,593,593**
Pledged assets						
Treasury bills	191,249,804	-	**191,249,804**	258,672,815	-	**258,672,815**
Bonds	7,325,901	135,539,781	**142,865,682**	20,724,258	167,717,331	**188,441,589**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	148,104,526	-	**148,104,526**	-	-	-
Bonds	6,133	82,306,859	**82,312,992**	-	-	-
Available for sale						
Treasury bills	-	-	**-**	29,977,451	-	**29,977,451**
Bonds	-	-	**-**	28,634,329	25,445,039	**54,079,368**
-Financial assets at amortised cost						
Treasury bills	50,398,944	-	**50,398,944**	-	-	**-**
Bonds	366,167	36,032,130	**36,398,296**	-	-	**-**
Held to Maturity						
Treasury bills	-	-	**-**	87,380,268	823,097	**88,203,365**
Bonds	-	-	**-**	26,689,749	9,900,833	**36,590,583**
Other assets	-	109,141,661	**109,141,661**	42,985,834	3,813,362	**46,799,196**
	2,347,312,360	**2,090,386,939**	**4,103,583,815**	**2,101,100,625**	**1,780,180,756**	**3,881,281,382**
Deposits from financial institutions	666,902,321	-	**666,902,321**	450,196,970	-	**450,196,970**
Deposits from customers	1,498,399,379	910,583,145	**2,408,982,524**	2,177,811,215	67,067,860	**2,244,879,074**
Derivative financial instruments	4,629,711	-	**4,629,711**	5,332,177	-	**5,332,177**
Debt securities issued	56,059,975	241,275,277	**297,335,252**	70,722,788	231,383,918	**302,106,706**
Other liabilities	-	168,559,471	**168,559,471**	221,897,540	13,888,938	**235,786,479**
Interest-bearing borrowings	33,806,997	294,232,142	**328,039,139**	79,240,285	232,376,902	**311,617,187**
	2,259,798,382	**1,614,650,034**	**3,874,448,416**	**3,005,200,976**	**544,717,618**	**3,549,918,593**

Bank	June 2018			December 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
In thousands of Naira						
Cash and balances with banks	20,620,029	724,228,846	**744,848,876**	302,158,038	354,986,209	**657,144,247**
Investment under management	17,970,953	2,752,877	**20,723,830**	17,913,690	2,343,441	**20,257,131**
Non pledged trading assets						
Treasury bills	50,348,625		**50,348,625**	33,906,748		**33,906,748**
Bonds	-	1,699,195	**1,699,195**	8,986	9,041,908	**9,050,894**
Derivative financial instruments	124,653,661	-	**124,653,661**	92,390,219	-	**92,390,218**
Loans and advances to banks	105,782,161	-	**105,782,161**	101,429,001	-	**101,429,002**
Loans and advances to customers						
Auto Loan	2,814,079	4,264,882	**7,078,961**	249,927	2,993,603	**3,243,530**
Credit Card	3,845,949	-	**3,845,949**	3,222,595	41,003	**3,263,598**
Finance Lease	325,898	486,695	**812,593**	275,845	3,210,523	**3,486,368**
Mortgage Loan	731,033	2,996,874	**3,727,907**	1,131	4,161,737	**4,162,867**
Overdraft	98,232,005	-	**98,232,005**	142,060,909	-	**142,060,909**
Personal Loan	7,497,440	9,801,143	**17,298,583**	3,554,042	11,059,153	**14,613,195**
Term Loan	262,817,661	934,981,666	**1,197,799,327**	95,834,502	1,069,276,969	**1,165,111,472**
Time Loan	395,253,105	695,107	**395,948,212**	420,395,028	14,945,773	**435,340,801**
Pledged assets						
Treasury bills	191,249,804	-	**191,249,804**	252,061,738	-	**252,061,738**
Bonds	7,325,901	135,539,781	**142,865,682**	20,724,258	167,717,331	**188,441,589**
Investment securities						
-Financial assets at FVOCI						
Treasury bills	97,256,442	-	**97,256,442**	-	-	**-**
Bonds	4,073	54,971,169	**54,975,242**	-	-	**-**
Available for sale						
Treasury bills	-	-	**-**	9,598,737	-	**9,598,737**
Bonds	-	-	**-**	4,307	28,061,987	**28,066,295**
-Financial assets at amortised cost						
Treasury bills	1,217,421	-	**1,217,421**	-	-	**-**
Bonds	95,768	11,323,064	**11,418,832**	-	-	**-**
Held to Maturity						
Treasury bills	-	-	**-**	5,837,568	-	**5,837,568**
Bonds	-	-	**-**	2,597,072	6,519,783	**9,116,856**
Other assets	-	83,911,016	**83,911,016**	30,395,439	4,122,075	**34,517,513**
	1,722,157,494	**1,967,652,315**	**3,355,694,325**	**1,534,619,783**	**1,678,481,495**	**3,213,101,275**
Deposits from financial institutions	501,151,733	-	**501,151,733**	276,140,835	-	**276,140,835**
Deposits from customers	1,245,500,207	761,624,175	**2,007,124,381**	1,910,693,995	79,718	**1,910,773,713**
Derivative financial instruments	4,182,052	-	**4,182,052**	5,306,450	-	**5,306,450**
Debt securities issued	56,059,975	241,275,277	**297,335,252**	70,931,375	231,175,331	**302,106,706**
Other liabilities	158,408,979	-	**158,408,979**	223,963,436	-	**223,963,436**
Interest-bearing borrowings	32,438,290	282,106,124	**314,544,414**	69,822,064	212,469,076	**282,291,141**
	1,997,741,235	**1,285,005,576**	**3,282,746,811**	**2,556,858,155**	**443,724,125**	**3,000,582,280**

6 Capital management

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

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

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

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Tier 1 capital				
Ordinary share capital	14,463,986	14,463,986	14,463,986	14,463,986
Share premium	197,974,816	197,974,816	197,974,816	197,974,816
Retained earnings	127,800,057	117,701,679	130,357,866	120,218,603
Other reserves	112,436,530	178,399,413	62,147,394	136,833,692
Non-controlling interests	7,512,761	6,907,515	-	-
	460,188,150	**515,447,409**	**404,944,061**	**469,491,097**
Add/(Less):				
Fair value reserve for available-for-sale	8,277,827	(36,111,322)	8,872,164	(35,267,471)
Foreign currency translation reserves	(30,781,185)	(26,813,500)	-	-
Other reserves	(1,532,855)	(2,031,978)	(1,532,856)	(2,031,978)
Total Tier 1	**436,151,937**	**450,490,608**	**412,283,370**	**432,191,647**
Add/(Less):				
50% Investments in subsidiaries	-	-	(55,732,044)	(43,897,316)
Deferred tax assets	(1,212,848)	(740,402)	-	-
Regulatory risk reserve	(11,881,607)	(43,420,287)	(652,000)	(35,058,266)
Intangible assets	(8,098,592)	(8,295,855)	(7,819,939)	(5,981,905)
Adjusted Tier 1	**414,958,890**	**398,034,065**	**348,079,386**	**347,254,161**
Tier 2 capital				
Debt securities issued	82,785,600	79,440,000	82,785,600	79,440,000
Fair value reserve for available-for-sale securities	(8,277,827)	36,111,322	(8,872,164)	35,267,471
Foreign currency translation reserves	30,781,185	26,813,500	-	-
Other reserves	1,532,855	2,031,978	1,532,856	2,031,978
50% Investments in subsidiaries	-	-	(55,732,044)	(43,897,316)
Total Tier 2	**106,821,813**	**144,396,800**	**19,714,249**	**72,842,135**
Adjusted Tier 2 capital (33% of Tier 1)	**106,821,813**	**132,664,754**	**19,714,249**	**72,842,135**
Total regulatory capital	**521,780,703**	**530,698,819**	**367,793,635**	**420,096,296**
Risk-weighted assets	**2,510,911,385**	**2,645,011,975**	**2,142,529,115**	**2,311,370,698**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.78%	20.06%	17.17%	18.18%
Total tier 1 capital expressed as a percentage of risk-weighted assets	16.53%	15.05%	16.25%	15.02%

7 Operating segments

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

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

- **Corporate and Investment Banking -** The division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients. The division focuses on customers in key industry sector with minimum annual turnover of N20Billion. It also provides innovative finance solutions to meet the short, medium and long-term financing needs for the Bank's clients as well as relationship banking services to the Bank's financial institutions customers.

- **Commercial banking** - The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market whose annual turnover is above N1bn. The division also provides financial services to public sector, commercial institutions and oriental corporates.

- **Personal banking** – The personal banking division is the retail arm of the bank which provides financial products and services to individuals (personal and inclusive segments) and private banking segment. The private banking segment focuses on offering bespoke services to High Net worth Individuals (HNI) and Ultra High Net worth Individuals (UHNI) by handling their wealth portfolio needs both locally and abroad.

- **Business Banking** - The Business banking division is a hybrid of Commercial and Personal Banking Divisions. It focuses on small and medium scale enterprises providing them with business solutions to support their growing business needs. The division delivers commercial banking products and services to SME customers with annual turnover of less than 1billion.

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

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

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

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

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

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

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

Material total assets and liabilities	**Group June 2018**	**Group December 2017**
In thousands of Naira		
Other Assets	157,624,493	82,753,431
Deferred tax (net)	1,212,848	740,402
Assets Held for Sale	11,022,991	9,479,967
Goodwill	681,007	681,007
	170,541,339	**93,654,807**
Other liabilities	187,645,022	253,914,174
Debt Securities issued	297,335,252	302,106,706
Interest-bearing loans and borrowings	328,039,139	311,617,187
Deferred tax	9,137,069	8,764,262
Retirement Benefit Obligation	2,812,993	2,495,274
Total liabilities	**824,969,475**	**878,897,603**

Material revenue and expenses	**Group June 2018**	**Group June 2017**
Interest expense		
Interest expense on debt securities issued	(18,008,423)	(18,004,292)

7a Operating segments (continued)

June 2018

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	90,952,844	74,893,043	41,396,673	45,781,629	-	253,024,189	253,024,189
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	90,952,844	74,893,043	41,396,673	45,781,629	-	253,024,189	253,024,189
Interest Income	62,621,247	89,611,927	16,428,796	18,024,436	-	186,686,407	186,686,407
Interest expense	(34,658,159)	(43,303,906)	(2,581,684)	(2,837,789)	(18,008,423)	(101,389,962)	(101,389,962)
Impairment Losses	(4,622,291)	(3,075,219)	537,191	(179,887)	-	(7,340,206)	(7,340,206)
Profit/(Loss) on ordinary activities before taxation	28,271,016	12,104,309	2,774,954	2,692,462	-	45,842,742	45,842,742
Income tax expense						(6,217,565)	(6,217,565)
Profit after tax						39,625,177	39,625,177
Assets and liabilities:							
Loans and Advances to banks and customers	698,318,115	1,166,430,123	76,935,423	57,411,389	-	1,999,095,051	1,999,095,051
Goodwill	-	-	-	-	-	-	-
Tangible segment assets	1,499,848,712	2,559,955,402	92,638,605	48,423,632	-	4,200,866,351	4,200,866,351
Unallocated segment assets	-	-	-	-	170,541,339	170,541,339	170,541,339
Total assets	1,499,848,712	2,559,955,402	92,638,605	48,423,632	170,541,339	4,371,407,691	4,371,407,691
Deposits from customers	726,868,519	941,934,564	312,969,613	427,209,829	-	2,408,982,524	2,408,982,524
Segment liabilities	971,703,621	1,317,094,077	306,992,782	490,459,587	-	3,086,250,066	3,086,250,066
Unallocated segment liabilities	-	-	-	-	824,969,475	824,969,475	824,969,475
Total liabilities	971,703,621	1,317,094,077	306,992,782	490,459,587	824,969,475	3,911,219,542	3,911,219,542
Net assets	528,145,091	1,242,861,326	(214,354,177)	(442,035,955)	(654,428,136)	460,188,149	460,188,149

December 2017
Operating segments (continued)

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	221,648,200	137,382,662	34,774,110	65,270,807	-	459,075,779	459,075,779
Derived from other business segments	-	-	-	-	-	-	-
Total Revenue	221,648,200	137,382,662	34,774,110	65,270,807	-	459,075,779	459,075,779
Interest Income	91,910,500	154,101,363	31,066,986	42,775,553	-	319,854,402	319,854,402
Interest expenses	(37,453,265)	(64,996,071)	(11,733,835)	(15,291,099)	(26,928,587)	(156,402,857)	(156,402,857)
Impairment Losses	(27,669,368)	(6,086,968)	578,891	(1,289,423)	-	(34,466,868)	(34,466,868)
Profit/(Loss) on ordinary activities before taxation	74,573,146	26,177,424	1,667,521	4,582,976	(26,928,587)	80,072,480	80,072,480
Income tax expense						(18,081,628)	(18,081,628)
Profit after tax						61,990,852	61,990,852
Assets and liabilities:							
Loans and Advances to banks and customers	817,361,325	1,118,643,435	73,969,035	54,127,908	-	2,064,101,703	2,064,101,703
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,753,082,355	1,972,389,897	163,483,992	119,631,769	-	4,008,588,013	4,008,588,013
Unallocated segment assets	-	-	-	-	93,654,807	93,654,807	93,654,807
Total assets	1,753,082,355	1,972,389,897	163,483,992	119,631,769	93,654,807	4,102,242,820	4,102,242,820
Deposits from customers	397,529,002	976,398,417	311,944,929	559,006,727	-	2,244,879,075	2,244,879,075
Segment liabilities	493,234,417	1,170,538,200	373,969,733	670,155,458	-	2,707,897,808	2,707,897,808
Unallocated segment liabilities	-	-	-	-	878,897,603	878,897,603	878,897,603
Total liabilities	493,234,417	1,170,538,200	373,969,733	670,155,458	878,897,603	3,586,795,411	3,586,795,411
Net assets	1,259,847,938	801,851,697	(210,485,741)	(550,523,689)	(785,242,796)	515,447,410	515,447,410

7b Geographical segments

The Group operates in three geographic regions, being:

- Nigeria
- Rest of Africa
- Europe

June 2018 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Intercompany elimination**	**Total**
Derived from external customers	212,678,259	29,821,868	14,545,956	(4,021,892)	253,024,189
Derived from other segments	-	-	-	-	-
Total revenue	212,678,259	29,821,868	14,545,956	(4,021,892)	253,024,189
Interest income	158,406,835	20,713,228	11,588,236	(4,021,892)	186,686,407
Impairment losses	(6,838,363)	(279,602)	(222,242)		(7,340,206)
Interest expense	(93,542,436)	(8,749,325)	(3,120,094)	4,021,892	(101,389,962)
Net fee and commission income	23,408,072	3,724,104	2,934,795		30,066,970
Operating income	119,135,823	21,072,543	11,425,862	-	151,634,227
Profit before income tax	32,208,074	7,174,078	6,460,589	-	45,842,742
Assets and liabilities:					
Loans and advances to customers and banks	1,830,525,698	88,262,662	341,064,189	(260,757,498)	1,999,095,053
Non current assets					
Goodwill	-	681,007	-		681,007
Total assets	3,711,180,318	385,853,443	691,403,686	(417,029,755)	4,371,407,692
Deposit from customers	2,007,124,381	254,219,493	231,162,838	(83,524,188)	2,408,982,524
Total liabilities	3,306,236,256	328,293,586	601,116,126	(324,426,429)	3,911,219,542
Net assets	404,944,062	57,559,857	90,287,560	(92,603,329)	460,188,150

December 2017	**Nigeria**	**Rest of Africa**	**Europe**		**Total**
Derived from external customers	218,527,168	22,323,856	11,064,692	(5,340,311)	246,575,404
Derived from other segments	-	-	-		-
Total revenue	398,161,575	38,759,457	22,154,747		459,075,779
Interest income	141,295,043	17,405,924	8,544,654	(5,340,311)	161,905,309
Impairment losses	(9,215,120)	(1,147,659)	-	-	(10,362,780)
Interest expense	(71,850,693)	(8,157,451)	(4,195,688)	5,340,311	(78,863,522)
Net fee and commission income	19,866,554	2,715,017	2,244,466	-	24,826,037
Operating income	146,676,475	14,166,405	6,869,004	-	167,711,883
Profit before income tax	45,266,456	2,657,282	4,125,030	-	52,048,767
Assets and liabilities:					
Loans and advances to customers and banks	1,872,711,740	95,388,270	292,493,325	(196,491,632)	2,064,101,702
Non current assets					
Goodwill	-	681,007	-		681,006
Total assets	3,499,683,979	370,890,232	675,986,646	(444,318,036)	4,102,242,820
Deposit from customers	1,910,773,713	250,507,180	203,729,763	(120,131,580)	2,244,879,075
Total liabilities	3,030,192,882	312,201,596	597,267,722	(352,866,788)	3,586,795,411
Net assets	469,491,097	58,688,636	78,718,924	(91,451,248)	515,447,409

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 30 June 2018 and for the year ended 31 December 2017. Information on revenue from external customers for each product and service had not been disclosed as the information is not readily available to the chief operating decision maker and the cost to develop is considered excessive.

8 Interest income

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Interest income				
Cash and balances with banks	2,060,937	1,069,538	806,582	603,203
Loans and advances to banks	886,818	1,756,292	1,132,022	669,889
Loans and advances to customers	138,465,558	121,582,438	121,521,222	106,956,905
Investment securities				
-Financial assets at FVOCI	14,096,788	14,201,776	9,415,777	13,063,119
-Financial assets at FVPL	17,173,844	13,251,824	16,490,109	13,056,130
-Financial assets at amortised cost	14,002,462	10,043,442	9,041,123	6,945,797
	186,686,407	**161,905,310**	**158,406,835**	**141,295,043**
Interest expense				
Deposit from financial institutions	13,295,953	7,278,701	14,901,177	6,576,727
Deposit from customers	65,018,914	51,187,907	55,618,738	42,901,051
Debt securities issued	18,008,423	18,105,158	18,004,292	15,632,340
Interest bearing borrowings and other borrowed funds	5,066,672	2,291,755	5,018,229	6,740,575
	101,389,962	**78,863,521**	**93,542,436**	**71,850,693**
Net interest income	**85,296,445**	**83,041,789**	**64,864,399**	**69,444,350**

Increase in interest expense is due to growth in deposit volume and increasing trade related transactions. The increase in interest income is attributable to increase in the value of loans and advances to customers and repricing

9 Net impairment charge on financial assets

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Allowance for impairment on loans and advance to banks (note 22)	(8,326)	-	(8,326)	-
Allowance for impairment on loans and advance to customers (note 23) (a)	(6,942,503)	-	(6,429,951)	-
Allowance for impairment on financial assets in other assets (see note 26)	449,931	-	392,798	-
Allowance for impairment on off balance sheet items	(835,937)	-	(789,513)	-
Allowance for impairment on money market placement	(8,402)	-	(8,402)	-
Allowance for impairment on investment securities	5,031	-	5,031	-
Additional collective impairment charges on loans and advances to banks(note 22)	-	3,264	-	3,264
Additional collective impairment charges on loans and advances to customers (note 23)	-	(5,989,357)	-	(5,886,180)
Additional specific impairment charges on loans and advances to customers (see note 23) (a)	-	(4,250,712)	-	(3,332,204)
Additional (impairment)/write back on financial assets in other assets (see note 26)	-	(125,975)	-	-
	(7,340,206)	(10,362,780)	(6,838,363)	(9,215,120)

10 Fee and commission income

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Credit related fees and commissions	15,609,763	10,178,018	11,922,440	7,446,572
Account maintenance charge and handling commission	3,136,781	1,942,948	2,833,490	1,693,679
Commission on bills and letters of credit	1,208,044	2,433,762	1,079,856	2,204,229
Commissions on collections	154,336	102,116	124,856	84,054
Commission on other financial services	1,109,247	3,582,034	306,588	2,638,970
Commission on virtual products	2,557,476	1,927,478	1,417,194	1,219,202
Commission on foreign currency denominated transactions	2,756,128	2,047,299	2,383,782	1,909,603
Channels and other E-business income	3,689,051	2,711,658	3,336,399	2,560,563
Retail account charges	64,040	151,234	3,467	109,682
	30,284,866	**25,076,547**	**23,408,072**	**19,866,554**

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

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

11 Net gain/(loss) on investment securities

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

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Fixed income securities	111,058	-	(401,566)	-
Derivative instruments	33,422,505	-	33,387,840	-
Fair value gain on equity invetments	25,731,026	-	25,731,026	-
Net gain/(loss) on financial instruments designated as held for trading				
Fixed income securities	-	(1,676,068)	-	(1,777,637)
Derivative instruments	-	(1,809,857)	-	(1,834,373)
	59,264,589	**(3,485,925)**	**58,717,301**	**(3,612,010)**

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

Fair value gain on equity investments is from investments in which the Bank has interests. As required by IFRS 9, the Bank adopted the option of measuring changes in fair value of equity investments through profit or loss.

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

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

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Fixed income securities	300,187	-	300,187	-
b (ii) Net gains on financial instruments held as available for sale				
Fixed income securities	-	(159,606)	-	(159,606)
	300,187	**(159,606)**	**300,187**	**(159,606)**
Total	**59,564,776**	**(3,645,531)**	**59,017,488**	**(3,771,616)**

12 Net foreign exchange(loss)/income

In thousands of Naira

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Foreign exchange trading (loss)/income	(25,438,518)	59,822,605	(29,548,185)	57,943,998
Unrealised foreign exchange loss on revaluation	(8,340,631)	(800,295)	(7,913,312)	(692,987)
	(33,779,149)	**59,022,310**	**(37,461,497)**	**57,251,011**

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

13 Other operating income

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Dividends on equity securities	2,729,525	2,074,684	2,729,525	2,074,684
Gain on disposal of property and equipment	406,891	10,333	398,590	6,451
Rental income	12,250	19,920	7,193	15,715
Bad debt recovered	1,627,936	468,706	986,841	259,909
Cash management charges	139,758	114,962	139,758	114,962
Income from agency and brokerage	187,261	152,669	187,261	152,669
Income from asset management	1,260,017	1,233,121	1,260,017	1,233,121
Income from other investments	208,478	85,603	-	-
Income from other financial services	3,695,172	56,769	3,598,176	28,664
	10,267,288	**4,216,767**	**9,307,361**	**3,886,175**

14 Personnel expenses

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Wages and salaries	24,665,491	26,419,298	17,213,565	21,054,557
Increase in liability for long term incentive plan (see note 37 (a) (i))	314,531	378,889	314,531	378,889
Contributions to defined contribution plans	712,685	643,698	405,800	384,528
Restricted share performance plan (b)	392,597	301,629	340,351	234,121
	26,085,304	**27,743,514**	**18,274,247**	**22,052,095**

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

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

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

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

Group

		June 2018		June 2017	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the period;	609,125,803	5.90	552,268,754	5.21
(ii)	Shares allocated during the period	161,489,590	9.51	15,823,300	6.40
(iii)	Forfeited during the period;	(99,380,669)	4.97	(63,777,758)	5.14
(iv)	Exercised during the period;	(121,662,772)	6.22	11,851,426	6.19
(v)	Shares allocated to staff at end of the period;	549,571,952	6.94	458,029,618	6.12
	Shares under the scheme at the end of the period	552,885,000	5.80	556,240,628	4.40
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		392,597	6.94	301,629	6.12

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

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	216,693,182
Outstanding allocated shares for the 2017 - 2019 vesting period	2017 - 2019	31 Dec 2019	239,588,198
Outstanding allocated shares for the 2017 - 2024 vesting period	2017 - 2024	16 Jan 2024	1,800,361
Outstanding allocated shares for the 2018 - 2025 vesting period	2018 - 2025	16 Jan 2025	12,446,084
Outstanding allocated shares for the 2019 - 2026 vesting period	2019 - 2026	17 Feb 2026	25,593,301
Outstanding allocated shares for the 2020 - 2027 vesting period	2020 - 2027	7 Mar 2027	22,304,690
			518,425,816

Bank

		June 2018		June 2017	
Description of shares		**Number of Shares**	**Weighted Share Price per Share - Naira**	**Number of Shares**	**Weighted Share Price per Share - Naira**
(i)	Shares allocated to staff at start of the period;	583,799,951	5.93	519,145,746	5.93
(ii)	Shares allocated during the period	127,887,953	10.00	-	-
(iii)	Forfeited during the period;	(96,470,789)	5.14	(63,777,758)	5.14
(iv)	Exercised during the period;	(121,662,772)	6.19	11,851,426	6.19
(v)	Shares allocated to staff at end of the period;	479,672,910	7.25	409,083,310	7.25
(vi)	Shares under the scheme at the end of the period	482,582,790	5.93	507,294,320	5.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		340,351	7.25	234,121	7.25

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

	Vesting period	Expiry date	Shares
Outstanding allocated shares for the 2015 - 2018 vesting period	2015 - 2018	1 Jul 2018	23,391,530
Outstanding allocated shares for the 2016 - 2019 vesting period	2016 - 2019	31 Dec 2019	216,693,182
Outstanding allocated shares for the 2017 - 2020 vesting period	2017 - 2020	31 Dec 2020	239,588,198
			479,672,910

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

	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
	periods	periods	periods	periods
Weighted average contractual life of remaining shares	1.95	1.08	1.93	1.11

ii. The average number of persons other than directors, in employment at the Group level during the period comprise:

	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
	Number	Number	Number	Number
Managerial	303	309	206	241
Other staff	3,998	3,650	3,108	2,772
	4,301	**3,959**	**3,314**	**3,013**

iii. Employees, other than directors, earning more than N900,000 per annum, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
	Number	Number	Number	Number
Below N900,000	-	-	-	-
N900,001 - N1,990,000	10	11	10	10
N1,990,001 - N2,990,000	-	-	-	-
N2,990,001 - N3,910,000	-	-	-	-
N3,910,001 - N4,740,000	1,408	1,423	1,204	968
N4,740,001 - N5,740,000	-	-	-	1
N5,740,001 - N6,760,000	822	818	619	651
N6,760,001 - N7,489,000	-	-	-	-
N7,489,001 - N8,760,000	687	619	501	437
N8,760,001 - N9,190,000	512	464	351	353
N9,190,001 - N11,360,000	-	-	-	-
N11,360,001 - N14,950,000	525	471	389	352
N14,950,001 - N17,950,000	-	-	-	-
N17,950,001 - N21,940,000	221	224	172	173
N21,940,001 - N26,250,000	51	57	34	35
N26,250,001 - N30,260,000	-	-	-	-
N30,261,001 - N45,329,000	65	55	34	33
	4,301	**4,142**	**3,314**	**3,013**

15 Other operating expenses

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Premises and equipment costs	4,730,360	5,344,580	3,665,310	4,433,403
Professional fees	1,139,618	2,756,742	669,606	2,466,715
Insurance	604,694	618,334	458,227	495,168
Business travel expenses	3,676,677	3,815,142	3,181,434	3,497,595
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	17,498,420	15,474,803	17,498,420	15,474,803
Deposit insurance premium	3,924,095	2,777,106	3,924,095	2,777,106
Auditor's remuneration	257,160	251,805	210,000	183,936
Administrative expenses	8,064,569	12,204,579	6,147,682	11,994,740
Board expenses	641,506	402,604	508,378	288,004
Communication expenses	922,212	1,857,910	536,496	1,312,122
IT and e-business expenses	7,049,723	7,982,652	5,825,544	7,046,768
Outsourcing costs	4,314,384	4,124,597	3,717,760	3,636,941
Advertisements and marketing expenses	2,092,336	3,018,916	1,698,130	2,586,821
Recruitment and training	1,265,767	1,306,456	1,099,203	1,161,569
Events, charities and sponsorship	1,939,987	2,269,878	1,873,222	2,187,703
Periodicals and subscriptions	626,903	675,605	517,953	594,940
Security expenses	1,370,350	2,006,109	1,121,517	1,758,689
Cash processing and management cost	1,002,984	946,315	905,943	873,230
Stationeries, postage and printing	480,422	1,060,857	305,472	891,757
Office provisions and entertainment	281,897	241,795	153,267	140,622
	61,884,064	**69,136,785**	**54,017,659**	**63,802,632**

(a) This represents the Group’s contribution to AMCON’s sinking fund for the period ended 30 June 2018. All deposit money banks in Nigeria are required to contribute 0.5% of total assets as at the preceding period end to AMCON's sinking fund in line with existing guidelines. It is non-refundable and does not represent any ownership interest nor does it confer any rights or obligations (save to pay the levy) on the contributor.

16 Income tax

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Current tax expense				
Corporate income tax	3,380,728	5,155,309	-	2,556,704
Minimum tax	2,314,405	-	2,314,405	-
IT tax	322,081	452,665	322,081	452,665
Education tax	-	620,196	-	620,196
Capital gains tax	620	325	621	325
	6,017,834	6,228,495	2,637,107	3,629,890
Deferred tax expense				
Origination of temporary differences	199,731	6,360,329	512,803	6,783,411
Income tax expense	**6,217,565**	**12,588,824**	**3,149,910**	**10,413,301**

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

	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance at the beginning of the period	7,489,586	5,938,662	4,547,920	5,004,160
Tax paid	(7,304,188)	(9,458,675)	(4,578,063)	(7,860,615)
Income tax charge	6,017,834	10,887,942	2,637,107	7,404,375
Prior period's under provision	-	1,841,940	-	1,841,940
Income tax receivable	(75,117)	(1,841,940)	-	(1,841,940)
Translation adjustments	(392,604)	121,657	-	-
Balance at the end of the period	5,735,511	7,489,586	2,606,964	4,547,920

Income tax liability is to be settled within one period

Income tax for the Bank has been assessed under the minimum tax regulation.

In thousands of Naira	Group June 2018	Group June 2018	Group June 2017	Group June 2017
Profit before income tax		45,842,742		52,048,767
Income tax using the domestic tax rate	30%	13,752,823	30%	15,614,631
Effect of tax rates in foreign jurisdictions	-2%	(947,323)	0%	56,150
Information technology tax	1%	322,081	1%	452,665
Non-deductible expenses	68%	31,238,404	14%	7,375,091
Tax exempt income	-83%	(37,848,526)	-22%	(11,530,234)
Education tax levy	0%	-	1%	620,196
Capital gain tax	0%	620	0%	325
Capital allowance	-6%	(2,614,919)	0%	-
Minimum tax effect	5%	2,314,405	0%	-
Effective tax rate	**14%**	**6,217,565**	**24%**	**12,588,824**

In thousands of Naira	Bank June 2018	Bank June 2018	Bank June 2017	Bank June 2017
Profit before income tax		32,208,074		45,266,456
Income tax using the domestic tax rate	30%	9,662,422	30%	13,579,937
Information technology tax	1%	322,081	1%	452,665
Non-deductible expenses	96%	30,939,223	15%	6,672,808
Tax exempt income	-116%	(37,466,561)	-24%	(10,912,630)
Education tax levy	0%	-	1%	620,196
Capital gain tax	0%	620	0%	325
Capital allowance	-8%	(2,622,280)	0%	-
Minimum tax effect	0	2,314,405	0%	-
Effective tax rate	**10%**	**3,149,910**	**23%**	**10,413,301**

17 Earnings per share

(a) Basic from continuing operations

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

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Profit for the period from continuing operations	39,178,181	39,352,369	29,058,164	34,853,155
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
Weighted average number of treasury Shares	552,885	509,006	-	-
	28,375,087	28,418,966	28,927,972	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	138	138	100	120

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

Potential Diluted EPS

In thousands of Naira	Group June 2018	Group June 2017	Bank June 2018	Bank June 2017
Profit for the period from continuing operations	39,178,181	39,352,370	29,058,164	34,853,155
Weighted average number of ordinary shares in issue	28,927,972	28,927,972	28,927,972	28,927,972
In kobo per share				
Diluted earnings per share from continuing operations	135	136	100	120

18 Cash and balances with banks

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Cash on hand and balances with banks (see note (i))	180,803,502	217,912,766	166,075,984	177,809,307
Restricted deposits with central banks (see note (ii))	617,637,847	357,173,356	436,374,697	354,986,209
Unrestricted balances with central banks	28,369,771	28,837,649	3,469,138	7,976,547
Money market placements	195,424,019	261,805,783	20,620,029	28,157,562
Other deposits with central banks (see note (iii))	118,329,886	88,214,622	118,329,886	88,214,622
	1,140,565,025	**953,944,176**	**744,869,734**	**657,144,247**
ECL on Placements	(23,323)	-	(20,858)	-
	1,140,541,702	**953,944,176**	**744,848,876**	**657,144,247**

(i) Included in cash on hand and balances with banks is an amount of N16.99Bn (31 Dec 2017: N33.045Bn) representing the Naira value of foreign currencies held on behalf of customers to cover letter of credit transactions. The corresponding liability is included in customer's deposit for foreign trade reported under other liabilities (see Note 34). This has been excluded for cash flow purposes.

(ii) Restricted deposits with central banks comprise the cash reserve requirements of the Central Bank of Nigeria and other central banks of jurisdictions that the Group operates in. These balances are not available for day to day operations of the Group.

(iii) Other deposits with central banks comprise a special intervention fund with the Central Bank of Nigeria of N49.6Bn introduced in January 2016 as a reduction in the cash reserve ratio with a view of channeling the reduction to financing the real sector. The special intervention fund is restricted and not available for day to day use by the Bank. The balance of N68.69bn represents the nominal value of outstanding forward contracts entered on behalf of customers, with the Central Bank of Nigeria.

Movement in ECL on Placements

	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Opening balance (see note 3.30)	14,921	-	12,456	-
Additions	8,402	-	8,402	-
Closing balance	**23,323**	-	**20,858**	-

19 Investment under management

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Relating to unclaimed dividends:				
Government bonds	683,237	357,441	683,237	357,441
Placements	5,665,560	6,283,077	5,665,560	6,283,077
Commercial paper	2,052,023	6,992,904	2,052,023	6,992,904
Nigerian treasury bills	7,907,328	1,972,963	7,907,328	1,972,963
Mutual funds	2,346,042	2,664,746	2,346,042	2,664,746
Others				
Eurobonds	2,069,640	1,986,000	2,069,640	1,986,000
	20,723,830	**20,257,131**	**20,723,830**	**20,257,131**

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

20 Non pledged trading assets

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Government bonds	1,687,982	9,031,525	1,687,982	9,031,525
Eurobonds	11,212	19,369	11,212	19,369
Treasury bills	56,107,434	37,743,819	50,348,625	33,906,748
Equity securities	59,348	59,348	59,348	59,348
	57,865,976	**46,854,061**	**52,107,167**	**43,016,990**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2018		December 2017	
Group				
Foreign exchange derivatives				
Total derivative assets	**582,155,386**	**124,944,697**	**426,342,495**	**93,419,293**
Non-deliverable Future contracts	107,415,917	493,185	280,403,522	8,311,492
Forward and Swap contracts	474,739,469	124,451,512	145,938,973	85,107,801
Total derivative liabilities	**202,553,844**	**(4,629,711)**	**237,298,924**	**(5,332,177)**
Non-deliverable Future contracts	100,352,936	(361,122)	145,200,611	(1,314,399)
Forward and Swap contracts	102,200,908.25	(4,268,589)	92,098,313	(4,017,778)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	June 2018		December 2017	
Bank				
Foreign exchange derivatives				
Total derivative assets	**575,092,405**	**124,653,661**	**390,798,265**	**92,390,219**
Non-deliverable Future contracts	100,352,936	493,185	145,938,973	8,311,492
Forward and Swap contracts	474,739,469	124,160,476	244,859,292	84,078,727
Total derivative liabilities	**197,645,316**	**(4,182,052)**	**233,911,428**	**(5,306,450)**
Non-deliverable Future contracts	100,352,936	(361,122)	145,200,611	(1,314,399)
Forward and Swap contracts	97,292,380	(3,820,930)	88,710,817	(3,992,051)

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

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

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

22 Loans and advances to banks

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Loans and advances to banks	94,123,271	68,155,582	105,831,993	101,470,507
Less allowance for impairment losses	(49,832)	(41,506)	(49,832)	(41,506)
	94,073,439	**68,114,076**	**105,782,161**	**101,429,001**

Group

Impairment allowance for loans and advances to banks
In thousands of Naira

	June 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade:				
Investment	21,905	-	-	21,905
Standard grade	15,575	-	14	15,589
Non Investment	-	-	12,338	12,338
Total	**37,480**	**-**	**12,352**	**49,832**

	June 2018			
	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2018	41,506	-	-	41,506
- Charge for the period	8,326			8,326
At 30 June 2018	**49,832**	**-**	**-**	**49,832**

Bank

Impairment allowance for loans and advances to banks
In thousands of Naira

	June 2018			
	Stage 1	Stage 2	Stage 3	Total ECL
Internal rating grade:				
Investment	21,905	-	-	21,905
Standard grade	15,575	-	14	15,589
Non Investment	-	-	12,338	12,338
Total	**37,480**	**-**	**12,352**	**49,832**

	June 2018			
	Stage 1	Stage 2	Stage 3	Total ECL
ECL allowance as at 1 January 2018	41,506	-	-	41,506
- Charge for the period	8,326			8,326
At 30 June 2018	**49,832**	**-**	**-**	**49,832**

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group December 2017	Bank December 2017
Balance beginning of period	23,386	23,386
- Charge for the period	18,120	18,120
Balance end of period	41,506	41,506

23 Loans and advances to customers

a Group

In thousands of Naira	June 2018
Loans to individuals	
Retail Exposures	
Auto Loan	7,474,002
Credit Card	3,879,072
Finance Lease (note 23c)	44,015
Mortgage Loan	32,931,468
Overdraft	2,828,465
Personal Loan	24,395,607
Term Loan	4,003,114
Time Loan	1,111,687
	76,667,430
Less Alowance for ECL/Impairment losses	(1,682,627)
	74,984,803
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,876,804
Credit Card	624,377
Finance Lease (note 23c)	1,162,457
Mortgage Loan	24,074,467
Overdraft	109,632,093
Term Loan	1,384,423,082
Time Loan	408,895,042
	1,932,688,322
Less Alowance for ECL/Impairment losses	(102,651,512)
	1,830,036,810
Loans and advances to customers (Individual and corporate entities and other organizations)	2,009,355,752
Less Allowance for ECL/Impairment losses	(104,334,139)
	1,905,021,613

Group

December 2017 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,878,145	-	(28,513)	(28,513)	1,849,632
Credit Card	3,019,121	(4,573)	(49,438)	(54,011)	2,965,110
Finance Lease (note 23c)	1,226,099	(5,475)	(2,528)	(8,003)	1,218,096
Mortgage Loan	33,118,619	-	(78,340)	(78,340)	33,040,279
Overdraft	2,494,735	(138,278)	(181,960)	(320,238)	2,174,497
Personal Loan	17,615,988	(224,442)	(253,600)	(478,042)	17,137,946
Term Loan	7,175,548	(40,237)	(68,982)	(109,219)	7,066,329
Time Loan	902,195	-	(17,426)	(17,426)	884,769
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	1,620,583	-	(20,156)	(20,156)	1,600,427
Credit Card	453,502	(1,036)	(6,654)	(7,690)	445,812
Finance Lease (note 23c)	3,620,889	(142,940)	(53,943)	(196,883)	3,424,006
Mortgage Loan	10,584,856	-	(2,199)	(2,199)	10,582,657
Overdraft	199,670,621	(11,268,914)	(5,686,787)	(16,955,701)	182,714,920
Term Loan	1,269,478,525	(23,972,545)	(13,331,658)	(37,304,203)	1,232,174,322
Time Loan	506,996,017	(5,987,075)	(2,300,117)	(8,287,192)	498,708,825
	2,059,855,443	**(41,785,515)**	**(22,082,301)**	**(63,867,816)**	**1,995,987,627**

Impairment allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	June 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Standard grade	69,302,182	2,195,860	4,163,868	75,661,910
Non-Investment	-	106,727	898,793	1,005,520
Total	**69,302,182**	**2,302,587**	**5,062,660**	**76,667,430**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	35,736	84,731	1,496,547	1,617,014
- Charge for the period	48,215	72,255	(54,857)	65,613
At 30 June 2018	**83,951**	**156,986**	**1,441,690**	**1,682,627**

Loans to corporate entities and other organizations

In thousands of Naira	June 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	695,276,781	11,210,170	31,748	706,518,699
Standard grade	862,637,098	181,464,046	3,287,213	1,047,388,357
Non-Investment	-	87,621,659	91,159,607	178,781,266
Total	**1,557,913,879**	**280,295,875**	**94,478,568**	**1,932,688,322**

	Stage 1	**Stage 2**	**Stage 3**	**Total ECL**
ECL allowance as at 1 January 2018	25,316,065	43,953,123	69,967,974	139,237,162
Assets derecognised or repaid	-	-	(43,462,540)	(43,462,540)
'- Charge for the period	11,216,565	1,921,693	(6,261,368)	6,876,890
At 30 June 2018	**36,532,630**	**45,874,816**	**20,244,066**	**102,651,512**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances December 2017**	**Collective allowances December 2017**
Balance beginning of period	14,755,727	20,950,565
Impairment loss for the period:		
- Charge for the period	32,766,818	1,132,010
Write-offs	(5,737,030)	(274)
Balance end of period	**41,785,515**	**22,082,301**

23 Loans and advances to customers

b Bank

In thousands of Naira	**June 2018**
Loans to individuals	
Retail Exposures	
Auto Loan	3,315,542
Credit Card	3,254,755
Finance Lease (note 23c)	1,545
Mortgage Loan	3,823,133
Overdraft	2,638,384
Personal Loan	17,736,618
Term Loan	3,624,434
Time Loan	395,042
	34,789,453
Less Alowance for ECL/Impairment losses	(1,337,634)
	33,451,819
Loans to corporate entities and other organizations	
Non-Retail Exposures	
Auto Loan (note 23c)	3,876,804
Credit Card	624,257
Finance Lease (note 23c)	959,233
Mortgage Loan	5,654
Overdraft	102,166,702
Term Loan	1,272,571,537
Time Loan	404,884,227
	1,785,088,414
Less Alowance for ECL/Impairment losses	(93,796,696)
	1,691,291,718
Loans and advances to customers (Individual and corporate entities and other organizations)	1,819,877,867
Less Alowance for ECL/Impairment losses	(95,134,330)
	1,724,743,537

Bank

December 2017 *In thousands of Naira*	**Gross amount**	**Specific impairment allowance**	**Collective impairment allowance**	**Total impairment allowance**	**Carrying amount**
Loans to individuals					
Retail Exposures					
Auto Loan (note 23c)	1,671,616	-	(28,513)	(28,513)	1,643,103
Credit Card	2,905,420	(4,573)	(49,001)	(53,574)	2,851,846
Finance Lease (note 23c)	63,923	-	(1,560)	(1,560)	62,363
Mortgage Loan	4,230,374	-	(67,507)	(67,507)	4,162,867
Overdraft	2,367,502	(138,090)	(181,960)	(320,050)	2,047,452
Personal Loan	15,085,225	(219,417)	(252,613)	(472,030)	14,613,195
Term Loan	3,125,406	(40,237)	(51,323)	(91,560)	3,033,846
Time Loan	804,672	-	(13,266)	(13,266)	791,406
Loans to corporate entities and other organizations					
Non-Retail Exposures					
Auto Loan (note 23c)	1,620,583	-	(20,156)	(20,156)	1,600,427
Credit Card	418,797	(1,036)	(6,008)	(7,044)	411,753
Finance Lease (note 23c)	3,620,889	(142,940)	(53,943)	(196,883)	3,424,006
Overdraft	154,534,930	(10,481,531)	(4,039,943)	(14,521,474)	140,013,456
Term Loan	1,194,329,450	(19,011,299)	(13,240,527)	(32,251,826)	1,162,077,624
Time Loan	442,793,354	(5,977,636)	(2,266,323)	(8,243,959)	434,549,395
	1,827,572,141	**(36,016,759)**	**(20,272,643)**	**(56,289,402)**	**1,771,282,739**

Impairment allowance on loans and advances to customers

Loans to Individuals

In thousands of Naira	June 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard grade	27,720,540	2,195,860	4,163,868	34,080,268
Non-Investment	-	3,010	706,175	709,185
Total	**27,720,540**	**2,198,870**	**4,870,043**	**34,789,453**

	Stage 1	**Stage 2**	**Stage 3**	Total ECL
ECL allowance as at 1 January 2018	22,153	62,031	1,246,920	1,331,104
- Charge for the period	114,616	(15,927)	(92,159)	6,530
At 30 June 2018	**136,769**	**46,104**	**1,154,760**	**1,337,634**

Loans to corporate entities and other organizations

In thousands of Naira	**June 2018**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	636,546,808	11,210,170	31,748	647,788,726
Standard grade	801,579,246	181,464,046	3,287,213	986,330,505
Non-Investment	-	77,887,430	73,081,753	150,969,183
Total	**1,438,126,054**	**270,561,646**	**76,400,714**	**1,785,088,414**

	Stage 1	**Stage 2**	**Stage 3**	Total ECL
ECL allowance as at 1 January 2018	20,158,677	38,198,829	68,933,947	127,291,453
- Charge for the period	10,738,338	1,879,499	(6,194,416)	6,423,421
Assets derecognised	-	-	(39,918,178)	(39,918,178)
At 30 June 2018	**30,897,015**	**40,078,328**	**22,821,353**	**93,796,696**

Impairment on loans and advances to customers

In thousands of Naira	**Specific allowances December 2017**	**Collective allowances December 2017**
Balance beginning of period	10,084,316	20,191,198
Impairment loss for the period:		
- Charge for the period	29,365,940	81,718
Write-offs	(3,433,497)	(273)
Balance end of period	**36,016,759**	**20,272,643**

23(c) Advances under finance leases

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

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Gross investment in finance lease, receivable	15,717,361	10,199,511	9,638,416	8,389,355
Unearned finance income on finance leases	(3,156,610)	(1,853,795)	(1,481,820)	(1,412,345)
Net investment in finance leases	12,560,751	8,345,716	8,156,596	6,977,010
Gross investment in finance leases, receivable:				
Less than one period	1,872,292	965,517	1,005,665	929,601
Between one and five periods	13,845,068	9,013,294	8,632,752	7,319,275
Later than five periods	-	136,735	-	140,479
	15,717,361	10,115,547	9,638,416	8,389,355
Unearned finance income on finance leases	(3,156,610)	(1,769,831)	(1,481,820)	(1,412,345)
Present value of minimum lease payments	12,560,751	8,345,715	8,156,596	6,977,010
Present value of minimum lease payments may be analysed				
- Less than one period	1,482,037	784,328	850,819	874,224
- Between one and five periods	11,078,714	7,468,946	7,305,777	5,992,296
- Later than five periods	-	92,443	-	110,489

24 Pledged assets

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
-Financial instruments at FVOCI				
Treasury bills	108,827,655	-	108,827,655	-
Government bonds	12,708,976	-	12,708,976	-
	121,536,631	-	121,536,631	-
-Financial instruments at amortised cost				
Treasury bills	59,162,339	-	59,162,339	-
Government bonds	130,087,498	-	130,087,498	-
	189,249,836	-	189,249,836	-
-Financial instruments at FVPL				
Treasury bills	23,259,810	-	23,259,810	-
Government bonds	69,209	-	69,209	-
	23,329,019	-	23,329,019	-
Treasury bills	-	258,672,815	-	252,061,738
Government bonds	-	188,441,589	-	188,441,589
	-	447,114,404	-	440,503,327
	334,115,486	**447,114,404**	**334,115,486**	**440,503,327**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	24,431,044	39,566,300	24,431,044	39,566,300

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Pledged assets includes pledges to counterparties for total return swap of N 132.02 bn (31 December 2017: N200.29bn). The pledges have been made in the normal course of business of the Bank. In the event of default, the pledgee has the right to realise the pledged assets.

25 Investment securities

At fair value through other comprehensive income *In thousands of Naira*	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Debt securities				
Government bonds	67,629,824	-	40,292,073	-
Treasury bills	148,104,525	-	97,256,442	-
Eurobonds	6,384	-	6,384	-
Corporate bonds	7,678,319	-	7,678,319	-
State government bonds	6,998,466	-	6,998,466	-
	230,417,518	**-**	**152,231,684**	**-**

Available For Sale *In thousands of Naira*	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Debt securities				
Government bonds	-	34,112,643	-	9,319,691
Treasury bills	-	29,977,451	-	9,598,737
Eurobonds	-	1,572,222	-	352,100
Corporate bonds	-	3,744,387	-	3,744,387
State government bonds	-	14,650,116	-	14,650,116
	-	**84,056,819**	**-**	**37,665,031**
At fair value through profit or loss *In thousands of Naira*				
Equity securities				
Equity securities at fair value through profit or loss	95,353,686	-	95,322,997	-
	95,353,686	-	95,322,997	-
Specific allowance for impairment on investments	-	-	-	-
	95,353,686	**-**	**95,322,997**	**-**
Equity securities				
Equity securities with readily determinable fair values (i)	-	69,581,098	-	69,181,956
Unquoted equity securities at cost	-	3,145,697	-	3,145,697
	-	72,726,795	-	72,327,653
Specific allowance for impairment on available for sale investments	-	(3,409,804)	-	(3,409,804)
	325,771,204	**153,373,810**	**247,554,681**	**106,582,880**

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment. These equity investments have been fully impaired and has a nil balance in the group financial statement.

(i) Equity securities with readily determinable fair values (carrying amount)

MTN Nigeria	10,603,812	8,760,176	10,603,812	8,760,176
Central securities clearing system limited	1,491,300	1,343,868	1,491,300	1,343,868
Nigeria interbank settlement system plc.	3,123,447	3,396,757	3,123,447	3,396,757
Unified payment services limited	3,546,000	3,130,451	3,546,000	3,130,451
Africa finance corporation	74,446,676	50,882,911	74,446,676	50,882,911
E-Tranzact	1,044,122	1,147,387	1,044,122	1,147,387
African export-import bank	28,600	14,984	28,600	14,984
FMDQ OTC Plc	143,000	130,610	143,000	130,610
Nigerian mortage refinance company plc.	203,700	93,186	203,700	93,186
Credit reference company	389,000	281,628	389,000	281,626
NG Clearing Limited	303,340	-	303,340	-
Others	30,689	399,140	-	-
	95,353,686	69,581,098	95,322,997	69,181,956

At Amortised cost
In thousands of Naira

Debt securities				
Treasury bills	50,398,945	-	1,217,421	-
Federal government bonds	31,974,344	-	7,812,965	-
State government bonds	1,061,891	-	1,061,891	-
Corporate bonds	710,978	-	710,978	-
Eurobonds	2,676,697	-	1,858,612	-
Gross amount	86,822,855	-	12,661,867	-
ECL on financial assets at amortized cost	(31,370)		(31,370)	
Carrying amount	86,791,485	-	12,630,497	-

Held to maturity investment securities
In thousands of Naira

Debt securities				
Treasury bills	-	88,203,365	-	5,837,568
Federal government bonds	-	30,127,895	-	2,654,168
State government bonds	-	3,786,715	-	3,786,715
Corporate bonds	-	610,777	-	610,777
Eurobonds	-	2,065,195	-	2,065,195
	-	124,793,947	-	14,954,423
Total	**412,562,689**	**278,167,757**	**260,185,178**	**121,537,303**

ECL allowance on investments at fair value through other comprehensive income

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance, beginning of period	3,409,804	-	3,409,805	-
Allowance written off	(3,409,804)	-	(3,409,805)	-
Balance, end of period	-	-	-	-

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance, beginning of period	-	3,389,059	-	3,389,059
Revaluation difference	-	20,745	-	20,745
Balance, end of period	-	**3,409,804**	-	**3,409,804**

ECL on financial assets at fair value through OCI are in OCI

ECL allowance on investments at amortized cost

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance, beginning of period (see note 3.30)	36,401	-	36,401	-
Additional allowance/(write back)	(5,031)	-	(5,031)	-
Balance, end of period	**31,370**	-	**31,370**	-

25 (b) Debt instruments other than those designated at Held for trading

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

Group

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	67,629,824	-
Treasury bills	148,104,525	-
Eurobonds	6,384	5
Corporate bonds	7,678,319	1,514
State government bonds	6,998,466	48,358
Total	**230,417,518**	**49,877**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	31,974,344	-	31,974,344
Treasury bills	50,398,945	-	50,398,945
Eurobonds	2,676,697	1,310	2,675,387
Corporate bonds	710,978	29,855	681,123
State government bonds	1,061,891	205	1,061,686
Total	**86,822,855**	**31,370**	**86,791,485**

Bank

At fair value through other comprehensive income
In thousands of Naira

	Fair value	ECL
Debt securities		
Government bonds	40,292,073	-
Treasury bills	97,256,442	-
Eurobonds	6,384	5
Corporate bonds	7,678,319	1,514
State government bonds	6,998,466	48,358
Total	**152,231,684**	**49,877**

At amortised cost
In thousands of Naira

	Amortized cost	ECL	Carrying Amount
Debt securities			
Government bonds	7,812,965	-	7,812,965
Treasury bills	1,217,421	-	1,217,421
Eurobonds	1,858,612	1,310	1,857,302
Corporate bonds	710,978	29,855	681,123
State government bonds	1,061,891	205	1,061,686
Total	**12,661,867**	**31,370**	**12,630,497**

GROUP

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

	June 2018			
	stage 1	**Stage 2**	**Stage 3**	**Total**
Internal rating grade				
Investment	230,417,518	-	-	230,417,518
Total	**230,417,518**	**-**	**-**	**230,417,518**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	49,506	371	264,107	313,984
- Charge for the period				
Amounts written off	-	-	(264,107)	(264,107)
At 30 June 2018	**49,506**	**371**	**-**	**49,877**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	84,706,073	-	-	84,706,073
Standard grade	818,086	-	-	818,086
Non-Investment	-	236,804	-	236,804
Sub-standard grade	613,332	448,560	-	1,061,892
Total	**86,137,491**	**685,364**	**-**	**86,822,855**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	27,923	8,478	-	36,401
- Charge for the period	(27,718)	22,687	-	(5,031)
At 30 June 2018	**205**	**31,165**	**-**	**31,370**

June 2018

Bank

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

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	152,231,684	-	-	152,231,684
Total	**152,231,684**	**-**	**-**	**152,231,684**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	49,506	371	264,107	313,984
Amounts written off	-	-	(264,107)	(264,107)
At 30 June 2018	**49,506**	**371**	**-**	**49,877**

Financial instruments at amortised cost
In thousands of Naira

	stage 1	Stage 2	Stage 3	Total
Internal rating grade			-	-
Investment	10,117,891	-	-	10,117,891
Standard grade	1,858,611	-	-	1,858,611
Non-Investment	-	236,804	-	236,804
Sub-standard grade	-	448,560	-	448,560
Total	**11,976,503**	**685,364**	**-**	**12,661,867**

	stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	27,923	8,478		36,401
- Charge for the period	(27,718)	22,687	-	(5,031)
Amounts written off	-	-	-	-
At 30 June 2018	**205**	**31,165**	**-**	**31,370**

26 Other assets

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Financial assets				
Accounts receivable	78,797,498	29,153,379	53,060,191	15,988,773
Receivable on E-business channels	21,719,047	16,502,776	21,708,665	16,502,776
Receivable from disposal of non-current asset	698,817	-	698,817	-
Deposit for investment in AGSMEIS (i)	5,863,248	3,201,307	5,863,248	3,201,307
Subscription for investment (ii)	4,155,939	612,055	4,155,939	920,768
	111,234,549	49,469,517	85,486,860	36,613,624
Non-financial assets				
Prepayments	47,213,642	34,611,075	40,722,986	29,329,124
Inventory	1,269,190	1,343,160	1,010,934	1,343,159
	48,482,832	35,954,235	41,733,920	30,672,283
Gross other assets	159,717,381	85,423,752	127,220,780	67,285,907
Allowance for impairment on financial assets				
Accounts receivable	(2,067,886)	(2,645,320)	(1,550,844)	(2,071,109)
Subscription for investment	(25,002)	(25,001)	(25,001)	(25,001)
	157,624,493	**82,753,431**	**125,644,935**	**65,189,797**

Movement in allowance for impairment on other assets:

In thousands of Naira	Group Accounts Receivable	Group subscription for investments	Bank Accounts Receivable	Bank subscription for investments
Balance as at 1 January 2017	2,942,856	25,001	2,942,857	25,001
Impairment loss for the period:				
- Additional provision/(Writeback)	549,920	-	(315,930)	-
Net impairment	549,920	-	(315,930)	-
Allowance written off	(847,456)	-	(555,818)	-
Revaluation difference	-	-	-	-
Balance as at 31 December 2017/1 January 2018	2,645,320	25,001	2,071,109	25,001
Impairment loss for the period:				
- Additional provision	98,034	-	4,688	-
- Writeback	(547,965)	-	(397,486)	-
Net impairment	(449,931)	-	(392,798)	-
Allowance written off	(127,502)	-	(127,467)	-
Balance as at 30 June 2018	2,067,888	25,001	1,550,844	25,001

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

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

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

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

Set out below are the group's subsidiaries as at 30 June 2018. Unless otherwise stated, the subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by the group. The country of incorporation is also their principal place of business.

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

	Nature of business	Country of incorporation	Ownership interest June 2018	Ownership interest December 2017
Access Bank Gambia Limited	Banking	Gambia	88%	88%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	70%	70%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	100%	100%
Access Bank Ghana	Banking	Ghana	93%	91%
Access Finance B.V.	Banking	Netherlands	100%	100%

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. lent to 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.

The transaction for which the entity was set up matured during the period. Management has not decided on the possibility of the entity existing beyond the maturity of the obligation.

(ii) Structured entities:

	Nature of business	Country of incorporation	Ownership interest June 2018	Ownership interest December 2017
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank June 2018	Bank December 2017
Subsidiaries with continuing operations		
Access Bank, UK	47,903,661	40,500,598
Access Bank, Ghana	32,195,607	15,558,107
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo	13,205,190	13,205,189
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia	7,061,501	7,061,501
Access Bank, Sierra Leone	1,582,486	1,582,486
Investment in RSPP scheme	3,657,801	4,028,908
Access Bank Finance B.V.	4,092	4,092
Balance, end of period	**111,464,088**	**87,794,631**

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

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

27 (c) Condensed results of consolidated entities

(i) The condensed financial data of the consolidated entities as at June 2018 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	13,549,230	12,600,580	949,958	1,628,080	2,049,184	400,954	133,866	-	-
Operating expenses	(6,866,399)	(6,933,195)	(629,151)	(1,018,116)	(1,402,556)	(195,615)	(130,308)	-	-
Net impairment loss on financial assets	(222,242)	3,667	(107,192)	-	(174,774)	(1,302)	-	-	-
Profit before tax	6,460,589	5,671,052	213,615	609,964	471,854	204,037	3,556	-	-
Income tax expense	(1,201,485)	(1,720,474)	(122,417)	-	-	(23,279)	-	-	-
Profit for the period	5,259,104	3,950,578	91,198	609,964	471,854	180,758	3,556	-	-
Assets									
Cash and cash equivalents	294,304,469	75,419,337	17,918,942	27,478,662	16,070,296	3,136,012	1,055,505	-	4,092
Non pledged trading assets	-	5,758,809	-	-	-	-	-	-	-
Pledged assets	-	-	-	-	-	-	-	-	-
Derivative financial instruments	81,844	-	209,192	-	-	-	-	-	-
Loans and advances to banks	140,499,929	-	-	-	-	-	-	-	-
Loans and advances to customers	200,564,260	63,045,144	10,118,456	10,541,179	3,710,976	622,367	224,541	-	-
Investment securities	47,856,975	67,540,018	3,392,525	-	24,772,426	6,155,201	3,049,848	-	-
Other assets	3,005,036	22,758,753	1,137,298	1,480,939	1,872,350	945,252	779,930	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	4,047,282	-
Property and equipment	764,406	9,764,152	1,057,680	2,075,538	800,040	796,166	272,885	-	-
Intangible assets	279,485	334,030	-	112,358	109,828	98,822	25,138	-	-
Deferred tax assets	-	351,752	-	-	802,190	-	58,906	-	-
	687,356,404	244,971,995	33,834,093	41,688,676	48,138,106	11,753,820	5,466,754	4,047,282	4,092
Financed by:									
Deposits from banks	363,845,941	8,364,373	-	1,093,224	8,108,409	-	203,586	-	-
Deposits from customers	231,162,838	160,603,029	26,661,323	26,588,666	29,712,577	7,440,409	3,213,489	-	-
Derivative Liability	447,659	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	12,816	-	-	3,730	-	-	-	-
Current tax liabilities	1,201,486	1,915,879	1,360	9,820	-	-	-	-	-
Other liabilities	4,407,358	28,799,576	1,165,196	8,676,585	486,643	655,699	357,566	-	-
Interest-bearing loans and borrowings	-	11,150,862	1,986,382	-	357,481	-	-	-	-
Deferred tax liabilities	50,843	456,816	205,556	-	-	62,534	-	-	-
Equity	86,240,279	33,668,644	3,814,276	5,320,381	9,469,265	3,595,178	1,692,113	4,047,282	4,092
	687,356,404	244,971,994	33,834,093	41,688,676	48,138,105	11,753,820	5,466,754	4,047,282	4,092
Net cashflows from investing activities	14,089,487	(3,277,545)	1,131,373	(39,915)	5,596,430	246,363	-	-	68,162,205
Net cashflows from financing activities	7,504,208	1,192,011	(246,146)	-	-	-	(24,984)	-	(67,394,003)
Increase in cash and cash equivalents	(9,832,384)	100,157	2,927,593	7,019,000	1,700,731	411,019	(113,224)	-	855,278
Cash and cash equivalent, beginning of period	304,147,158	80,620,409	13,387,434	-	10,920,245	2,758,106	1,168,729	-	152,390,477
Effect of exchange rate fluctuations on cash held	-	1,139,650	-	-	-	-	-	-	(863,274)
Cash and cash equivalent, end of period	294,314,774	81,860,217	16,315,027	7,019,000	12,620,975	3,169,125	1,055,505	-	152,382,481

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at December 2017 are as follows:

Condensed profit and loss *In thousands of naira*	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Operating income	14,962,209	21,529,191	3,084,907	4,172,949	1,686,079	1,028,016	986,333	-	118,255
Operating expenses	(6,048,057)	(14,070,445)	(2,773,919)	(3,410,831)	(2,428,083)	(798,685)	(718,476)	-	(28,157)
Net impairment loss on financial assets	-	(3,062,381)	(14,651)	(393)	(1,157,400)	(22,008)	(5,475)	-	-
Profit before tax	8,914,151	4,396,365	296,337	761,726	(1,899,404)	207,322	262,381	-	90,098
Taxation	(1,810,740)	(2,175,631)	(189,704)	-	-	(25,970)	(76,147)	-	1,243
Profit for the period	7,103,411	2,220,734	106,633	761,726	(1,899,404)	181,352	186,234	-	91,342

Statement of financial position as at 31 December 2017

Assets	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Cash and cash equivalents	311,472,705	86,741,693	15,134,815	20,494,593	13,555,223	1,958,940	1,191,427	-	502,841
Non pledged trading assets	-	3,837,071	-	-	-	-	-	-	-
Derivative financial instruments	876,441	-	152,633	-	-	-	-	-	-
Loans and advances to banks	163,088,579	-	-	-	-	-	-	-	-
Loans and advances to customers	129,404,746	69,137,927	12,701,441	8,895,050	3,389,900	561,819	702,133	-	-
Pledged assets	-	-	-	-	-	6,611,077	-	-	-
Investment securities	63,926,977	67,369,279	4,916,259	-	16,873,602	762,287	2,782,050	4,028,910	-
Other assets	2,178,222	12,335,432	779,994	1,064,059	1,952,200	1,133,583	551,709	-	-
Investment in subsidiaries	-	-	-	-	-	-	-	-	-
Property and equipment	183,100	9,540,301	447,829	1,355,224	802,356	813,711	295,397	-	-
Intangible assets	324,125	330,471	635,960	108,950	117,500	84,665	31,270	-	-
Deferred tax assets	-	197,789	-	-	482,534	-	60,079	-	-
	671,454,895	**249,489,963**	**34,768,931**	**31,917,876**	**37,173,315**	**11,926,082**	**5,614,065**	**4,028,910**	**502,841**
Financed by:									
Deposits from banks	387,555,089	14,810,633	-	-	2,136,129	18,579	-	-	-
Deposits from customers	203,729,763	167,004,704	28,071,794	18,694,179	25,324,734	7,672,977	3,738,792	-	-
Derivative Liability	25,727	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	-
Retirement benefit obligations	-	-	-	-	-	-	13,358	-	-
Current tax liabilities	1,195,829	1,540,259	45,738	130,601	-	-	-	-	29,239
Other liabilities	4,625,682	1,842,876	606,838	8,825,132	639,747	761,165	140,223	-	47,737
Interest-bearing loans and borrowings	-	26,819,317	2,156,640	-	350,090	-	-	-	-
Deferred tax liability	58,656	641,257	154,059	-	-	61,775	-	-	-
Equity	74,264,149	36,830,917	3,733,862	4,267,964	8,722,615	3,411,586	1,721,692	4,028,910	425,865
	671,454,895	**249,489,963**	**34,768,931**	**31,917,876**	**37,173,315**	**11,926,082**	**5,614,065**	**4,028,910**	**502,841**

	The Access Bank UK	Access Bank Ghana	Access Bank Rwanda	Access Bank (R.D. Congo)	Access Bank Zambia	Access Bank Gambia	Access Bank Sierra Leone	Access Bank Investment in RSPP	Access Bank B.V.
Net cashflows from investing activities	(31,154,411)	(2,020,906)	(3,548,214)	(387,615)	567,561	120,490	-	-	68,162,205
Net cashflows from financing activities	10,255,390	7,247,347	(114,281)	-	(17,799)	-	(57,088)	-	(67,394,003)
Increase/(Decrease) in cash and cash equivalents	47,114,822	61,467,964	505,117	17,133,014	17,141,349	697,018	(367,610)	-	855,278
Cash and cash equivalent, beginning of period	192,853,632	33,677,911	8,240,384	2,523,369	9,360,900	810,868	1,144,498	-	152,390,477
Effect of exchange rate fluctuations on cash held	-	-	-	-	-	-	-	-	(863,274)
Cash and cash equivalent, end of period	239,968,454	95,145,875	8,745,501	19,656,383	26,502,249	1,507,886	776,888	-	152,382,481

28 Property and equipment

Group

In thousands of Naira

	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost							
Balance at 1 January 2018	60,283,322	9,742,073	24,921,719	46,819,583	15,213,972	8,633,948	165,614,617
Acquisitions	4,997,512	-	816,844	3,441,188	1,916,863	2,615,424	13,787,830
Disposals	(821,481)	(102,772)	(58,640)	(137,073)	(248,279)	-	(1,368,245)
Translation difference	83,352	-	(90,275)	393,663	434,639	(354,970)	466,409
Balance at 30 June 2018	**64,542,705**	**9,639,301**	**25,589,649**	**50,517,361**	**17,317,195**	**10,894,401**	**178,500,611**
Balance at 1 January 2017	55,996,220	9,742,073	24,028,522	35,303,353	11,615,441	5,491,263	142,176,872
Acquisitions	3,052,577	-	824,948	12,003,579	4,016,068	3,989,340	23,886,512
Disposals	(134,651)	-	(142,057)	(379,433)	(298,209)	-	(954,350)
Transfers	1,359,946	-	79,880	33,632	12,132	(1,485,590)	-
Translation difference	9,229	-	130,426	(141,548)	(131,460)	638,935	505,582
Balance at 31 December 2017	60,283,322	9,742,073	24,921,719	46,819,583	15,213,972	8,633,948	165,614,616

Depreciation and impairment losses	Leasehold improvement and building	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2018	12,870,311	-	18,285,808	28,723,668	8,620,188	-	68,499,975
Charge for the period	975,060	-	1,580,728	2,954,723	1,178,729	-	6,689,239
Disposal	(800,285)	-	(13,739)	(136,247)	(228,089)	-	(1,178,360)
Translation difference	79,044	-	118,250	321,307	371,819	-	890,420
Balance at 30 June 2018	**13,124,129**	**-**	**19,971,047**	**31,863,451**	**9,942,647**	**-**	**74,901,275**
Balance at 1 January 2017	11,193,974	-	15,046,823	24,636,684	7,190,340	-	58,067,820
Charge for the period	2,474,675	-	3,296,435	3,829,132	1,637,709	-	11,237,950
Disposal	(14,752)	-	(136,531)	(377,275)	(257,232)	-	(785,790)
Translation difference	(783,585)	-	79,081	635,127	49,371	-	(20,006)
Balance at 31 December 2017	12,870,311	-	18,285,808	28,723,668	8,620,188	-	68,499,974
Carrying amounts:							
Balance at 30 June 2018	**51,418,576**	**9,639,301**	**5,618,601**	**18,653,910**	**7,374,548**	**10,894,401**	**103,599,336**
Balance at 31 December 2017	47,413,009	9,742,073	6,635,910	18,095,915	6,593,784	8,633,948	97,114,640

28 Property and equipment
Bank

In thousands of Naira	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Cost							
Balance at 1 January 2018	51,303,794	9,742,075	21,053,274	42,145,881	13,106,383	5,276,504	142,627,911
Acquisitions	1,995,805	-	658,426	3,364,303	1,730,046	2,449,240	10,197,820
Disposals	(484)	(102,772)	(43,182)	(115,568)	(182,148)	-	(444,154)
Balance at 30 June 2018	**53,299,115**	**9,639,303**	**21,668,518**	**45,394,616**	**14,654,281**	**7,725,744**	**152,381,577**
Balance at 1 January 2017	47,904,498	9,742,075	20,614,356	30,775,870	9,694,750	3,216,721	121,948,270
Acquisitions	2,916,884	-	574,556	11,715,864	3,619,689	2,680,626	21,507,619
Disposals	(134,651)	-	(135,822)	(348,908)	(208,597)	-	(827,978)
Transfers	617,063	-	184	3,055	541	(620,843)	-
Balance at 31 December 2017	51,303,794	9,742,075	21,053,274	42,145,881	13,106,383	5,276,504	142,627,911

Depreciation and impairment losses	Leasehold improvement and buildings	Leasehold Land	Computer hardware	Furniture & fittings	Motor vehicles	Capital work-in - progress	Total
Balance at 1 January 2018	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Charge for the period	725,521	-	1,250,443	2,594,082	1,100,781	-	5,670,827
Disposal	(285)	-	(43,180)	(112,007)	(153,436)	-	(308,908)
Balance at 30 June 2018	**11,405,074**	**-**	**16,652,634**	**27,852,509**	**8,402,890**	**-**	**64,313,108**
Balance at 1 January 2017	9,700,946	-	12,997,503	21,259,586	6,165,759	-	50,123,794
Charge for the period	993,644	-	2,578,761	4,455,043	1,471,732	-	9,499,180
Disposal	(14,752)	-	(130,893)	(344,195)	(181,945)	-	(671,785)
Balance at 31 December 2017	10,679,838	-	15,445,371	25,370,434	7,455,546	-	58,951,189
Carrying amounts:							
Balance at 30 June 2018	**41,894,041**	**9,639,303**	**5,015,884**	**17,542,107**	**6,251,390**	**7,725,744**	**88,068,469**
Balance at 31 December 2017	40,623,956	9,742,075	5,607,903	16,775,447	5,650,837	5,276,504	83,676,722

(a) The amount of contractual commitments for the acquisition of property and equipment as at 30 June 2018 is N560.28Mn (31 Dec 2017: N322.2Mn)
(b) 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.

29 Intangible assets

Group

In thousands of Naira	Goodwill	WIP	Purchased Software	Total
Cost				
June 2018				
Balance at 1 January 2018	681,007	1,112,943	17,955,681	19,749,631
Acquisitions	-	129,501	2,836,983	2,966,484
Write off	-	-	(44,659)	(44,659)
Translation difference	-	(19,637)	(1,094,811)	(1,114,448)
Balance at 30 June 2018	**681,007**	**1,222,807**	**19,653,194**	**21,557,008**
December 2017				
Balance at 1 January 2017	681,007	286,724	14,858,925	15,826,656
Acquisitions	-	881,374	2,573,350	3,454,724
Transfer	-	(55,155)	55,155	-
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	535,236	535,236
Balance at 31 December 2017	681,007	1,112,943	17,955,681	19,749,631
Amortization and impairment losses				
Balance at 1 January 2018	-	-	11,453,776	11,453,776
Amortization for the period	-	-	1,349,654	1,349,654
Write off	-	-	(44,636)	(44,636)
Translation difference	-	-	699,622	699,622
Balance at 30 June 2018	-	-	**13,458,416**	**13,458,416**
Balance at 1 January 2017	-	-	8,887,101	8,887,101
Amortization for the period	-	-	2,407,886	2,407,886
Write off	-	-	(66,985)	(66,985)
Translation difference	-	-	225,774	225,774
Balance at 31 December 2017	-	-	11,453,776	11,453,776
Net Book Value				
Balance at 30 June 2018	**681,007**	**1,222,807**	**6,194,778**	**8,098,592**
Balance at 31 December 2017	681,007	1,112,943	6,501,905	8,295,855

Intangible assets

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
June 2018			
Balance at 1 January 2018	1,112,941	13,973,787	15,086,728
Acquisitions	129,501	2,818,050	2,947,551
Balance at 30 June 2018	**1,242,442**	**16,791,837**	**18,034,279**
December 2017			
Balance at 1 January 2017	231,567	12,167,422	12,398,989
Acquisitions	881,374	1,873,350	2,754,724
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	1,112,941	13,973,787	15,086,728
Amortization and impairment losses			
Balance at 1 January 2018	-	9,104,823	9,104,823
Amortization for the period	-	1,109,517	1,109,517
Balance at 30 June 2018	**-**	**10,214,340**	**10,214,340**
Balance at 1 January 2017	-	7,225,207	7,225,207
Amortization for the period	-	1,946,601	1,946,601
Write off	-	(66,985)	(66,985)
Balance at 31 December 2017	-	9,104,823	9,104,823
Carrying amounts			
Balance at 30 June 2018	**1,242,442**	**6,577,497**	**7,819,939**
Balance at 31 December 2017	1,112,941	4,868,964	5,981,905

There were no capitalised borrowing costs related to the internal development of software during the period under review, 30 June 2018 (2017: nil). Computer software has a definite useful life of not more than five periods in line with the Bank's accounting policy, while Goodwill has an indefinite useful life and is annually assessed for impairment.

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

Amortization method used is straight line.

29(b) Intangible assets

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

In thousands of Naira	June 2018	December 2017
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 30 June 2018 is greater than its carrying amount and is thus not impaired.

(ii) Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment assessment has been performed for the period, while no losses on goodwill were recognized during the period under review 30 June 2018 (31 December 2017: Nil)

The recoverable amount of Goodwill as at 30 June 2018 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N3.5bn

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

	June 2018
Compound annual volume growth (i)	5.44%
Long term growth rate (ii)	4.70%
Discount rate (ii)	19.50%
Revenue Growth	9.60%

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

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

Discount Rate
Pre-tax discount rate of 19.50% was applied in determining the recoverable amounts for the only entity with goodwill (Access Bank Rwanda). This discount rate was estimated using the risk-free rate and the country risk premium for Rwanda.

Long-term term growth rate

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

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

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

Sensitivity analysis of key assumptions used

	10% increase	10% decrease
Impact of change in discount rate on value-in-use computation	(481,959)	626,557
Impact of change in growth rate on value-in-use computation	85,169	(79,926)
Impact of change in revenue growth on value-in-use computation	490,918	(490,918)

30 Deferred tax assets and liabilities

(a) Group

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2018			December 2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	7,643,742	(480,768)	7,162,974	9,608,714	(951,035)	8,657,679
Allowances/(Reversal) for loan losses	24,024,883	(26,720)	23,998,163	8,802,968	(2,460)	8,800,508
Tax loss carry forward	4,321,194	-	4,321,194	193,980	(86,571)	107,409
Exchange gain/(loss) unrealised	-	(37,272,126)	(37,272,126)	-	(24,809,275)	(24,809,275)
Employee benefits	-	(3,363)	(3,363)	63,438	-	63,438
Fair value gain on equity investments	-	(6,131,063)	(6,131,063)	-	(843,619)	(843,619)
Deferred tax assets (net)	35,989,819	(43,914,040)	(7,924,221)	18,669,100	(26,692,960)	(8,023,860)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	June 2018			December 2017		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property and equipment, and software	7,678,956	-	7,678,956	9,508,714	-	9,508,714
Allowances/(Reversal) for loan losses	24,436,590	-	24,436,590	8,712,969	-	8,712,969
Tax loss carry forward	4,205,114	-	4,205,114	-	-	-
Exchange gain unrealised	-	(38,550,915)	(38,550,915)	-	(25,226,579)	(25,226,579)
Fair value gain on equity investments		(6,131,064)	(6,131,064)	-	-	-
Actuarial loss on retirement benefit obligation	-	-	-	-	(843,619)	(843,619)
Net deferred tax assets/(liabilities)	36,320,660	(44,681,979)	(8,361,319)	18,221,683	(26,070,198)	(7,848,515)

Deferred tax asset are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. After reviews of the medium-term profit forecasts, the Group considers that there will be sufficient profits in the future against which these losses will be offset.

There were no unrecognized deferred tax assets or liabilities as at 30 June 2018 (31 December 2017: nil)

	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	31,161,137	8,907,917	32,115,546	8,712,969
– Deferred income tax asset to be recovered within 12 months	4,828,682	9,761,183	4,205,114	9,508,714
	35,989,819	18,669,100	36,320,660	18,221,683
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(6,638,550)	(27,433,363)	(6,131,064)	(26,070,198)
– Deferred income tax liability to be recovered within 12 months	(37,275,490)	-	(38,550,915)	-
	(43,914,040)	(27,433,363)	(44,681,979)	(26,070,198)

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

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance, beginning of period	(8,023,860)	(2,434,236)	(7,848,516)	(3,101,752)
Tax charge	(199,731)	(5,351,746)	(512,803)	(4,558,364)
Translation adjustments	310,163	(49,479)	-	-
Items included in OCI	(10,794)	(188,399)	-	(188,399)
Net deferred tax assets/(liabilities)	(7,924,221)	(8,023,860)	(8,361,319)	(7,848,515)
Out of which				
Deferred tax assets	35,989,819	18,669,100	36,320,660	18,221,683
Deferred tax liabilities	(43,914,040)	(26,692,960)	(44,681,979)	(26,070,198)

Temporary difference relating to the Group's Investment in subsidiaries as at 30 June 2018 is N3.5billion (Dec 2017: N4.2billion). As the Group exercises control over the subsidiaries, it has the power to control the timing of the reversals of the temporary difference arising from its investments in them. The Group has determined that the subsidiaries' profits and reserves will not be distributed in the foreseeable future and that the subsidiaries will not be disposed of. Hence, the deferred tax arising from the temporary differences above will not be recognised.

Items included in Other Comprehensive Income

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	627,995	-	627,995
Deferred tax @ 30%	-	(188,399)	-	(188,399)
Net balance loss after tax	-	439,596	-	439,596

31 Assets classified as held for sale

During the period, the Bank obtained a property by taking possession of collateral held as security against a loan. The value of the collateral repossessed during the period was N1.57bn (2017: N9.4bn). The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not generally use the non-cash collateral for its own operations.
This amount has been included in Note 7 as unallocated segment in accordance with IFRS 8.

Assets held for sale

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Balance at 1 January	9,479,967	140,727	9,479,967	140,727
Additions	1,566,295	9,369,240	1,566,294.84	9,369,240
Disposals	(23,271)	(30,000)	(23,271)	(30,000)
Balance	**11,022,991**	**9,479,967**	**11,022,991**	**9,479,967**

32 Deposits from financial institutions

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Money market deposits	380,228,946	165,366,714	247,220,153	107,484,428
Trade related obligations to foreign banks	286,673,375	284,830,256	253,931,580	168,656,407
	666,902,321	**450,196,970**	**501,151,733**	**276,140,835**

33 Deposits from customers

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Term deposits	1,285,380,124	1,172,733,890	1,089,103,426	1,035,810,196
Demand deposits	891,859,972	860,560,595	715,755,695	691,144,436
Saving deposits	231,742,428	211,584,590	202,265,260	183,819,081
	2,408,982,524	**2,244,879,075**	**2,007,124,381**	**1,910,773,713**

34 Other liabilities

In thousands of Naira		Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Financial liabilities					
Certified and bank cheques		3,535,986	1,614,507	2,173,298	1,537,858
E-banking payables	(see (a) below)	20,487,868	14,750,651	20,429,087	14,750,651
Collections account balances	(see (b) below)	81,914,354	113,274,691	80,734,452	110,802,951
Due to subsidiaries		448,850	-	448,850	347,385
Accruals		3,151,001	841,230	1,953,914	841,230
Creditors		4,320,161	14,773,251	2,069,320	3,838,501
Customer deposits for foreign exchange	(see (c) below)	23,378,296	64,067,288	23,371,135	64,067,288
Agency services		65,394	51,446	60,648	51,446
Unclaimed dividend	(see (d) below)	13,072,570	13,888,938	13,072,570	13,888,938
Other financial liabilities		15,898,367	12,524,476	12,268,893	13,837,188
ECL on contingents	(see (e) below)	2,286,625	-	1,826,812	-
		168,559,472	235,786,478	158,408,979	223,963,436
Non-financial liabilities					
Litigation claims provision	(see (f) below)	746,809	766,809	746,809	766,809
Other current non-financial liabilities		18,338,741	17,360,887	8,977,906	13,965,441
Total other liabilities		**187,645,022**	**253,914,174**	**168,133,694**	**238,695,686**

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

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

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

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

(e)	**Movement in ECL on contingents**	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
	Opening balance (see note 3.30)	1,450,688	-	1,037,299	-
	Additions	835,937	-	789,513	-
	Closing balance	**2,286,625**	**-**	**1,826,812**	**-**

(f)	**Movement in litigation claims provision**	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
	Opening balance	766,809	613,886	766,809	613,886
	(Write back)/additions	(20,000)	152,923	(20,000)	152,923
	Closing balance	**746,809**	**766,809**	**746,809**	**766,809**

35	**Debt securities issued**	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
	In thousands of Naira				
	Debt securities at amortized cost:				
	Eurobond debt security (see (i) below)	241,140,662	231,122,344	241,140,662	231,122,344
	Commercial Papers	56,194,590	70,984,362	56,194,590	70,984,362
		297,335,252	**302,106,706**	**297,335,252**	**302,106,706**

Movement in Debt securities issued:

In thousands of Naira	**Group June 2018**	**Bank June 2018**
Net debt as at 1 January 2018	302,106,706	302,106,706
Debt securities issued	23,393,672	23,393,672
Repayment of debt securities issued	(38,449,592)	(38,449,592)
Total changes from financing cash flows	287,050,786	287,050,786
The effect of changes in foreign exchange rates	5,950,237	5,954,368
Other changes		
Interest expense	18,008,423	18,004,292
Interest paid	(13,674,195)	(13,674,195)
Balance as at 30 June 2018	**297,335,252**	**297,335,252**

In thousands of Naira	**Group December 2017**	**Bank December 2017**
Net debt as at 1 January 2017	316,544,502	243,952,418
Debt securities issued	121,486,981	121,486,981
Repayment of debt securities issued	(151,694,953)	(79,102,869)
Total changes from financing cash flows	286,336,530	286,336,530
The effect of changes in foreign exchange rates	18,173,205	18,173,205
Other changes		
Interest expense	35,947,693	35,947,693
Interest paid	(38,350,722)	(38,350,722)
Balance as at 31 December 2017	**302,106,706**	**302,106,706**

(i) This refers to US$400,000,000 subordinated notes of 9.25% resettable interest issued on 24 December 2014 with a maturity date of 24 December 2021 and US$300,000,000 notes of 10.5% interest issued on 19 October 2016 with a maturity date of 19 October 2021. These represent an amortized cost of N297.34bn.

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

36 Interest bearing borrowings

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
African Development Bank (see note (a))	28,448,271	28,575,578	26,461,890	26,418,938
Netherlands Development Finance Company (see note (b))	35,900,027	989,655	35,900,027	989,655
French Development Finance Company (see note (c))	11,519,984	14,479,796	6,004,918	8,045,056
European Investment Bank (see note (d))	24,039,188	41,880,625	18,617,575	21,842,579
Deutsche Investitions- und Entwicklungsgesellschaft (DEG) (see note (e))	4,895,522	-	4,895,522	-
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	11,584,691	17,641,231	11,584,691	17,641,231
Bank of Industry-Intervention Fund for SMEs (see note (g))	2,006,745	2,186,572	2,006,745	2,186,572
Bank of Industry-Power & Airline Intervention Fund (see note (h))	9,690,282	10,975,439	9,690,282	10,975,439
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (i)	7,334,391	6,260,348	7,334,391	6,260,348
Central Bank of Nigeria - Salary Bailout facilities (see note (j))	64,436,967	65,230,347	64,436,967	65,230,347
Central Bank of Nigeria - Excess Crude Account (see note (k))	120,454,343	122,585,415	120,454,343	122,585,415
Real Sector And Support Facility (RSSF) (l)	7,085,297	-	7,085,297	-
Other loans and borrowings	643,431	812,181	71,766	115,561
	328,039,139	**311,617,187**	**314,544,414**	**282,291,141**

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

(a) The amount of N26,461,889,527 (USD 76,714,471) represents the outstanding balance in the on-lending facility granted to the Bank by AFDB (Africa Development Bank) in two tranches. The first tranche of USD35 million has matured and was fully paid out in August 2016. The second tranche was disbursed in August 2014 (USD 90m) for a year of 10years, while the third tranche came in June 2016 for (USD 10m) for a period of 9 years. The principal amount is repayable semi-annually starting from February 2017 for both tranches. Interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(b) The amount of N35,900,026,903 (USD 104,076,149) represents the outstanding balance in the on-lending facility granted to the Bank by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) and March 2018 (USD 100m) for a period of 6.5 years and 5 years respectively. The principal amount is repayable semi-annually from December 2015 and July 2019 respectively while interest is paid semi annually at 3% and 5.5% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(c) The amount of N6,004,917,502 (USD 17,408,586) represents the outstanding balance in the on-lending facility granted to the Bank by the French Development Finance Company effective from 15 December 2012 and disbursed in four tranches; February 2013 (USD 6m) , October 2013 (USD 15m) , October 2013 (USD 9m) and November 2014 (USD 30m) for a period of 6.5 years for the first three tranches and 5 years for the fourth tranche. The principal amount is repayable semi-annually from December 2014 with the fourth tranche repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(d) The amount of N18,617,575,341 (USD 53,973,373) represents the outstanding balance on five on-lending facilities granted to the Bank by the European Investment Bank (EIB) in May 2013(USD 25m), September 2013 (USD 26.75m) , June 2014 (USD 14.7m) , September 2015 (USD 27.9m) and March 2016 (USD 27.1m) for a period of 6 years each for the first three and year of 8 years each for the last two. Interest is paid semi-annually at 2.6%, 2.6% , 2.93%, 2.6% and 2.6% respectively above 6 months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(e) The amount of N4,895,522,022 (USD 14,192,387) represents the outstanding balance on the on-lending facility of USD 15mn granted to the Bank by the Deutsche Investitions- und Entwicklungsgesellschaft (DEG) in December 2017 (USD 15m) for a period of 7 and a half years. The principal amount will be repayable semi-annually from May 2019 while interest is paid semi annually at 7.69% above 6months LIBOR. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(f) The amount of N11,584,691,270 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) in respect of Commercial Agriculture Credit Scheme (CACS) established by both CBN and the FGN for promoting commercial agricultural enterprises in Nigeria. The facility is for a maximum period of 7 years at a zero percent interest rate to the Bank however, a management fee of 1% deductible at source is paid by the Bank under the on-lending agreement. The Bank did not provide security for this facility. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(g) The amount of N2,006,745,068 represents an outstanding balance on the intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total facility has a tenor of 10 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(h) The amount of N9,690,281,659 represents the outstanding balance on intervention credit granted to the Bank by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 13.5 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(i) The amount of N7,334,391,150 represents the outstanding balance on intervention credit granted to the bank by the Bank of Industry (BOI) under the Special refinancing and Restructuring intervention fund, with a 10 year tenor which is due on the 31 August 2024. The bank has a 36 months moratorium on the facility after which principal repayment will be charged quarterly. Though the facility is meant for on-lending to borrowers in specified sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(j) The amount of N64,436,967,268 represents the outstanding balance on the state salary bailout facilities granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments for payments of salary of workers of the states. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(k) The amount of N120,454,342,916 represents the outstanding balance on the excess crude account loans granted to the bank by the Central Bank of Nigeria for onward disbursements to state governments. The facility has a tenor of 20 years with a 2% interest payable to the CBN. The Bank is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(l) The amount of N7,085,297,142 represents the outstanding balance on the on-lending facility granted to the Bank by Central Bank of Nigeria in respect of the Real Sector Support Facility (RSSF) established by CBN supporting Reddington Multi-specialist Hospital and Dangote Oil Refining Company Limited. The facility is for a maximum period of 10 yearst inclusive of 24 months moratorium for Dangote and a maximum period of 7 years inclusive of 12 months moratorium for Reddington at a 3% interest rate to the Bank. From this creditor, the bank has nil undrawn balance as at 30 June 2018.

(m) Movement in interest bearing loans and borrowings:

In thousands of Naira	**Group June 2018**	**Bank June 2018**
Balance as at 1 January 2018	311,617,187	282,291,141
Proceeds from interest bearing borrowings	54,038,195	48,858,100
Repayment of interest bearing borrowings	(41,214,212)	(19,591,390)
Total changes from financing cash flows	324,441,170	311,557,851
The effect of changes in foreign exchange rates	3,830,857	1,757,595
Other changes		
Interest expense	5,066,672	5,018,229
Interest paid	(5,299,560)	(3,789,260)
Balance as at period end	**328,039,139**	**314,544,414**

	Group December 2017	**Bank December 2017**
Balance as at 1 January 2017	299,543,707	372,179,785
Proceeds from interest bearing borrowings	43,577,454	13,337,947
Repayment of interest bearing borrowings	(34,371,397)	(99,011,336)
Total changes from financing cash flows	308,749,764	286,506,396
The effect of changes in foreign exchange rates	4,664,912	4,319,234
Other changes		
Interest expense	12,373,830	11,070,759
Interest paid	(14,171,319)	(19,605,250)
Balance as at 31 December 2017	**311,617,187**	**282,291,141**

37 Retirement benefit obligation

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Recognised liability for defined benefit obligations (see note (a) below)	2,796,447	2,481,916	2,796,447	2,481,916
Liability for defined contribution obligations	16,546	13,358	-	-
	2,812,993	**2,495,274**	**2,796,447**	**2,481,916**

(a) **Defined benefit obligations**

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

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Post employment benefit plan (see note (i) below)	2,796,447	2,481,916	2,796,447	2,481,916
Recognised liability	**2,796,447**	**2,481,916**	**2,796,447**	**2,481,916**

(i) **Post employment benefit plan**

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

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

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

In thousands of Naira	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Deficit on defined benefit obligations at 1 January	2,481,916	3,064,597	2,481,916	3,064,597
Charge for the period:				
-Interest costs	206,944	495,674	206,944	495,674
-Current service cost	107,587	257,384	107,587	257,384
-Benefits paid	-	(707,744)	-	(707,744)
Net actuarial gain/(loss) for the period remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(602,798)	-	(602,798)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	(25,197)	-	(25,197)
Balance, end of period	**2,796,447**	**2,481,916**	**2,796,447**	**2,481,916**
Expense recognised in income statement:				
Current service cost	107,587	257,384	107,587	257,384
Interest on obligation	206,944	495,674	206,944	495,674
Total expense recognised in profit and loss (see Note 14)	**314,531**	**753,058**	**314,531**	**753,058**

The weighted average duration of the defined benefit obligation is 8years. The information on the maturity profile of the defined benefit plan includes the maturity analysis and the distribution of the timing of payment. The estimated contribution to the plan for the next annual reporting period is: N314.5m.

The sensitivities below relates to Group and Bank.

June 2018

In thousands of Naira	Impact on defined benefit obligation: Decrease in assumption by 1%	Liability changes to	Total comprehensive income
Effect of changes in the assumption to the discount rate	Increase in liability by 5.6%	2,621,835	174,612
Effect of changes in assumption to the salary growth	Decrease in liability by 4.9%	2,361,130	435,317
Effect of changes in assumption to the mortality rate	Decrease in liability by 0.2%	2,475,795	320,652

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Decrease in liability by 5.2%	2,352,750	443,697
Effect of changes in assumption to the salary growth	Increase in the liability by 5.2%	2,611,416	185,031
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.3%	2,488,587	307,860

December 2017	Impact on defined benefit obligation		
In thousands of Naira	**Decrease in assumption by 1%**	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in liability by 7.7%	2,621,835	(139,919)
Effect of changes in assumption to the salary growth	Decrease in liability by 6.75%	2,361,130	120,786
Effect of changes in assumption to the mortality rate	Decrease in liability by 6.75%	2,475,795	6,121

	Impact on defined benefit obligation		
	Increase in assumption by 1%	**Liability changes to**	**Total comprehensive income**
Effect of changes in the assumption to the discount rate	Increase in the liability by 6.9%	2,352,750	129,166
Effect of changes in assumption to the salary growth	Increase in the liability by 7.3%	2,611,416	(129,500)
Effect of changes in assumption to the mortality rate	Increase in the liability by 0.03%	2,488,587	(6,671)

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

Actuarial assumptions:
Principal actuarial assumptions at the reporting date (expressed as weighted averages):
The most recent valuation was performed by Alexander Forbes as at 31 December 2017.

	June 2018	December 2017
Discount rate	14.70%	14.70%
Future salary increases	5.00%	5.00%
Retirement age for both male and female	60 periods	60 periods
Retirement rate: 50 – 59 (average rate)	3.40%	3.40%
Withdrawal rate: 16 – 29	4.50%	4.50%
Withdrawal rate: 30 – 44	6.00%	6.00%
Withdrawal rate: 45 – 50	5.00%	5.00%
Withdrawal rate: 51 – 55 (average rate)	3.75%	3.75%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom. The rate used to discount post employment benefit obligations has been determined by reference to the yield on Nigerian Government bonds of medium duration. This converts into an effective yield of 14.70% as at 30 June 2018. For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

38 Capital and reserves

A Share capital

In thousands of Naira	Bank June 2018	Bank December 2017
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
Preference shares:		
2,000,000,000 Preference shares of 50k each	1,000,000	1,000,000
	20,000,000	20,000,000

In thousands of Naira	Bank June 2018	Bank December 2017
(b) Issued and fully paid-up :		
28,927,971,631 Ordinary shares of 50k each	14,463,986	14,463,986

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

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

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

In thousands of Naira	Bank June 2018	Bank December 2017
Balance, beginning of the period	14,463,986	14,463,986
Balance, end of the period	14,463,986	14,463,986

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

In thousands of units	Group June 2018	Group December 2017
Balance, beginning of the period	28,927,972	28,927,972
Balance, end of the period	28,927,972	28,927,972

B Share premium

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

In thousands of Naira	Group June 2018	Group December 2017
Balance, beginning of the period	197,974,816	197,974,816
Balance, end of the period	197,974,816	197,974,816

C Retained earnings

	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Retained earnings	127,827,057	117,701,679	130,384,866	120,218,603

D Other components of equity

	Group June 2018	Group December 2017	Bank June 2018	Bank December 2017
Other regulatory reserves (see i(a) below)	77,076,912	70,562,156	65,345,621	60,986,896
Share Scheme reserve	1,532,855	2,031,978	1,532,856	2,031,978
Treasury Shares	(4,047,282)	(4,028,910)	-	-
Capital Reserve	3,489,080	3,489,080	3,489,081	3,489,081
Fair value reserve	(8,277,827)	36,111,322	(8,872,164)	35,267,471
Foreign currency translation reserve	30,781,185	26,813,500	-	-
Regulatory risk reserve	11,881,607	43,420,287	652,000	35,058,266
	112,436,530	**178,399,413**	**62,147,394**	**136,833,692**

(i) Other Reserves

Other regulatory reserves

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

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

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

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

i(a)

	Statutory reserves		SMEEIS Reserves		Total	
	June 2018	December 2017	June 2018	December 2017	June 2018	December 2017
Group						
In thousand of Naira						
Opening	69,735,588	61,788,644	826,568	826,568	70,562,156	62,615,212
Transfers during the period	6,514,756	7,946,944	-	-	6,514,756	7,946,944
Closing	76,250,344	69,735,588	826,568	826,568	77,076,912	70,562,156
Bank						
In thousand of Naira						
Opening	60,160,328	52,174,504	826,568	826,568	60,986,896	53,001,072
Transfers during the period	4,358,725	7,985,824	-	-	4,358,725	7,985,824
Closing	64,519,053	60,160,328	826,568	826,568	65,345,621	60,986,896

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

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

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

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

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

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

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

D Non-controlling interest

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

In thousands of Naira	Group June 2018	Group December 2017
Access Bank, Gambia	751,021	310,883
Access Bank, Sierra Leone	57,275	43,387
Access Bank Zambia	3,651,059	2,609,806
Access Bank, Rwanda	1,114,237	933,465
Access Bank, Congo	1,871	887
Access Bank, Ghana	1,937,298	3,009,086
	7,512,761	**6,907,514**

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

In thousands of Naira	Group June 2018	Group December 2017
Access Bank, Gambia	21,691	21,714
Access Bank, Sierra Leone	90	4,693
Access Bank Zambia	141,556	(221,560)
Access Bank, Rwanda	22,799	26,658
Access Bank, Congo	122	151
Access Bank, Ghana	260,738	181,434
	446,996	**13,090**

	Group June 2018	Group December 2017
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	12%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	30%	30%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0%	0%
Access Bank, Ghana	7%	9%

Transactions with non-controlling interests

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

E Dividends

In thousands of Naira	Bank June 2018	Bank December 2017
Interim dividend declared (2018: 25k, 2017: 25k)	7,231,992	7,231,992
	7,231,992	7,231,992
Number of shares	28,927,972	28,927,972

The Directors proposed an interim dividend of 25k for the period ended 30 June 2018

39 Contingencies

Claims and litigation

The Group is a party to numerous legal actions arising out of its normal business operations. The Directors believe that, based on currently available information and advice of counsel, none of the outcomes that result from such proceedings will have a material adverse effect on the financial position of the Group, either individually or in the aggregate. No provision has been made for the period ended 30 June 2018.

Contingent liability and commitments

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

Nature of instruments

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

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

Other contingent liabilities include transaction related custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed 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 table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:
Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Naira	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Contingent liabilities:				
Transaction related bonds and guarantees	370,078,773	541,895,104	300,049,895	306,494,255
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	270,764,532	293,267,039	247,989,289	200,918,665
Swap and forward contracts	576,940,377	662,935,746	572,031,849	624,709,693
	1,217,783,682	**1,498,097,889**	**1,120,071,033**	**1,132,122,613**

The Bank granted clean line facilities for letters of credit during the period to guarantee the performance of customers to third parties.
Contractual capital commitments undertaken by the Bank during the period amounted to N560.28Mn (31 Dec 2017: N322.2Mn)

40 Cash and cash equivalents

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

In thousands of Naira	**Group June 2018**	**Group December 2017**	**Bank June 2018**	**Bank December 2017**
Cash on hand and balances with banks	177,126,758	184,867,177	124,833,812	144,763,718
Unrestricted balances with central banks	28,369,771	28,837,649	3,469,138	7,976,547
Money market placements	195,424,019	261,805,783	20,620,029	28,157,562
Investment under management	18,654,190	17,913,690	18,654,190	17,913,690
Treasury bills with original maturity of less than 90days	114,071,883	-	114,071,883	-
	533,646,621	**493,424,299**	**281,649,052**	**198,811,517**

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

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

	Debt securities issued		**Interest bearing borrowings**	
	Group June 2018	**Bank June 2018**	**Group June 2018**	**Bank June 2018**
Net debt	302,106,706	302,106,706	311,617,187	282,291,141
Proceeds from interest bearing borrowings	-	-	54,038,195	48,858,100
Repayment of interest bearing borrowings	-	-	(41,214,212)	(19,591,390)
Debt securities issued	23,393,672	23,393,672	-	-
Repayment of debt securities issued	(38,449,592)	(38,449,592)	-	-
Total changes from financing cash flows	287,050,786	287,050,786	324,441,170	311,557,851
The effect of changes in foreign exchange rates	5,950,237	5,954,368	3,830,857	1,757,595
Other changes				
Interest expense	18,008,423	18,004,292	5,066,672	5,018,229
Interest paid	(13,674,195)	(13,674,195)	(5,299,560)	(3,789,260)
Balance	**297,335,252**	**297,335,252**	**328,039,139**	**314,544,414**

	Debt securities issued		**Interest bearing borrowings**	
	Group December 2017	**Bank December 2017**	**Group December 2017**	**Bank December 2017**
Net debt	316,544,502	243,952,418	299,543,707	372,179,785
Proceeds from interest bearing borrowings	-	-	43,577,454	13,337,947
Repayment of interest bearing borrowings	-	-	(34,371,397)	(99,011,336)
Debt securities issued	121,486,981	121,486,981	-	-
Repayment of debt securities issued	(151,694,953)	(79,102,869)	-	-
Total changes from financing cash flows	286,336,530	286,336,530	308,749,764	286,506,396
The effect of changes in foreign exchange rates	18,173,205	18,173,205	4,664,912	4,319,234
Other changes				
Interest expense	35,947,693	35,947,693	12,373,830	11,070,759
Interest paid	(38,350,722)	(38,350,722)	(14,171,319)	(19,605,250)
Balance	**302,106,706**	**302,106,706**	**311,617,188**	**282,291,140**

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

S/N	**Regulatory Body**	**Infraction**
i)	Central Bank of Nigeria	Sum of N2 million in respect of KYC requirement
ii)	Central Bank of Nigeria	Sum of N2 million in respect of refund of account maintenance charge

42 Events after reporting date

Subsequent to the end of the reporting period, the Board of Directors proposed a interim dividend of 25k each payable to shareholders on register of shareholding at the closure date.
There are no other post balance sheet event that require disclosure in these consolidated financial statements.

43 Related party transactions

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

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

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

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

Period ended 30 June 2018	**Directors and other key management personnel (and close family members)**	**Subsidiaries**	**Total**
In thousands of Naira			
Balance, beginning of period	4,029,408	107,933,798	**111,963,206**
Net movement during the period	3,779,961	645,870	**4,425,832**
Balance, end of period	7,809,369	108,579,668	**116,389,038**
Interest income earned	812,229	1,141,520	**1,953,749**
Bad or doubtful debts due from related parties expense	-	-	-

The loans issued to directors and other key management personnel (and close family members) as at 30 June 2018 is N619Mn and they are repayable in various cycles ranging from monthly to annually over the tenor. The transactions were carried out at arms length and have an average tenor of 2 years. The loans are collateralised by a combination of lien on shares of quoted companies, fixed and floating debentures, corporate guarantee, negative pledge, domiciliation of proceeds of company's receivables, legal mortgages and cash.

The loan to subsidiaries relates to a foreign interbank placements of USD300.47M granted during the period. It is a non-collateralised placement advanced at an average interest rate of 2.15% and an average tenor of 11 months. This loan has been eliminated on consolidation and does not form part of the reported Group loans and advances balance.

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

(b) Deposits from related parties

	Directors (and close family members and related entities)	**Subsidiaries**	**Total**
Period ended 30 June 2018			
In thousands of Naira			
Balance, beginning of period	3,100,298	176,652,203	**179,752,501**
Net movement during the period	6,794,308	(30,315,703)	**(23,521,396)**
Balance, end of period	9,894,606	146,336,500	**156,231,105**
Interest expenses on deposits	86,130	2,809,901	**2,896,031**

The deposits are majorly term deposit with an average interest rate and tenor of approximately 12% and 8 months for directors and 4.56% and 2 months for subsidiaries.

(c) Borrowings from related parties

In thousands of Naira	**Subsidiaries**	**Total**
Borrowings at 1 January 2018	-	**-**
Net movement during the period	-	**-**
Borrowings at 30 June 2018	-	**-**
Interest expenses on borrowings	-	**-**

(d) Other balances and transactions with related parties

In thousands of Naira	**Directors (and close family members and related entities)**	**Subsidiaries**	**Total**
Cash and cash equivalent	-	34,052,227	**34,052,227**
Deposit from financial institutions	-	293,426	**293,426**
Receivables	-	416,120	**416,120**
Payables	-	65,316	**65,316**
Other Liabilities	-	707,958	**707,958**
Fee and commission expense	-	84,138	**84,138**
Off balance sheet exposures	-	365,815	**365,815**

(e) Key management personnel compensation for the period comprises:

Directors' remuneration

In thousands of Naira	June 2018	December 2017
Non-executive Directors		
Fees	51,875	58,125
Other emoluments:		
Allowances	375,849	411,044
	427,724	469,169
Executive directors		
Short term employee's benefit	145,310	237,820
Defined contribution plan	8,052	14,364
Share based payment	66,136	39,189
Retirement benefits paid	-	707,744
	219,498	**999,117**

(f) Directors remuneration:

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

In thousands of Naira	June 2018	December 2017
Fees as Directors	51,875	58,125
Other emoluments	285,599	303,982
Wages and salaries	145,310	237,820
Allowances	90,250	107,063

The Directors remuneration show above includes

	June 2018	December 2017
Chairman	51,260	50,513
Highest paid director	57,245	85,160

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

	June 2018	December 2017
N13,000,001-N20,000,000	6	6
N20,000,001-N37,000,000	10	8
	16	14

44 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 30 June 2018 is N1.72bn. However, the relevant obligors under this category also have credit balances and deposits maintained in their bank accounts which mitigate the risks to the bank.

Below is a schedule showing the details of the Bank's director-related lending:

S/N	Name of borrower	Relationship to reporting institution	Name of related Directors	Facility type	Outstanding Principal	Status	Nature of security
1	Asset Management Group Limited	Ex-Chairman	Mr. Gbenga Oyebode	Time loan	1,420,497,386	Performing	1. Pledged properties at Ikoyi Lagos 2. Personal guarantee 3 Domiciliation of Rental Income
2	Sic Property and Investment Company Ltd	Ex Non-executive director	Mr Ortisedere Otubu	Term Loan	119,983,765	Performing	1. Legal Mortgage 2. Personal Guarantee 3. Debenture
3	Paul Usoro & Company	Non-executive director	Mr Paul Usoro	Overdraft	168,061,972	Performing	Cash collateral
				Credit Card	9,313,473	Performing	Cash collateral
	Balance, end of period				**1,717,856,596**		

45 Non-audit services

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

	Service	Description	Sum N'000
1	NDIC Certification	Certification of total deposit liabilities outstanding in the books of the bank as at 31 December 2017	2,500

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

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira

	Group June 2018	%	Group June 2017	%
Gross earnings	253,024,189		246,575,403	
Interest expense				
Foreign	(14,760,897)		(2,125,158)	
Local	(63,553,557)		(56,341,451)	
	174,709,735		188,108,794	
Net impairment (loss) on financial assets	(7,644,688)		(10,236,805)	
Net impairment loss on other financial assets	304,482		(125,975)	
Bought-in-materials and services				
Foreign	(5,077,790)		(482,183)	
Local	(59,249,705)		(68,905,112)	
Value added	**103,042,034**		**108,358,719**	
Distribution of Value Added				
To Employees:				
Employees costs	26,085,304	25%	27,743,513	26%
To government				
Government as taxes	6,217,565	6%	12,588,824	12%
To providers of finance				
Interest on borrowings	23,075,095	22%	20,396,913	19%
Dividend to shareholders	11,571,189	11%	11,571,189	11%
Retained in business:				
For replacement of property and equipment and intangible assets	8,038,893	8%	6,503,953	6%
For replacement of equipment on lease	-	0%	1,665,573	2%
Retained profit (including Statutory and regulatory risk reserves	28,053,989	27%	27,888,755	26%
	103,042,034	**100%**	**108,358,719**	**100%**

OTHER NATIONAL DISCLOSURES

Value Added Statement

In thousands of Naira	**Bank June 2018**	%	**Bank June 2017**	%
Gross earnings	212,678,259		218,527,168	
Interest expense				
Foreign	(15,299,255)		(2,125,158)	
Local	(55,220,246)		(47,352,621)	
	142,158,757		169,049,389	
Net impairment (loss) on financial assets	(7,236,191)		(9,215,120)	
Net impairment loss on other financial assets	397,828		-	
Bought-in-materials and services				
Foreign	(5,077,792)		(482,183)	
Local	(48,940,280)		(63,320,448)	
Value added	**81,302,323**		**96,031,638**	
Distribution of Value Added				
To Employees:				
Employees costs	18,274,247	22%	22,052,095	29%
To government				
Government as taxes	3,149,910	4%	10,413,301	11%
To providers of finance				
Interest on borrowings	23,022,521	28%	22,372,915	9%
Dividend to shareholders	11,571,189	14%	11,571,189	11%
Retained in business:				
For replacement of property and equipment	6,780,344	8%	5,487,270	7%
For replacement of equipment on lease	1,017,137	1%	852,901	
Retained profit (including Statutory and regulatory risk reserves	17,486,975	22%	23,281,966	33%
	81,302,323	**100%**	**96,031,638**	**100%**

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-period Financial Summary

Group	June 2018	December 2017	December 2016	December 2015	December 2014
	6 months	12 months	12 months	12 months	12 months
In thousands of Naira	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	1,140,541,702	953,944,176	713,889,105	478,409,336	405,014,793
Investment under management	20,723,830	20,257,131	14,871,247	10,403,608	-
Non pledged trading assets	57,865,976	46,854,061	44,629,579	52,298,422	28,411,644
Pledged assets	334,115,486	447,114,404	314,947,502	203,715,397	87,072,147
Derivative financial instruments	124,944,697	93,419,293	156,042,984	77,905,020	24,866,681
Loans and advances to banks	94,073,439	68,114,076	45,203,002	42,733,910	12,435,659
Loans and advances to customers	1,905,021,613	1,995,987,627	1,809,459,172	1,365,830,831	1,110,464,442
Investment securities	412,562,689	278,167,757	229,113,772	186,223,126	270,211,388
Other assets	157,624,493	82,753,431	63,255,054	83,014,503	56,310,620
Property and equipment	103,599,336	97,114,640	84,109,052	73,329,927	69,659,707
Intangible assets	8,098,592	8,295,855	6,939,555	6,440,616	5,592,991
Deferred tax assets	1,212,848	740,402	1,264,813	10,845,612	10,881,984
Assets classified as held for sale	11,022,991	9,479,967	140,727	179,843	23,438,484
Total assets	4,371,407,692	4,102,242,820	3,483,865,564	2,591,330,151	2,104,360,540
Liabilities					
Deposits from financial institutions	666,902,321	450,196,970	167,356,583	72,914,421	119,045,423
Deposits from customers	2,408,982,524	2,244,879,075	2,089,197,286	1,683,244,320	1,454,419,052
Derivative financial instruments	4,629,711	5,332,177	30,444,501	3,077,927	1,989,662
Current tax liabilities	5,735,511	7,489,586	5,938,662	7,780,824	8,180,969
Other liabilities	187,645,022	253,914,174	113,571,240	69,355,947	21,689,079
Deferred tax liabilities	9,137,069	8,764,262	3,699,050	266,644	59,038
Debt securities issued	297,335,252	302,106,706	316,544,502	149,853,640	138,481,179
Interest-bearing borrowings	328,039,139	311,617,187	299,543,707	231,467,161	79,816,309
Retirement benefit obligations	2,812,993	2,495,274	3,075,453	5,567,800	3,269,100
Total liabilities	3,911,219,542	3,586,795,412	3,029,370,983	2,223,528,684	1,826,949,811
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	212,438,802	172,477,671
Retained earnings	127,827,057	117,701,679	93,614,030	51,730,369	34,139,453
Other components of equity	112,409,530	178,399,413	142,194,720	99,732,330	67,262,761
Non controlling interest	7,512,761	6,907,515	6,247,028	3,899,966	3,530,844
Total equity	460,188,150	515,447,409	454,494,580	367,801,467	277,410,729
Total liabilities and Equity	4,371,407,692	4,102,242,820	3,483,865,564	2,591,330,151	2,104,360,540
Gross earnings	253,024,189	459,075,779	381,320,783	337,404,230	245,383,536
Profit before income tax	45,842,742	80,072,480	90,339,456	75,038,117	52,022,290
Profit from continuing operations	39,625,177	61,990,852	71,439,347	65,868,773	43,063,479
Discontinued operations	-	-	-	-	(87,267)
Profit for the period	39,625,177	61,990,852	71,439,347	65,868,773	42,976,212
Non controlling interest	446,996	13,090	322,322	536,233	560,883
Profit attributable to equity holders	39,178,181	61,977,762	71,117,024	65,332,540	42,415,329
Dividend paid	11,571,189	18,803,180	15,910,384	15,241,014	13,729,777
Earning per share - Basic	138k	218k	249k	265k	189k
- Adjusted	135k	214k	245k	262k	189k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908

OTHER NATIONAL DISCLOSURES

Other financial Information
Five-period Financial Summary

Bank	**June 2018**	**December 2017**	**December 2016**	**December 2015**	**December 2014**
	6 months	**12 months**	**12 months**	**12 months**	**12 months**
In thousands of Naira	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Assets					
Cash and balances with banks	744,848,876	657,144,247	517,997,249	405,998,636	351,174,879
Investment under management	20,723,830	20,257,131	14,871,247	10,403,608	-
Non pledged trading assets	52,107,167	43,016,990	44,629,579	52,298,422	28,411,644
Pledged assets	334,115,486	440,503,327	314,947,502	200,464,624	85,183,353
Derivative financial instruments	124,653,661	92,390,219	155,772,662	77,852,349	24,831,145
Loans and advances to banks	105,782,161	101,429,001	104,006,574	60,414,721	55,776,837
Loans and advances to customers	1,724,743,537	1,771,282,739	1,594,562,345	1,243,215,309	1,019,908,848
Investment securities	260,185,178	121,537,303	161,200,642	155,994,798	226,137,983
Other assets	125,644,935	65,189,797	50,594,480	78,623,381	48,246,307
Investment in subsidiary	111,464,088	87,794,631	59,239,252	45,439,246	40,120,572
Property and equipment	88,068,469	83,676,722	71,824,472	65,900,384	64,160,327
Intangible assets	7,819,939	5,981,905	5,173,784	4,977,908	4,436,814
Deferred tax assets	-	-	-	10,180,832	10,128,537
Assets classified as held for sale	11,022,991	9,479,967	140,727	179,843	23,438,484
Total assets	3,711,180,318	3,499,683,979	3,094,960,515	2,411,944,061	1,981,955,730
Liabilities					
Deposits from banks	501,151,733	276,140,835	95,122,188	63,343,785	134,509,662
Deposits from customers	2,007,124,381	1,910,773,713	1,813,042,872	1,528,213,883	1,324,800,611
Derivative financial instruments	4,182,052	5,306,450	30,275,181	2,416,378	1,737,791
Debt securities issued	297,335,252	302,106,706	243,952,418	78,516,655	73,155,391
Current tax liabilities	2,606,964	4,547,920	5,004,160	6,442,311	7,113,226
Other liabilities	168,133,694	238,695,686	107,538,941	64,094,358	16,870,132
Retirement benefit obligations	2,796,447	2,481,916	3,064,597	5,567,800	3,267,364
Interest-bearing borrowings	314,544,414	282,291,141	372,179,785	302,919,987	146,345,767
Deferred tax liabilities	8,361,319	7,848,515	3,101,753	-	-
Total liabilities	3,306,236,256	3,030,192,882	2,673,281,895	2,051,515,157	1,707,799,945
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	212,438,802	172,477,671
Retained earnings	130,384,866	120,218,603	93,329,188	49,459,102	36,499,779
Other components of equity	62,120,394	136,833,692	115,910,630	98,531,000	65,178,336
Total equity	404,944,061	469,491,097	421,678,620	360,428,904	274,155,786
Total liabilities and Equity	3,711,180,318	3,499,683,979	3,094,960,515	2,411,944,061	1,981,955,730
Gross earnings	212,678,259	398,161,575	331,000,972	302,061,975	221,610,769
Profit before income tax	32,208,074	67,043,501	80,579,576	65,177,914	46,142,422
Profit for the period	29,058,164	53,238,822	64,026,135	65,868,773	39,941,126
Dividend paid	11,571,189	18,803,180	18,803,180	13,729,777	13,729,777
Earning per share - Basic	100k	184k	237k	174k	114k
- Adjusted	100k	184k	237k	174k	114k
Number of ordinary shares of 50k	28,927,971,631	28,927,971,631	28,927,971,631	22,882,918,908	22,882,918,908