Access Bank Plc

Condensed unaudited consolidated and separate financial statements for the period ended 31 March 2017

ACCESS BANK PLC
Index to the consolidated financial statements
For the period ended 31 March 2017

Statement of Directors' Responsibilities in relation to the Consolidated Financial Statements for the period ended 31 March 2017

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.

Consolidated statement of comprehensive income

In thousands of Naira	*Notes*	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Interest income	8	79,333,153	55,437,264	69,505,651	48,709,411
Interest expense	8	(36,596,298)	(20,814,400)	(33,073,336)	(18,508,176)
Net interest income		42,736,855	34,622,864	36,432,315	30,201,235
Net impairment charge	9	(3,197,129)	(2,398,434)	(2,907,304)	(1,896,279)
Net interest income after impairment charges		39,539,726	32,224,429	33,525,011	28,304,957
Fee and commission income	10	11,803,966	18,036,861	9,069,862	16,531,263
Fee and commission expense		(126,571)	(97,482)	-	(4,837)
Net fee and commission income		11,677,395	17,939,379	9,069,862	16,526,425
Net gains on investment securities	11a,b	5,540,393	(3,275,870)	5,464,462	(3,282,904)
Net foreign exchange income/(loss)	12	17,054,009	6,143,007	16,093,096	5,478,140
Other operating income	13	2,209,535	3,930,335	2,097,802	3,830,743
Personnel expenses	14	(13,175,800)	(10,809,954)	(10,449,298)	(9,141,261)
Rent expenses		(801,101)	(616,256)	(410,230)	(409,693)
Depreciation	28	(2,548,542)	(2,038,064)	(2,163,834)	(1,792,059)
Amortization	29	(583,198)	(459,326)	(473,173)	(403,779)
Other operating expenses	15	(27,704,312)	(20,454,748)	(24,897,271)	(18,827,244)
Profit before tax		31,208,104	22,582,932	27,856,428	20,283,325
Income tax	16	(5,189,021)	(3,164,095)	(4,258,767)	(2,639,875)
Profit for the period		**26,019,083**	**19,418,837**	**23,597,662**	**17,643,450**
Other comprehensive income (OCI) net of income tax :					
items that will not be subsequently reclassified to income statement:					
Remeasurements of post-employment benefit obligations		-	-	-	-
Items that may be subsequently reclassified to the income statement:					
Foreign currency translation differences for foreign subsidiaries					
- Realised gains during the period		-	-	-	-
- Unrealised gains /(losses) during the period		(2,797,707)	(435,397)	-	-
Net changes in fair value of AFS financial instruments					
-Fair value changes during the period		1,071,524	(4,504,118)	846,955	(3,955,004)
Other comprehensive gain, net of related tax effects:		(1,726,184)	(4,939,515)	846,955	(3,955,004)
Total comprehensive income for the period		**24,292,900**	**14,479,322**	**24,444,617**	**13,688,446**
Profit attributable to:					
Owners of the bank		25,935,210	19,282,249	23,597,662	17,643,450
Non-controlling interest		83,873	136,588	-	-
Profit for the period		**26,019,083**	**19,418,837**	**23,597,662**	**17,643,450**
Total comprehensive income attributable to:					
Owners of the bank		24,503,742	14,776,662	24,444,617	13,688,446
Non-controlling interest		(210,842)	(297,340)	-	-
Total comprehensive income for the period		**24,292,900**	**14,479,322**	**24,444,617**	**13,688,446**
Total comprehensive income for the period attributable to parent:					
Continuing operations		24,292,900	14,479,322	24,444,617	13,688,446
		24,292,900	**14,479,322**	**24,444,617**	**13,688,446**
Earnings per share attributable to ordinary shareholders					
Basic (kobo)	18	91	67	82	61
Diluted (kobo)	18	90	67	82	61
Continuing operations					
Basic (kobo)	18	91	67	82	61
Diluted (kobo)	18	90	67	82	61

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

Access Bank Plc

Consolidated financial statements
For the period ended 31 March 2017

Consolidated statement of financial position
As at 31 March 2017

In thousands of Naira	*Notes*	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Assets					
Cash and balances with banks	19a	732,525,933	713,889,105	585,229,033	517,997,249
Investment under management	19b	14,879,347	14,871,247	14,879,347	14,871,247
Non pledged trading assets	20	30,894,244	44,629,579	28,791,032	44,629,579
Derivative financial assets	21	161,516,034	156,042,984	161,361,014	155,772,662
Loans and advances to banks	22	46,393,377	45,203,002	89,680,182	104,006,574
Loans and advances to customers	23	1,804,457,042	1,809,459,172	1,598,835,689	1,594,562,345
Pledged assets	24	403,241,044	314,947,502	403,241,044	314,947,502
Investment securities	25	182,244,384	229,113,772	112,010,695	161,200,642
Other assets	26	74,479,706	63,255,054	60,142,822	50,594,480
Investment in subsidiaries	27b	-	-	66,924,936	59,239,252
Property and equipment	28	86,204,106	84,109,052	74,799,823	71,824,472
Intangible assets	29	6,693,731	6,939,555	5,007,119	5,173,784
Deferred tax assets	30	1,423,311	1,264,813	-	-
		3,544,952,259	3,483,724,837	3,200,902,735	3,094,819,789
Asset classified as held for sale	31	110,727	140,727	110,727	140,727
Total assets		**3,545,062,986**	**3,483,865,564**	**3,201,013,462**	**3,094,960,515**
Liabilities					
Deposits from financial institutions	32	197,727,555	167,356,583	160,654,081	95,122,188
Deposits from customers	33	2,014,698,241	2,089,197,286	1,760,087,090	1,813,042,872
Derivative financial liabilities	21	29,780,078	30,444,501	29,718,057	30,275,181
Current tax liabilities	17	9,052,238	5,938,662	7,267,917	5,004,160
Other liabilities	34	158,725,915	113,571,240	156,925,916	107,538,941
Deferred tax liabilities	30	5,008,444	3,699,050	4,373,564	3,101,753
Debt securities issued	35	351,870,435	316,544,502	278,579,610	243,952,418
Interest-bearing borrowings	36	307,550,629	299,543,707	365,370,350	372,179,785
Retirement benefit Obligation	37	3,338,177	3,075,453	3,323,906	3,064,597
Total liabilities		**3,077,751,711**	**3,029,370,984**	**2,766,300,490**	**2,673,281,895**
Equity					
Share capital and share premium	38	212,438,802	212,438,802	212,438,802	212,438,802
Retained earnings		107,978,051	93,614,030	105,355,661	93,329,188
Other components of equity	38	140,858,236	142,194,720	116,918,510	115,910,630
Total equity attributable to owners of the Bank		**461,275,089**	**448,247,552**	**434,712,973**	**421,678,620**
Non controlling interest	38	6,036,186	6,247,028	-	-
Total equity		**467,311,275**	**454,494,580**	**434,712,973**	**421,678,620**
Total liabilities and equity		**3,545,062,986**	**3,483,865,564**	**3,201,013,462**	**3,094,960,516**

Signed on behalf of the Board of Directors on 26 April, 2017 by:

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

EXECUTIVE DIRECTOR
Victor Etuokwu
FRC/2014/CIBN/00000006249

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

Consolidated statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,211,978**	**(3,286,376)**	**3,489,081**	**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										25,935,210	25,935,210	83,873	26,019,083
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(2,462,689)	-	(2,462,689)	(335,019)	(2,797,707)
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	-	1,031,220	-	-	1,031,220	40,303	1,071,524
Total other comprehensive gain	**-**	**-**	**-**	**-**		**-**	**-**	**1,031,220**	**(2,462,689)**	**-**	(1,431,469)	(294,715)	**(1,726,184)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,031,220**	**(2,462,689)**	**25,935,210**	24,503,742	(210,842)	**24,292,900**
Transactions with equity holders, recorded directly in equity:													
Scheme shares	-	-	-	-	193,109	(98,125)	-	-	-	-	94,984	-	94,984
Dividend paid to equity holders	-	-	-	-	-	-	-	-	-	(11,571,189)	(11,571,189)	-	(11,571,189)
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**193,109**	**(98,125)**	**-**	**-**	**-**	**(11,571,189)**	**(11,476,205)**	**-**	**(11,476,205)**
Balance at 31 March 2017	**14,463,986**	**197,974,816**	**42,932,550**	**62,615,212**	**1,405,087**	**(3,384,501)**	**3,489,081**	**24,271,470**	**9,529,336**	**107,978,051**	**461,275,089**	**6,036,186**	**467,311,275**

Consolidated statement of changes in equity

In thousands of Naira
Group

	Attributable to owners of the Bank												
	Share capital	**Share premium**	**Regulatory risk reserve**	**Other regulatory reserves**	**Share Scheme reserve**	**Treasury Shares**	**Capital reserve**	**Fair value reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Total**	**Non Controlling interest**	**Total Equity**
Balance at 1 January 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**554,898**	**(1,732,771)**	**3,489,080**	**13,268,889**	**(5,570,719)**	**51,730,369**	**363,901,501**	**3,899,966**	**367,801,467**
Total comprehensive income for the period:													
Profit for the period										19,282,249	19,282,249	136,588	19,418,837
Other comprehensive income, net of tax													
Unrealised foreign currency translation difference	-	-	-	-	-	-	-	-	(435,397)	-	(435,397)	-	(435,397)
Fair value changes on AFS financial instruments from associates	-	-	-	-	-	-	-	(4,070,190)	-	-	(4,070,190)	(433,928)	(4,504,118)
Total other comprehensive gain/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,070,190)**	**(435,397)**	**-**	**(4,505,587)**	**(433,928)**	**(4,939,515)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,070,190)**	**(435,397)**	**19,282,249**	**14,776,662**	**(297,340)**	**14,479,322**
Transactions with equity holders, recorded directly in equity:													
Scheme shares	-	-	-	-	199,845	-	-	-	-	-	199,845	-	199,845
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**199,845**	**-**	**-**	**-**	**-**	**-**	**199,845**	**-**	**199,845**
Balance at 31 March 2016	**14,463,986**	**197,974,816**	**39,625,042**	**50,097,911**	**754,743**	**(1,732,771)**	**3,489,080**	**9,198,699**	**(6,006,116)**	**71,012,618**	**378,878,008**	**3,602,627**	**382,480,635**

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**	**374,247,752**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	23,597,662	**23,597,662**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	846,955	-	**846,955**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**846,955**	**-**	**846,955**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**846,955**	**23,597,662**	**24,444,617**
Transactions with equity holders, recorded directly in equity:									
Dividend paid to equity holders	-	-	-	-	-	-	-	(11,571,189)	**(11,571,189)**
Scheme shares	-	-	-	-	160,924	-	-	-	**160,924**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**160,924**	**-**	**-**	**(11,571,189)**	**(11,410,264)**
Balance at 31 March 2017	**14,463,986**	**197,974,816**	**35,058,266**	**53,001,072**	**1,169,043**	**3,489,081**	**24,201,048**	**105,355,661**	**434,712,973**

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, 2016	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**527,331**	**3,489,081**	**13,291,054**	**49,459,102**	**360,428,904**
Total comprehensive income for the period:									
Profit for the period	-	-	-	-	-	-	-	17,643,450	**17,643,450**
Other comprehensive income, net of tax									
Net changes in fair value of AFS financial instruments	-	-	-	-	-	-	(3,955,004)	-	**(3,955,004)**
Total other comprehensive gain/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(3,955,004)**	**-**	**(3,955,004)**
Total comprehensive (loss)/income	**-**	**-**	**-**	**-**	**-**	**-**	**(3,955,004)**	**17,643,450**	**13,688,446**
Transactions with equity holders, recorded directly in equity:									
Scheme shares	-	-	-	-	130,402	-	-	-	**130,402**
Total contributions by and distributions to equity holders	**-**	**-**	**-**	**-**	**130,402**	**-**	**-**	**-**	**130,402**
Balance at 31 March 2016	**14,463,986**	**197,974,816**	**37,826,382**	**43,397,152**	**657,733**	**3,489,081**	**9,336,050**	**67,102,552**	**374,247,752**

Consolidated statement of cash flows

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Cash flows from operating activities				
Profit before income tax and discontinued operations	31,208,104	22,582,932	27,856,428	20,283,325
Adjustments for:				
Depreciation of property and equipment	2,548,542	2,038,064	2,163,834	1,792,059
Amortization of intangible assets	583,198	459,326	473,173	403,779
Gain on disposal of property and equipment	(6,435)	(311,153)	(6,437)	(311,071)
Loss/(Gain) on disposal of investment securities	189,881	477,247	189,881	490,378
Fair value loss on assets held for sale	-	12,132	-	12,132
Impairment on financial assets	3,197,129	2,423,195	2,907,304	1,898,720
Additional gratuity provision	259,309	250,000	259,309	250,000
Equity share-based payment expense	193,109	130,402	160,924	130,402
Property and equipment written off	199,815	53,105	-	681
Net interest income	(42,736,855)	(34,622,864)	(36,432,315)	(30,201,235)
Unrealised foreign exchange loss on revaluation	109,773	(220,688)	243,939	388,407
Dividend income	(1,805,403)	(2,223,389)	(1,805,403)	(2,223,389)
	(6,059,832)	(8,951,690)	(3,989,361)	(7,085,813)
Changes in operating assets				
Non-pledged trading assets	13,735,336	(1,801,505)	15,838,548	(1,689,780)
Derivative financial instruments	(5,473,050)	2,189,744	(5,588,353)	2,798,622
Pledged assets	(88,293,542)	(17,890,881)	(88,293,542)	(21,141,654)
Restricted deposits	(8,732,153)	(68,208,880)	(9,278,518)	(48,431,986)
Loans and advances to banks and customers	5,614,626	(59,939,923)	7,145,745	(60,432,844)
Other assets	(11,224,652)	(29,880,903)	(9,548,342)	(29,169,276)
Changes in operating liabilities				
Deposits from banks	37,370,972	(25,955,747)	65,531,894	(11,759,051)
Deposits from customers	(47,792,238)	120,142,722	(52,955,782)	87,249,999
Other liabilities	45,154,675	14,122,961	49,386,975	14,906,180
Interest paid on deposits to banks and customers	(26,706,807)	(20,139,821)	(22,939,410)	(17,833,597)
Interest received on loans and advances	58,811,153	42,097,851	51,291,074	37,231,427
	(33,595,510)	(54,216,071)	(3,399,075)	(55,357,773)
Income tax paid	(831,131)	(1,028,641)	(723,199)	(542,399)
Net cash generated from operating activities	(34,426,642)	(55,244,712)	(4,122,274)	(55,900,172)
Cash flows from investing activities				
Acquisition of investment securities	(44,945,883)	(103,814,052)	(42,805,603)	(102,786,190)
Interest received on investment securities	20,521,999	6,364,708	18,214,577	5,348,495
Dividend received	1,805,403	2,223,389	1,805,403	2,223,389
Acquisition of property and equipment	(8,327,468)	(4,297,811)	(5,149,384)	(3,504,944)
Proceeds from the sale of property and equipment	309,980	429,043	112,413	320,042
Acquisition of intangible assets	(588,643)	(720,034)	(306,508)	(465,626)
Proceeds from matured investment securities	3,829,629	43,379,966	3,829,629	33,199,164
Proceeds from disposal of asset held for sale	-	28,045	-	28,045
Additional investment in subsidiaries	-	-	(7,685,684)	-
Proceeds from sale of investment securities	87,985,642	97,282,860	70,672,552	85,975,087
Net cash generated from investing activities	**60,590,658**	**40,876,115**	**38,687,394**	**20,337,463**
Cash flows from financing activities				
Interest paid on borrowings and debt securities issued	(9,889,491)	(4,047,973)	(9,627,229)	(3,869,373)
Proceeds from interest bearing borrowings	4,923,048	41,867,763	-	41,285,000
Repayment of interest bearing borrowings	(2,893,071)	(9,167,283)	(2,893,071)	(9,034,036)
Dividends paid to owners	(11,571,189)	-	(11,571,189)	-
Debt securities issued	28,481,283	-	28,481,283	-
Net cash provided by financing activities	**9,050,581**	**28,652,507**	**4,389,794**	**28,381,591**
Net increase/(decrease) in cash and cash equivalents	35,214,597	14,283,908	38,954,914	(7,181,118)
Cash and cash equivalents at end of period	378,751,172	247,436,255	188,638,088	155,650,412
Cash and cash equivalents at beginning of period	343,075,964	234,044,110	149,467,972	163,405,750
Effect of exchange rate fluctuations on cash held	460,611	(891,763)	215,202	(574,220)
Net increase/ (decrease) in cash and cash equivalents	35,214,597	14,283,908	38,954,914	(7,181,118)

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 31 March 2017 comprise the Bank and its subsidiaries (together referred to as "the Group" and separately referred to as "Group entities"). The Group is primarily involved in investment, corporate, commercial and retail banking and is listed on the Nigerian Stock Exchange.

These financial statements were authorised for issue by the Board of Directors on 26 April 2017. 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 (IFRSs) 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 has 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 financial statement comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statements of changes in equity, the consolidated cash flow statement and the notes.

3.1 Summary of significant accounting policies

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

(a) Functional and presentation currency

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

(b) Basis of measurement

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

- derivative financial instruments are measured at fair value.
- non-derivative financial instruments at fair value through profit or loss are measured at fair value.
- available-for-sale financial assets are measured at fair value.
- 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 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.
- 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 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 year beginning on or after 1 January 2016 that are relevant to the group.

None of these standards were early adopted in the prior period by the Group as early adoption is not permitted by the Financial Reporting Council of Nigeria (FRCN).

(i) Amendments to IFRS 7 - Financial Instruments: Disclosures

Amends IFRS 7 to remove the phrase 'and interim periods within the annual periods' from paragraph 44R, clarifying that offsetting disclosures is not required in the condensed interim financial report. However, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, an entity is required to include the disclosures in the condensed interim financial report.

On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. This standard does not have any impact on this financial statement.

(ii) Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

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

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

As at period end, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. Details are set out below.

IFRS 9 Financial Instruments: Classification and Measurement (effective 1 January 2018)

IFRS 9 is part of the IASB's project to replace IAS 39. It addresses classification, measurement and impairment of financial assets as well as hedge accounting.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss. It includes the guidance on accounting for and presentation of financial liabilities and derecognition of financial instruments which was previously in IAS 39. Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss be reflected in impairment allowances. The bank is yet to quantify the impact of this change although it is expected to lead to an increased impairment charge than recognized under IAS 39.

Furthermore, the IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The bank is yet to quantify the impact of these changes on its financial statements.

The Bank is currently at the impact assessment phase of the IFRS 9 journey. The focus is on understanding the IFRS 9 financial and operational implications, with outcomes being key inputs to the design and implementation phases. Also, the phase will help the bank identify any gaps with the implementation of IFRS 9, especially in terms of the people, processes, technology and controls that will be necessary to drive an effective implementation.
The Bank expects to enter the Design phase by Q1, 2017. This phase will involve obtaining information from current systems, adjusting the IT systems to capture the additional data requirements and determination of what constitutes a default and significant credit loss. By Q2 2017, will be ready for a parallel run of the IFRS 9 and IAS 39 standards.

IFRS 16 Leases (effective 1 January 2019)

IFRS 16 Leases ("IFRS 16") eliminates the classification of leases as either operating leases or finance leases for a lessee, and instead introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of comprehensive income. The requirements relating to the definition of a lease have been changed from those included in IAS 17. Guidance is provided on how to determine short term leases as well as leases of low-value assets. The accounting requirements for lessors have largely remained unchanged. New disclosures regarding leases are also introduced. The effective date of IFRS 16 is 1 January 2019, with an allowance for early adoption, provided the entity applies IFRS 15 Revenue from Contracts with Customers at the same time. The group is in the process of assessing the impact.

IFRS 15 – Revenue from contracts with customers. (with effective date of 1 January 2018)

The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. The Standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The group is in the process of assessing the impact.

IAS 12 – Income Taxes. (with effective date of 1 January 2017)

Amends IFRS 12 to clarify accounting treatment for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount.

IAS 7 – Statement of Cash Flows. (with effective date of 1 January 2017)

Amends IAS 7 to include disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment specifies that the following changes arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Other IFRS that are relevant to the group include:

IFRS	Effective Date	Subject of amendment
Amendments to IFRS 10, and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	Annual periods beginning on or after 1 January 2016	These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IAS 27, 'Equity method in separate financial statements'	Annual periods beginning on or after 1 January 2016	Allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Ammendments to IAS 1 'Presentation of Financial Statements'	Annual periods beginning on or after 1 January 2016	IASB issued ammendmentsbto clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structutre of financial statements and the disclosure of accounting policies. The ammendments form part of the IASB's Disclosure Initiative, which explores how financial statements disclosures can be improved. The impact of the ammendment has been assessed amd effected.
Amendments IAS 16,'Property, plant and equipment'	Annual periods beginning on or after 1 January 2016	This amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This standard does not have any impact on this financial statement.
Amendments IFRS 10, 'Consolidated financial statements	Annual periods beginning on or after 1 January 2016	These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not) A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This standard does not have any impact on this financial statement.
Amendments IAS 38, 'Intangible assets	Annual periods beginning on or after 1 January 2016	Amends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is required to overcome the presumption. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the Group's intangible asset (software), hence the amendment does not impact the Group.
Amendments IAS 34, 'Interim Financial Reporting	Annual periods beginning on or after 1 January 2016	Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). This standard does not have any impact on this financial statement.
Amendments IAS 34, 'Employee Benefits	Annual periods beginning on or after 1 January 2016	The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The Bank uses interest rate on the Federal government bond to estimate the post-employment benefits.
Amendments IFRS 5, 'Non Current Asset Held for Sale and Discontinued Operations	Annual periods beginning on or after 1 January 2016	Amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan. This standard does not have any impact on this financial statement.

Other standards not listed are not considered relevant or would have no impact to the group.

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 can demonstrate it has:
[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.
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 available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in 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 available for sale, 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

(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 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
- interest on available-for-sale investment securities calculated on an effective interest basis

(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.

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

Fee and commission presented in the income statement includes:

- Credit related fees and commission: These fees are not integral to the loans and are therefore not included in the

EIR calculation. These are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

- Current account maintenance fees (formerly Commission on Turnover): This fee is charged as N1 on every N1,000 in respect of all customer induced debit transactions. This fee is recognised one-off by the bank.
- Other fees and commission income, includes card related commissions, 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 gains on investment securities

Net 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 the purchase and sale of trading instruments and from changes in fair value of derivatives instruments.

- Net gains on financial instruments held as available for sale: This relates to gains arising from the disposal of financial instruments held as available for sale as well as fair value changes reclassified from other comprehensive income upon disposal.

(d) Foreign exchange income

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

(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 available for sale 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 are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.8 Income tax

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) Deferred tax

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

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

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

3.9 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities (which include 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 34/39 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
	Category (as defined by IAS 39)		**Class (as determined by the Group)**
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 IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

[i] Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, as well as financial assets with embedded derivatives. They are recognised in the consolidated statement of financial position as '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 gains on financial instruments classified as held for trading. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

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

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

[ii] Loans and receivables

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

Finance lease receivables are reported within loans and receivables where the Group is the lessor in a lease agreement. Such lease agreement transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee. The loans and receivables equal to the net investment in the lease is recognised and presented within loans and advances.

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

Loans and receivables are initially recognised at fair value – which is the 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 – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the consolidated statement of financial position as loans and advances to banks or customers or as investment securities. Interest on loans is included in the consolidated income statement and is reported as 'Interest income'. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the consolidated income statement under "net impairment loss on financial assets"

[iii] Held-to-maturity

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

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for- sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

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

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

[iv] Available-for-sale

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

Interest income is recognised in 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 available-for-sale debt security 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.

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

Availabe for sale instruments include investment securities.

[v] Investments 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 available-for-sale 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 either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated again.

[ii] Financial liabilities

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

(d) Offsetting

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

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 5.1.5

(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

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

In assessing collective impairment the Group uses statistical 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 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] Available for sale securities

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to the income statement as a reclassification adjustment.

For debt securities, the group uses the criteria referred to in (i) above to assess impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. 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) 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.

(j) 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.

(k) 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.

(l) 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, available for sale or held to maturity. 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 available for sale are measured at fair-value through equity. Assets pledged as collateral designated as held to maturity are measured at amortized cost.

3.10 Investment properties

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

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

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.11 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 and Building	Over the shorter of the useful life of the item or lease term
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 - 60 years
Computer hardware	3 - 4.5 years
Furniture and fittings	3 - 6 years
Motor vehicles	4-5 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.

3.12 Intangible assets

(a) Goodwill

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

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

(b) Software

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

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

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

3.13 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. The investment properties acquired under finance leases are measured subsequently at their fair value.

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

3.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of goodwill is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

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

3.15 Discontinued operations

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

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

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

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

3.16 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.

3.17 Provisions

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

(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.

3.18 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.

3.19 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 obliagtion 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 years spent in these positions.

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

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is 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 forfieture, 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.

3.20 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 year 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 calcuated 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) Statutory credit 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 per the table below based on objective criteria

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

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

The results of the application of Prudential Guidelines and the impairment determined for these assets under IAS 39 are compared. The IAS 39 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 IAS 39 impairment is greater, no appropriation is made and the amount of IAS 39 impairment is recognised in 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 statutory risk reserve.

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) Determination of fair value of investment property
(iv) Determination of impairment of property and equipment, and intangible assets excluding goodwill
(v) Assessment of impairment of goodwill on acquired subsidiaries
(vi) Defined benefit plan

Key sources of estimation uncertainty

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

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

The Bank reviews its loan portfolios to assess impairment at least on a half yearly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating 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).

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

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

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

4.1 *Valuation of financial instruments*

The table below analyses financial and non-financial instruments measured at fair value at the end of the 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
March 2017

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	7,354,895	7,524,452	-	14,879,348
Non pledged trading assets				
Treasury bills	29,123,441	-	-	29,123,441
Bonds	776,910	934,544	-	1,711,455
Equity	59,348	-	-	59,348
Derivative financial instrument	-	161,516,034	-	161,516,034
Pledged assets				
Treasury bills	236,397,213	-	-	236,397,213
Bonds	21,719,670	-	-	21,719,670
Investment securities				
Available for sale				
Treasury bills	38,481,052	-	-	38,481,052
Bonds	41,087,118	3,585,862	-	44,672,980
Equity	1,147,387	7,451,138	50,065,346	58,663,870
Assets held for sale	-	-	110,727	110,727
	376,147,035	181,012,030	50,176,072	607,335,137
Liabilities				
Derivative financial instrument	-	29,780,078	-	29,780,078
	-	29,780,078	-	29,780,078

Group
December 2016

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	7,346,795	7,524,452	-	14,871,247
Non pledged trading assets				
Treasury bills	34,381,635	-	-	34,381,635
Bonds	10,170,293	18,304	-	10,188,597
Equity	59,348	-	-	59,348
Derivative financial instrument	-	156,042,984	-	156,042,984
Pledged assets				
Treasury bills	188,239,520	-	-	188,239,520
Bonds	7,516,209	-	-	7,516,209
Investment securities				
Available for sale				
Treasury bills	69,346,601	-	-	69,346,601
Bonds	29,252,094	3,431,482	-	32,683,577
Equity	1,147,387	7,451,138	50,069,030	58,667,555
Assets held for sale	-	-	140,727	140,727
	347,459,882	174,468,360	50,209,757	572,138,000
Liabilities				
Derivative financial instrument	-	30,444,501	-	30,444,501
	-	30,444,501	-	30,444,501

Bank
March 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	7,354,895	7,524,452	-	14,879,348
Non pledged trading assets				
Treasury bills	27,020,230	-	-	27,020,230
Bonds	776,910	934,544	-	1,711,455
Equity	59,348	-	-	59,348
Pledged assets				
Treasury bills	236,397,213	-	-	236,397,213
Bonds	21,719,670	-	-	21,719,670
Derivative financial instrument	-	161,361,014	-	161,361,014
Investment securities				
Available for sale				
Treasury bills	1,526,863	-	-	1,526,863
Bonds	35,053,471	3,585,862	-	38,639,332
Equity	1,147,387	7,451,138	49,821,882	58,420,407
Asset held for sale	-	-	110,727	110,727
	331,055,987	180,857,009	49,932,609	561,845,605
Liabilities				
Derivative financial instrument	-	29,718,057	-	29,718,057
	-	29,718,057	-	29,718,057

Bank
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Investment under management	7,346,795	7,524,452	-	14,871,247
Non pledged trading assets				
Treasury bills	34,381,635	-	-	34,381,635
Bonds	10,170,293	18,304	-	10,188,597
Equity	59,348	-	-	59,348
Pledged assets				
Treasury bills	188,239,521	-	-	188,239,521
Bonds	7,516,209	-	-	7,516,209
Derivative financial instrument	-	155,772,662	-	155,772,662
Investment securities				
Available for sale				
Treasury bills	40,960,665	-	-	40,960,665
Bonds	18,025,037	3,431,482	-	21,456,519
Equity	1,147,387	7,451,138	49,821,881	58,420,406
Asset held for sale	-	-	140,727	140,727
	307,846,890	174,198,037	49,962,608	532,007,535
Liabilities				
Derivative financial instrument	-	30,275,181	-	30,275,181
	-	30,275,181	-	30,275,181

There were no transfers between levels 1 and 2 during the period.

4.1.2 Financial instruments not measured at fair value

Group
March 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	732,491,370	-	732,491,370
Investment under management	-	-	-	-
Loans and advances to banks	-	42,032,346	-	42,032,346
Loans and advances to customers	-	-	1,802,472,139	1,802,472,139
Pledged assets				
Treasury bills	-	-	-	-
Bonds	144,295,812	-	-	144,295,812
Investment securities				
Held to Maturity				
Treasury bills	25,987,617	-	-	25,987,617
Bonds	13,976,531	-	-	13,976,531
Other assets	-	-	55,519,849	55,519,849
	184,259,961	774,523,716	1,857,991,988	2,816,775,665
Liabilities				
Deposits from financial institutions	-	197,718,464	-	197,718,464
Deposits from customers	-	2,012,280,603	-	2,012,280,603
Other liabilities	-	-	156,478,804	156,478,804
Debt securities issued	283,651,920	65,596,256	-	349,248,176
Interest-bearing borrowings	-	306,782,801	-	306,782,801
	283,651,920	2,582,378,124	156,478,804	3,022,508,848

Group
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	714,858,231	-	714,858,231
Investment under management	-	-	-	-
Loans and advances to banks	-	45,847,527	-	45,847,527
Loans and advances to customers	-	-	1,771,419,816	1,771,419,816
Pledged assets				
Treasury bills	-	-	-	-
Bonds	79,336,927	-	-	79,336,927
Investment securities				
Held to Maturity				
Treasury bills	27,347,558	-	-	27,347,558
Bonds	30,729,231	-	-	30,729,231
Other assets	-	-	41,796,068	41,796,068
	137,413,716	760,705,758	1,813,215,884	2,711,335,359

	Level 1	Level 2	Level 3	Total
Liabilities				
Deposits from financial institutions	-	167,356,583	-	167,356,583
Deposits from customers	-	2,101,625,991	-	2,101,625,991
Other liabilities	-	-	111,117,648	111,117,648
Debt securities issued	312,815,183	-	-	312,815,183
Interest-bearing borrowings	72,895,869	230,282,772	-	303,178,641
	385,711,052	2,499,265,346	111,117,648	2,996,094,046

Bank
March 2017
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	585,194,470	-	585,194,470
Investment under management	-	-	-	-
Loans and advances to banks	-	85,319,151	-	85,319,151
Loans and advances to customers	-	-	1,596,437,435	1,596,437,435
Pledged assets				
Treasury bills	-	-	-	-
Bonds	144,295,812	-	-	144,295,812
Investment securities				
Held to maturity				
Treasury bills	-	-	-	-
Bonds	13,424,644	-	-	13,424,644
Other Assets	-	-	49,562,012	49,562,012
	157,720,456	670,513,621	1,645,999,448	2,474,233,525
Liabilities				
Deposits from financial institutions	-	160,643,152	-	160,643,152
Deposits from customers	-	1,751,638,672	-	1,751,638,672
Other liabilities	-	-	154,861,864	154,861,864
Debt securities issued	210,683,022	65,596,256	-	276,279,278
Interest-bearing borrowings	72,968,898	306,782,801	-	379,751,699
	283,651,920	2,284,660,881	154,861,864	2,723,174,665

Bank
December 2016
In thousands of Naira

	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with banks	-	517,997,249	-	517,997,249
Investment under management	-	-	-	-
Loans and advances to banks	-	104,651,099	-	104,651,099
Loans and advances to customers	-	-	1,584,350,701	1,584,350,701
Pledged assets				
Treasury bills	-	-	-	-
Bonds	79,336,927	-	-	79,336,927
Investment securities				
Held to maturity				
Treasury bills	-	-	-	-
Bonds	30,729,231	-	-	30,729,231
Other Assets	-	-	33,265,072	33,265,072
	110,066,158	622,648,348	1,617,615,772	2,350,330,279
Liabilities				
Deposits from financial institutions	-	95,107,837	-	95,107,837
Deposits from customers	-	1,825,471,578	-	1,825,471,578
Other liabilities	-	-	105,287,724	105,287,724
Debt securities issued	227,210,069	-	-	227,210,069
Interest-bearing borrowings	72,895,869	303,178,641	-	376,074,510
	300,105,938	2,223,758,056	105,287,724	2,629,151,718

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 secuirties with similar maturity profile and characteristics. There were no transfer between levels 1 and 2 during the period.

(ii) Determination of fair value 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. These securities are not actively traded and the price used in the valuation is are prices as at the last trade date of these securities. Below is a table showing sensitivity analysis of material unquoted investments categorised as Level 2 fair values.

Description	**Fair value at 31 March 2017**	**Valuation Technique**	**Observable Inputs**	**Fair value if inputs increased by 5%**	**Fair value if inputs decreased by 5%**	**Relationship of unobservable inputs to fair value**
Investment in MTN	7,451,138	Fair value through quoted share price as at last trade date.	Share price from last trade date Number of units owned by Access bank	7,823,695	7,078,581	The higher the share price as at the last trade date, the higher the fair value

Valuation techniques used to derive Level 3 fair values

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

Description	Fair value at 31 March 2017	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 African Finance Corporation	44,230,177	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	46,441,686	42,018,669	55,287,722	33,172,633	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Unified Payment System	2,340,346	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	2,457,363	2,223,329	2,197,593	2,483,099	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CSCS	1,559,612	Adjusted fair value comparison approach	Median of Enterprise value to EBITDA ratio (EV/EBITDA) of similar comparable companies	1,637,593	1,481,632	1,439,677	1,679,548	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in NIBSS	1,175,570	Adjusted fair value comparison approach	Weighted Price to earnings (P/E) ratio of similar comparable companies	1,234,349	1,116,792	1,048,217	1,302,924	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in Afrexim	10,754	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	11,291	10,216	10,574	10,933	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in FMDQ	130,610	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	137,141	124,080	118,482	142,739	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Investment in CRC	281,626	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	295,708	267,545	261,588	301,662	The higher the illiquidity ratio and the earnings per share haircut adjustment the higher the fair value
Nigerian Mortage Refinance Company	93,186	Adjusted fair value comparison approach	Average P/B multiples of comparable companies	97,845	88,526	89,858	96,514	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 31 March 2017

Equity Securities - Available for Sale	**Group March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Opening balance	50,069,031	37,159,966	49,821,881	35,516,671
Total unrealised gains or (losses) in OCI	-	15,449,958	-	15,449,958
Reclassification to profit or loss	-	(2,540,893)	-	(1,144,748)
Balance, period end	50,069,031	50,069,031	49,821,881	49,821,881

Assets Held for Sale	**Group March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Opening balance	140,727	179,843	140,727	179,843
Cost of Asset Additions/ (Disposal)	(30,000)	(39,116)	(30,000)	(39,116)
Balance, period end	110,727	140,727	110,727	140,727

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, investment properties 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 changes in fair value measurements from year to year.

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

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

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

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

Step 1: Identify quoted companies with similar line of business ,structure and size
Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg,Reuters or Nigeria Stock Exchange
Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies
Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the EV/EBITDA or Book Value or Earnings of the investment company to get the value of the investment company
Step 5: Discount the derived value of the investment company by Illiuidity discount of 25% and EPS Haircut Adjustment of 40% to obtian the Adjusted Equity Value

Step 6: Multipy the Adjusted Equity value by the present exchange rate for foreign currency investment
Step 7: Compare theAdjusted 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 Exchnage

Valuation Assumptions :

i. Illiuidity discount of 25% are used to discount the value of the investment being that they are not tradable
ii. EPS Hair cut "emerging market" discount of 40% to take care of inflation and exchange rate impact being that the comparable companies are in foreign countries

Valuation Technique Asset Held for Sale:

The Group policy on valuation of Asset Held for Sale is to appoint a professional expert valuer to value tangible asset held for sale. The professional expert used must be qualified and a member of the Nigeria Institute of Estate Surveyors and Valuers (NIESV) or International Institute of Valuers.

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 preculiar 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. 2015: 19.1%) and a cash flow growth rate of 6.62% (Dec. 2015: 7.96%) over a period of four years. The Group determined the appropriate discount rate at the end of the year. 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* **31 March 2017**	**Trading**	**Derivatives 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	-	-	-	732,525,933	-	-	-	732,525,933	732,491,370
Investment under management	-	-	-	-	-	14,879,347	-	14,879,347	14,879,348
Non pledged trading assets									
Treasury bills	29,123,441	-	-	-	-	-	-	29,123,441	29,123,441
Bonds	1,711,455	-	-	-	-	-	-	1,711,455	1,711,455
Equity	59,348	-	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	161,516,034	-	-	-	-	-	161,516,034	161,516,034
Loans and advances to banks	-	-	-	46,393,377	-	-	-	46,393,377	42,032,346
Loans and advances to customers	-	-	-	1,804,457,042	-	-	-	1,804,457,042	1,802,472,139
Pledged assets									
Treasury bills	107,297,066	-	-	-	129,100,147	-	-	236,397,213	236,397,213
Bonds	-	-	144,994,732	-	21,849,099	-	-	166,843,831	166,015,482
Investment securities									
- Available for sale									
Treasury bills	-	-	-	-	38,481,052	-	-	38,481,052	38,481,052
Bonds	-	-	-	-	44,672,980	-	-	44,672,980	44,672,980
Equity	-	-	-	-	58,663,870	-	-	58,663,870	58,663,870
- Held to Maturity									
Treasury bills	-	-	26,450,501	-	-	-	-	26,450,501	25,987,617
Bonds		-	13,977,058	-	-	-	-	13,977,058	13,976,531
Other assets	-	-	-	55,519,849	-	-	-	55,519,849	55,519,849
	138,191,309	**161,516,034**	**185,422,292**	**2,638,896,200**	**292,767,148**	**14,879,347**	**-**	**3,431,672,331**	**3,424,000,075**
Deposits from financial institutions	-	-	-	-	-	-	197,727,555	197,727,555	197,718,464
Deposits from customers	-	-	-	-	-	-	2,014,698,241	2,014,698,241	2,012,280,603
Other liabilities	-	-	-	-	-	-	156,478,804	156,478,804	156,478,804
Derivative financial instruments	-	29,780,078		-	-	-	-	29,780,078	29,780,078
Debt securities issued	-	-	-	-	-	-	351,870,435	351,870,435	349,248,176
Interest bearing borrowings	-	-	-	-	-	-	307,550,629	307,550,629	306,782,801
	-	**29,780,078**	**-**	**-**	**-**	**-**	**3,028,325,664**	**3,058,105,742**	**3,052,288,926**

Group *In thousands of Naira* **31 December 2016**	**Trading**	**Derivatives 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	-	-	-	713,889,105	-	-	-	713,889,105	714,858,231
Investment under management	-	-	-	-	-	14,871,247	-	14,871,247	14,871,247
Non pledged trading assets									
Treasury bills	34,381,635	-	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348	-	-	-	-	-	-	59,348	59,348
Derivative financial instruments	-	156,042,984	-	-	-	-	-	156,042,984	156,042,984
Loans and advances to banks	-	-	-	45,203,002	-	-	-	45,203,002	104,651,099
Loans and advances to customers	-	-	-	1,809,459,172	-	-	-	1,809,459,172	1,771,419,816
Pledged assets									
Treasury bills	105,841,302	-	-	-	82,398,218	-	-	188,239,520	188,239,520
Bonds	-	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities									
- Available for sale									
Treasury bills	-	-	-	-	69,346,601	-	-	69,346,601	69,346,601
Bonds	-	-	-	-	32,648,488	-	-	32,648,488	32,683,577
Equity	-	-	-	-	58,667,555	-	-	58,667,555	58,667,555
- Held to Maturity									
Treasury bills	-	-	27,350,114	-	-	-	-	27,350,114	27,347,558
Bonds		-	41,101,014	-	-	-	-	41,101,014	30,729,231
Other assets	-	-	-	41,796,068	-	-	-	41,796,068	41,796,068
	150,470,882	**156,042,984**	**187,642,901**	**2,610,347,347**	**250,577,071**	**14,871,247**	**-**	**3,369,952,432**	**3,342,136,203**
Deposits from financial institutions	-	-	-	-	-	-	167,356,583	167,356,583	167,356,583
Deposits from customers	-	-	-	-	-	-	2,089,197,286	2,089,197,286	2,101,625,991
Other liabilities	-	-	-	-	-	-	111,117,648	111,117,648	111,117,648
Derivative financial instruments	-	30,444,501		-	-	-	-	30,444,501	30,444,501
Debt securities issued	-	-	-	-	-	-	316,544,502	316,544,502	312,815,183
Interest bearing borrowings	-	-	-	-	-	-	299,543,707	299,543,707	303,178,641
	-	**30,444,501**	**-**	**-**	**-**	**-**	**2,983,759,726**	**3,014,204,227**	**3,026,538,547**

Bank *In thousands of Naira* **31 March 2017**	**Trading**	**Derivatives 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	-	-	-	585,229,033	-	-	-	585,229,033	585,194,470
Investment under management	-	-	-	-	-	14,879,347	-	14,879,347	14,879,347
Non pledged trading assets									
Treasury bills	27,020,230	-	-	-	-	-	-	27,020,230	27,020,230
Bonds	1,711,455	-	-	-	-	-	-	1,711,455	1,711,455
Equity	59,348							59,348	59,348
Derivative financial instruments	-	161,361,014	-	-	-	-	-	161,361,014	161,361,014
Loans and advances to banks	-	-	-	89,680,182	-	-	-	89,680,182	85,319,151
Loans and advances to customers	-	-	-	1,598,835,689	-	-	-	1,598,835,689	1,596,437,435
Pledged assets									
Treasury bills	107,297,066	-	-	-	129,100,147	-	-	236,397,213	236,397,213
Bonds	-	-	119,191,773	-	47,652,058	-	-	166,843,831	166,015,482
Investment securities									
Available for sale									
Treasury bills	-	-	-	-	1,526,863	-	-	1,526,863	1,526,863
Bonds	-	-	-	-	38,639,332	-	-	38,639,332	38,639,332
Equity	-	-	-	-	58,420,406	-	-	58,420,406	58,420,407
Held to maturity									
Treasury bills	-	-	-	-	-	-	-	-	-
Bonds	-	-	13,425,171	-	-	-	-	13,425,171	13,424,644
Other assets	-	-	-	46,594,074	-	-	-	46,594,074	46,594,074
	136,088,098	**161,361,014**	**132,616,944**	**2,320,338,979**	**275,338,806**	**14,879,347**	**-**	**3,040,623,187**	**3,033,000,465**
Deposits from financial institutions	-	-	-	-	-	-	160,654,081	160,654,081	160,643,152
Deposits from customers	-	-	-	-	-	-	1,760,087,090	1,760,087,090	1,751,638,672
Derivative financial instruments	-	29,718,057	-	-	-	-	-	29,718,057	29,718,057
Other liabilities	-	-	-	-	-	-	154,861,864	154,861,864	154,861,864
Debt securities issued						-	278,579,610	278,579,610	276,279,278
Interest bearing borrowings	-	-	-	-	-	-	365,370,350	365,370,350	379,751,699
	-	**29,718,057**	**-**	**-**	**-**	**-**	**2,719,552,996**	**2,749,271,053**	**2,752,892,722**

Bank *In thousands of Naira* **31 December 2016**	**Trading**	**Derivatives 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	-	-	-	517,997,249	-	-	-	517,997,249	517,997,249
Investment under management	-	-	-	-	-	14,871,247	-	14,871,247	14,871,247
Non pledged trading assets									
Treasury bills	34,381,635	-	-	-	-	-	-	34,381,635	34,381,635
Bonds	10,188,597	-	-	-	-	-	-	10,188,597	10,188,597
Equity	59,348							59,348	59,348
Derivative financial instruments	-	155,772,662	-	-	-	-	-	155,772,662	155,772,662
Loans and advances to banks	-	-	-	104,006,574	-	-	-	104,006,574	104,651,099
Loans and advances to customers	-	-	-	1,594,562,345	-	-	-	1,594,562,345	1,584,350,701
Pledged assets									
Treasury bills	105,841,302	-	-	-	82,398,218	-	-	188,239,520	188,239,521
Bonds	-	-	119,191,773	-	7,516,209	-	-	126,707,982	86,853,136
Investment securities									
Available for sale									
Treasury bills	-	-	-	-	40,960,665	-	-	40,960,665	40,960,665
Bonds	-	-	-	-	21,456,519	-	-	21,456,519	21,456,519
Equity	-	-	-	-	58,420,406	-	-	58,420,406	58,420,406
Held to maturity									
Treasury bills	-	-	-	-	-	-	-	-	-
Bonds	-	-	40,363,051	-	-	-	-	40,363,051	30,729,231
Other assets	-	-	-	33,265,072	-	-	-	33,265,072	33,265,072
	150,470,882	**155,772,662**	**159,554,824**	**2,249,831,241**	**210,752,017**	**14,871,247**	**-**	**2,941,252,872**	**2,882,197,087**
Deposits from financial institutions	-	-	-	-	-	-	95,122,188	95,122,188	95,107,837
Deposits from customers	-	-	-	-	-	-	1,813,042,872	1,813,042,872	1,825,471,578
Derivative financial instruments	-	30,275,181	-	-	-	-	-	30,275,181	30,275,181
Other liabilities	-	-	-	-	-	-	105,287,724	105,287,724	105,287,724
Debt securities issued						-	243,952,418	243,952,418	227,210,069
Interest bearing borrowings	-	-	-	-	-	-	372,179,785	372,179,785	376,074,510
	-	**30,275,181**	**-**	**-**	**-**	**-**	**2,629,584,987**	**2,659,860,168**	**2,659,426,899**

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, Pledged and Non-Pledged trading assets

The fair value for investment securities is 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.

Investment securities (available for sale) disclosed in the table above comprise only those equity securities held at cost less impairment. The fair value for these assets is based on estimations using market prices and earning multiples of quoted securities with similar characteristics. All other available for sale assets are already measured and carried at fair value.

(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.

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 March 2017	Group December 2016	Bank March 2017	Bank December 2016
Cash and balances with banks				
- Current balances with banks outside Nigeria	168,031,360	115,380,195	175,149,783	106,594,205
- Unrestricted balances with central banks	159,541,834	139,954,922	55,970,641	33,160,736
- Restricted balances with central banks	247,300,089	250,831,529	245,562,590	248,547,664
- Money market placements	57,492,611	119,826,012	8,385,980	41,798,197
- Other deposits with central banks	100,160,040	87,896,447	100,160,040	87,896,447
Investment under management	14,879,347	14,871,247	14,879,347	14,871,247
Non pledged trading assets				
Treasury bills	29,123,441	34,381,635	27,020,230	34,381,635
Bonds	1,711,455	10,188,597	1,711,455	10,188,597
Derivative financial instruments	161,516,034	156,042,984	161,361,014	155,772,662
Loans and advances to banks	46,393,377	45,203,002	89,680,182	104,006,574
Loans and advances to customers	1,804,457,042	1,809,459,172	1,598,835,689	1,594,562,345
Pledged assets				
Treasury bills	236,397,213	188,239,520	236,397,213	188,239,520
Bonds	166,843,831	126,707,982	166,843,831	126,707,982
Investment securities				
Available for sale				
Treasury bills	38,481,052	69,346,601	1,526,863	40,960,665
Bonds	185,685,376	32,891,849	115,451,101	21,699,880
Held to Maturity				
Treasury bills	26,450,501	27,350,114	-	-
Bonds	13,977,058	41,101,014	13,425,171	40,363,051
Other assets	55,519,849	41,796,068	46,594,074	33,265,072
Total	**3,513,961,508**	**3,311,468,891**	**3,058,955,203**	**2,883,016,480**
Off balance sheet exposures				
Transaction related bonds and guarantees	203,991,311	186,251,718	155,319,599	136,163,848
Guaranteed facilities	103,393,167	99,582,709	101,624,998	85,513,821
Clean line facilities for letters of credit and other commitments	245,266,274	261,208,243	141,513,520	158,994,793
Future, swap and forward contracts	1,054,116,684	933,073,893	1,021,430,888	900,436,358
Total	**1,606,767,436**	**1,480,116,563**	**1,419,889,005**	**1,281,108,820**

Balances included in Other Assets above are those subject to credit risks. The table above shows a worst-case scenario of credit risk exposure to the Group as at 31 March 2017 and 31 December 2016, without taking account of any collateral held or other credit enhancements attached.

For on-balance-sheet assets, the exposures set out above are based on net amounts reported in the statements of financial position.

The Directors are confident in their ability to continue to control exposure to credit risk which can result from both its Loans and Advances portfolio and debt securities.

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.

5.2.2 Value at risk (VAR)

The Group applies a 'value at risk' (VaR) methodology to its trading portfolios at a group level to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Group, which are monitored on a daily basis by Market Risk Unit. Interest rate risk in the non-trading book is measured through the use of interest rate repricing gap analysis (Note 5.2.1).

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VaR estimate. Value-at-risk estimates the potential maximum decline in the value of a position or portfolio, under normal market conditions, over a one-day holding period. It also assumes that market moves occurring over this holding period will follow a similar pattern. The Group applies these historical changes in rates, prices, etc. directly to its current positions - a method known as historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/ factors used in the VaR calculation.
The Access Bank value-at-risk method incorporates the factor sensitivities of the trading portfolio, the volatilities and correlations of the market risk factors. The group uses the variance covariance method which derives likely future changes in market value from historical market volatility. Value at risks is estimated on the basis of exposures outstanding at the close of business and therefore might not factor in the intra-day exposures. However, the bank does not only base its risk estimates on Value at Risk, it uses Stress tests to provide an indication of the potential size of losses that could arise in extreme conditions by applying a what-if analysis to further complement it. The results of the stress tests are reviewed by senior management in each business unit and by the Board of Directors.

The trading book is made up of foreign currency, Bonds and Treasury bills instruments. The value at Risk of the trading book is as stated:

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

31 March 2017	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	57,492,611	-	675,033,322	732,525,933
Non pledged trading assets	30,834,896	-	59,348	30,894,244
Derivative financial instruments	-	-	161,516,034	161,516,034
Loans and advances to banks	46,393,377	-	-	46,393,377
Loans and advances to customers	5,879,937	1,798,577,105	-	1,804,457,042
Pledged assets	403,241,044	-	-	403,241,044
Investment securities:				
– Available-for-sale	83,397,393	-	58,419,432	141,816,825
– Held-to-maturity	40,427,559	-	-	40,427,559
TOTAL	**667,666,816**	**1,798,577,105**	**895,028,135**	**3,361,272,056**
LIABILITIES				
Deposits from financial institutions	197,727,555	-	-	197,727,555
Deposits from customers	914,806,897	1,099,891,343	-	2,014,698,240
Derivative financial instruments	-	-	29,780,078	29,780,078
Debt securities issued	228,030,091	123,840,344	-	351,870,435
Interest-bearing borrowings	255,829,497	51,721,132	-	307,550,629
TOTAL	**1,596,394,040**	**1,275,452,819**	**29,780,078**	**2,901,626,935**

31 December 2016	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	119,826,012	-	594,063,093	713,889,105
Non pledged trading assets	44,570,231	-	59,348	44,629,579
Derivative financial instruments	-	-	156,042,984	156,042,984
Loans and advances to banks	45,203,002	-	-	45,203,002
Loans and advances to customers	4,891,994	1,804,567,178	-	1,809,459,172
Pledged assets	314,947,502	-	-	314,947,502
Investment securities:				
– Available-for-sale	102,238,450	-	58,424,194	160,662,644
– Held-to-maturity	68,451,128	-	-	68,451,128
TOTAL	**700,128,319**	**1,804,567,178**	**808,589,619**	**3,313,285,116**
LIABILITIES				
Deposits from financial institutions	167,356,583	-	-	167,356,583
Deposits from customers	925,976,555	1,163,220,731	-	2,089,197,286
Derivative financial instruments	-	-	30,444,501	30,444,501
Debt securities issued	195,907,812	120,636,690	-	316,544,502
Interest-bearing borrowings	254,868,576	44,675,131	-	299,543,707
TOTAL	**1,544,109,526**	**1,328,532,552**	**30,444,501**	**2,903,086,577**

Bank

31 March 2017	**Fixed**	**Floating**	**Non-interest bearing**	**Total**
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	8,385,980	-	576,843,053	585,229,033
Non pledged trading assets	28,731,683	-	59,348	28,791,032
Derivative financial instruments	-	-	161,361,014	161,361,014
Loans and advances to banks	89,680,182	-	-	89,680,182
Loans and advances to customers	5,419,725	1,593,415,963	-	1,598,835,689
Pledged assets	403,241,044	-	-	403,241,044
Investment securities:				
– Available-for-sale	40,409,555	-	58,175,967	98,585,524
– Held-to-maturity	13,425,171	-	-	13,425,171
TOTAL	**589,293,341**	**1,593,415,963**	**796,439,384**	**2,979,148,689**
LIABILITIES				
Deposits from financial institutions	160,654,081	-	-	160,654,081
Deposits from customers	812,421,782	947,665,308	-	1,760,087,090
Derivative financial instruments	-	-	29,718,057	29,718,057
Debt securities issued	154,739,266	123,840,344	-	278,579,610
Interest-bearing borrowings	322,224,113	43,146,237	-	365,370,350
TOTAL	1,450,039,243	1,114,651,888	29,718,057	2,594,409,188

31 December 2016	Fixed	Floating	Non-interest bearing	Total
ASSETS	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with banks	41,798,197	-	476,199,052	517,997,249
Non pledged trading assets	44,570,231	-	59,348	44,629,579
Derivative financial instruments	-	-	155,772,662	155,772,662
Loans and advances to banks	104,006,574	-	-	104,006,574
Loans and advances to customers	4,374,708	1,590,187,637	-	1,594,562,345
Pledged assets	314,947,502	-	-	314,947,502
Investment securities:				
– Available-for-sale	62,660,545	-	58,177,045	120,837,590
– Held-to-maturity	40,363,051	-	-	40,363,051
TOTAL	**612,720,808**	**1,590,187,637**	**690,208,107**	**2,893,116,553**
LIABILITIES				
Deposits from financial institutions	95,122,188	-	-	95,122,188
Deposits from customers	799,495,575	1,013,547,297	-	1,813,042,872
Derivative financial instruments	-	-	30,275,181	30,275,181
Debt securities issued	123,315,728	120,636,690	-	243,952,418
Interest-bearing borrowings	327,504,654	44,675,131	-	372,179,785
TOTAL	1,345,438,145	1,178,859,118	30,275,181	2,554,572,444

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) and value at risk (note 5.2.2) 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.

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, Operetional, 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 reseres. 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 March 2017	Group December 2016	Bank March 2017	Bank December 2016
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	107,978,051	93,614,030	105,355,661	93,329,188
Other reserves	140,858,236	142,194,720	116,918,510	115,910,630
Non-controlling interests	6,036,186	6,247,028	-	-
	467,311,275	**454,494,580**	**434,712,973**	**421,678,620**
Add/(Less):				
Fair value reserve for available-for-sale	(24,271,470)	(23,240,250)	(24,201,048)	(23,354,093)
Foreign currency translation reserves	(9,529,336)	(11,992,025)	-	-
Other reserves	(1,405,087)	(1,211,978)	(1,169,043)	(1,008,118)
Total Tier 1	**432,105,381**	**418,050,326**	**409,342,882**	**397,316,409**
Add/(Less):				
50% Investments in subsidiaries	-	-	(33,462,468)	(29,619,626)
Deferred tax assets	(1,423,311)	(1,264,813)	-	-
Regulatory risk reserve	(42,932,550)	(42,932,550)	(35,058,266)	(35,058,266)
Intangible assets	(6,693,731)	(6,939,555)	(5,007,119)	(5,173,784)
Adjusted Tier 1	**381,055,790**	**366,913,409**	**335,815,029**	**327,464,733**
Tier 2 capital				
Debt securities issued	98,032,000	97,600,000	98,032,000	97,600,000
Fair value reserve for available-for-sale securities	24,271,470	23,240,250	24,201,048	23,354,093
Foreign currency translation reserves	9,529,336	11,992,025	-	-
Other reserves	1,405,087	1,211,978	1,169,043	1,008,118
50% Investments in subsidiaries	-	-	(33,462,468)	(29,619,626)
Total Tier 2	**133,237,894**	**134,044,254**	**89,939,623**	**92,342,587**
Adjusted Tier 2 capital (33% of Tier 1)	**127,005,895**	**122,292,239**	**89,939,623**	**92,342,587**
Total regulatory capital	**508,061,684**	**489,205,648**	**425,754,651**	**419,807,320**
Risk-weighted assets	**2,422,544,465**	**2,355,526,638**	**2,230,623,971**	**2,148,490,422**
Capital ratios				
Total regulatory capital expressed as a percentage of total risk-weighted assets	20.97%	20.77%	19.09%	19.54%
Total tier 1 capital expressed as a percentage of risk-weighted assets	15.73%	15.58%	15.05%	15.24%

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.

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

- **Corporate and Investment Banking -** The division provides bespoke comprehensive banking products and a full range of services to multinationals, large domestic corporates and other institutional clients. The division focuses on customers in key industry sector with minimum annual turnover of N20Billion. It also provides innovative finance solutions to meet the short, medium and long-term financing needs for the Bank's clients as well as relationship banking services to the Bank's financial institutions customers.

- **Commercial banking** - The commercial banking division has presence in all major cities in the country. It provides commercial banking products and services to the non-institutional clients, medium and small corporate segments of the Nigerian market whose annual turnover is above N1bn. The division also provides financial services to public sector, commercial institutions and oriental corporates.

- **Personal banking** – The personal banking division is the retail arm of the bank which provides financial products and services to individuals (personal and inclusive segments) and private banking segment. The private banking segment focuses on offering bespoke services to High Net worth Individuals (HNI) and Ultra High Net worth Individuals (UHNI) by handling their wealth portfolio needs both locally and abroad. The division provides financial solutions across various channels (ATM, Mobile banking, etc) and platforms.

- **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

In thousands of Naira	Group March 2017	Group December 2016
Other Assets	74,479,706	63,255,054
Deferred tax (net)	1,423,311	1,264,813
Assets Held for Sale	110,727	140,727
Goodwill	681,007	681,007
	76,694,751	**65,341,601**
Other liabilities	99,935,393	113,571,240
Debt Securities issued	351,870,435	316,544,502
Deferred tax	5,008,444	3,699,050
Retirement Benefit Obligation	3,338,177	3,075,453
Total liabilities	**436,890,245**	**436,890,245**

Material revenue and expenses

	Group March 2017	Group March 2016
Interest expense		
Interest expense on debt securities issued	(4,095,252)	(3,165,398)

7a Operating segments (continued)

31 March 2017

In thousands of Naira	Corporate & Investment Banking	Commercial Banking	Business Banking	Personal Banking	Unallocated Segments	Total continuing operations	Total
Revenue:							
Derived from external customers	58,913,315	35,178,909	8,138,969	13,709,864	-	115,941,057	115,941,057
Derived from other business segments	(308,060)	(780,324)	372,141	716,243	-	-	-
Total Revenue	58,605,255	34,398,585	8,511,110	14,426,107	-	115,941,057	115,941,057
Interest Income	22,540,810	38,592,711	7,726,621	10,473,011	-	247,286,635	247,286,635
Interest expense	(7,628,679)	(19,582,359)	(3,040,205)	(2,249,803)	(4,095,252)	(36,596,298)	(36,596,298)
Impairment Losses	(536,153)	(2,681,798)	196,217	(175,395)	-	(21,952,819)	(21,952,819)
Profit/(Loss) on ordinary activities before taxation	24,286,383	8,020,733	729,054	2,267,187	(4,095,252)	31,208,104	31,208,104
Income tax expense	-	-	-	-	-	(5,189,021)	(5,189,021)
Profit after tax						26,019,083	26,019,083
Other segment information:							
Depreciation and amortisation	(1,129,203)	(1,795,306)	(114,189)	(93,043)	-	(3,131,741)	(3,131,741)
Assets and liabilities:							
Loans and Advances to customers	650,627,995	1,034,425,408	65,793,842	53,609,797	-	1,804,457,042	1,804,457,042
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,250,579,769	1,988,281,318	126,463,123	103,044,026	-	3,418,523,963	3,418,523,963
Unallocated segment assets	-	-	-	-	76,694,751	76,694,751	76,694,751
Total assets	1,250,579,769	1,988,281,318	126,463,123	103,044,026	65,341,601	3,483,865,564	3,483,865,564
Deposits from customers	426,206,067	785,321,628	329,080,192	474,090,354	-	2,089,197,286	2,089,197,286
Segment liabilities	553,748,777	1,020,330,128	427,557,860	615,962,497	-	2,304,894,163	2,304,894,163
Unallocated segment liabilities	-	-	-	-	460,152,449	460,152,449	460,152,449
Total liabilities	553,748,777	1,020,330,128	427,557,860	615,962,497	724,476,821	3,029,370,984	3,029,370,984
Net assets	696,830,992	967,951,189	(301,094,737)	(512,918,472)	(659,135,220)	454,494,580	454,494,580

31 March 2016
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	26,685,111	32,617,089	7,418,495	13,550,903	-	80,271,598	80,271,598
Derived from other business segments	(38,648)	21,630	6,603	10,414	-	-	-
Total Revenue	26,646,464	32,638,719	7,425,098	13,561,317	-	80,271,598	80,271,598
Interest Income	18,074,808	25,349,904	5,071,663	6,940,888	-	55,437,264	55,437,264
Interest expenses	(7,982,095)	(8,059,329)	(1,501,463)	(1,951,812)	(1,319,700)	(20,814,400)	(20,814,400)
Impairment Losses	(1,891,234)	(673,255)	166,054	-	-	(2,398,434)	(2,398,434)
Profit/(Loss) on ordinary activities before taxation	4,261,957	15,091,863	(357,067)	4,905,879	(1,319,700)	22,582,932	22,582,932
Income tax expense	-	-	-	-	-	(3,164,095)	(3,164,095)
Profit after tax						19,418,837	19,418,837
Other segment information:							
Depreciation and amortisation	(134,241)	(504,037)	(899,162)	(959,950)	-	(2,497,390)	(2,497,390)
Assets and liabilities as at 31 December 2016:							
Loans and Advances to customers	702,318,575	1,028,136,471	66,283,947	57,923,181	-	1,854,662,174	1,854,662,174
Goodwill	-	-	-	-	681,007	681,007	681,007
Tangible segment assets	1,303,757,470	1,886,823,131	121,643,467	106,299,895	-	3,418,523,963	3,418,523,963
Unallocated segment assets	-	-	-	-	65,341,601	65,341,601	65,341,601
Total assets	1,303,757,470	1,886,823,131	121,643,467	106,299,895	65,341,601	3,483,865,564	3,483,865,564
Deposits from customers	480,494,494	970,978,683	243,016,286	394,707,823	-	2,089,197,286	2,089,197,286
Segment liabilities	358,575,114	1,407,188,270	254,397,381	284,733,397	-	2,304,894,163	2,304,894,163
Unallocated segment liabilities	-	-	-	-	436,890,245	436,890,245	436,890,245
Total liabilities	358,575,114	1,407,188,270	254,397,381	284,733,397	436,890,245	2,741,784,408	2,741,784,408
Net assets	945,182,356	479,634,861	(132,753,914)	(178,433,503)	(371,548,645)	742,081,156	742,081,156

7b Geographical segments

The Group operates in three geographic regions, being:
- Nigeria
- Rest of Africa
- Europe

31 March 2017 *In thousands of Naira*	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	102,230,874	11,178,377	4,004,799	117,414,051
Derived from other segments	-	-	-	-
Total Revenue	102,230,874	11,178,377	4,004,799	117,414,051
Interest Income	69,505,651	8,562,830	2,772,477	80,840,958
Impairment Losses	(2,907,304)	(289,824)	-	(3,197,129)
Interest expense	(33,073,336)	(4,226,115)	(820,938)	(38,120,389)
Fee and commission expenses	-	(58,231)	(68,340)	(126,571)
Operating Income	69,157,538	6,894,032	3,115,520	79,167,090
Profit/(loss) before income tax	27,856,428	1,461,031	1,890,199	31,207,658
Assets and liabilities:				
Loans and Advances to customers	1,598,835,689	111,195,565	94,425,788	1,804,457,042
Goodwill	-	-	-	681,007
Total assets	3,201,013,462	278,810,048	392,355,626	3,872,179,136
Deposit from customers	1,760,087,090	203,768,063	111,635,819	2,075,490,972
Total liabilities	2,766,300,490	231,100,032	347,025,511	3,344,426,033
Net assets	434,712,972	47,710,016	45,330,115	527,753,103

31 March 2016	**Nigeria**	**Rest of Africa**	**Europe**	**Total**
Derived from external customers	70,656,697	7,789,199	1,825,701	80,271,598
Derived from other segments	-	-	-	-
Total Revenue	70,656,697	7,789,199	1,825,701	80,271,598
Interest Income	48,080,510	5,946,257	1,410,496	55,437,264
Impairment Losses	(1,870,238)	(524,421)	(55)	(2,394,713)
Interest expense	(17,879,275)	(2,585,433)	(349,692)	(20,814,400)
Fee and commission expenses	(4,837)	(93,774)	1,129	(97,482)
				56,965,003
Operating Income	50,902,347	4,585,572	1,477,084	
				-
Profit/(loss) before income tax	20,173,421	1,629,685	779,826	22,582,932
Assets and liabilities as at December 2016:				
Loans and Advances to customers	1,698,568,920	92,329,153	63,764,101	1,854,662,173
Goodwill	-	681,007	-	681,007
				-
Total assets	3,094,960,515	163,680,065	225,224,983	3,483,865,562
Deposit from customers	1,813,042,872	204,070,854	72,083,559	2,089,197,286
Total liabilities	2,673,281,895	155,057,459	200,434,335	3,028,773,689
Net assets	421,678,619	8,622,606	24,790,648	455,091,873

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 31 March 2017 and for the period ended 31 March 2016. 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 March 2017	Group March 2016	Bank March 2017	Bank March 2016
Interest income				
Cash and balances with banks	1,138,557	659,188	654,795	170,937
Loans and advances to banks and customers	57,672,596	44,431,263	50,636,279	39,564,838
Investment securities				
-Available for sale	7,295,532	4,830,687	6,840,302	4,605,798
-Held for trading	7,916,083	1,797,019	7,867,087	1,797,019
-Held to maturity	5,310,383	3,719,106	3,507,188	2,570,819
	79,333,153	**55,437,264**	**69,505,651**	**48,709,411**
Interest expense				
Deposits from financial institutions	1,123,305	931,011	1,688,326	568,036
Deposits from customers	25,583,502	15,968,663	21,251,085	13,410,268
Debt securities issued	8,190,504	3,165,398	6,877,246	-
Interest bearing borrowings and other borrowed funds	1,698,987	749,328	3,256,680	4,529,871
	36,596,298	**20,814,400**	**33,073,336**	**18,508,176**
Net interest income	**42,736,855**	**34,622,864**	**36,432,315**	**30,201,235**

9 Net impairment charge on financial assets

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Additional/writeback of collective impairment charges on loans and advances to banks(note 22)	191	(3,776)	191	(3,776)
Additional collective impairment charges on loans and advances to customers (note 23)	(2,555,502)	(1,295,433)	(2,701,574)	(1,220,825)
Additional specific impairment charges on loans and advances to customers (see note 23)	(641,078)	(785,596)	(205,922)	(358,049)
Additional impairment allowance on financial assets in other assets (see note 26)	(740)	(313,629)	-	(313,629)
	(3,197,129)	**(2,398,434)**	**(2,907,304)**	**(1,896,279)**

10 Fee and commission income

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Credit related fees and commissions	3,846,018	4,704,131	2,388,195	3,879,722
Account maintenance charge and handling commission	865,624	487,849	741,324	420,813
Commission on bills and letters of credit	1,097,916	523,323	972,042	473,223
Commissions on collections	31,389	22,063	23,209	14,439
Commission on other financial services	2,099,538	3,111,670	1,633,379	2,794,319
Commission on virtual products	1,027,122	816,403	653,009	662,471
Commission on foreign currency denominated transactions	721,958	641,832	618,807	595,105
Channels and other E-business income	2,038,203	7,343,098	1,983,746	7,317,982
Retail account charges	76,199	386,493	56,152	373,188
	11,803,966	**18,036,861**	**9,069,862**	**16,531,263**

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.

Channels and other E-business income include income from electronic channels, card products and related services.
The increase in channels and other E-business income is a result of increase in volume of e-channel and card transactions.

11 Net gains on investment securities

a Net gains on financial instruments designated as held for trading

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Fixed income securities	(430,256)	(517,537)	(491,134)	(524,572)
Derivative instruments	6,160,530	(2,798,622)	6,145,477	(2,798,622)
	5,730,274	**(3,316,160)**	**5,654,343**	**(3,323,194)**

Net gains on financial instruments classified as held for trading includes the gains and losses arising both on the purchase and sale of trading instruments and from changes in fair value.

Gain on financial instrument relates to fair value increase arising from derivative instruments to which the bank is a party in the normal course of businessand are held at fair value. Derivative financial instruments consist of forward, swap and future contracts.

b Net gains on financial instruments held as available for sale

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Fixed income securities	(189,881)	40,290	(189,881)	40,290
	(189,881)	**40,290**	**(189,881)**	**40,290**
Total	**5,540,393**	**(3,275,870)**	**5,464,462**	**(3,282,904)**

12 Net foreign exchange income/(loss)

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Foreign exchange trading income (net)	17,163,781	5,922,319	16,337,035	5,866,547
Unrealised foreign exchange loss on revaluation	(109,773)	220,688	(243,939)	(388,407)
	17,054,009	**6,143,007**	**16,093,096**	**5,478,140**

13 Other operating income

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Dividends on available for sale equity securities	1,805,403	2,223,389	1,805,403	2,223,389
Gain on disposal of property and equipment	6,435	299,021	6,437	298,939
Rental income	10,581	14,061	8,923	12,959
Bad debt recovered	159,492	198,851	124,444	154,765
Cash management charges	51,027	29,799	51,027	29,799
Income from agency and brokerage	73,325	10,122	73,325	10,122
Income from asset management	-	114	-	114
Income from other investments	84,051	1,100,657	21,334	1,100,657
Income from other financial services	19,221	54,321	6,910	-
	2,209,535	**3,930,335**	**2,097,802**	**3,830,743**

14 Personnel expenses

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Wages and salaries	12,421,904	10,109,743	9,849,690	8,573,736
Increase in liability for long term incentive plan (see note 37 (a) (i))	259,309	250,000	259,309	250,000
Contributions to defined contribution plans (a)	301,478	313,290	179,375	187,123
Restricted Share Performance Plan (b)	193,109	136,922	160,924	130,402
	13,175,800	**10,809,954**	**10,449,298**	**9,141,261**

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

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

(i) The shares allocated to staff has a contractual vesting period of three (3) years commencing from the year of purchase/allocation to the staff. The group has no legal or constructive obligation to repurchase or settle on a cash basis.

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

Group

		March 2017		December 2016	
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;	503,879,845	5.01	209,554,491	7.56
(ii)	Shares allocated during the period	-	-	349,775,330	5.19
(iii)	Forfeited during the period;	-	-	(14,057,608)	5.20
(iv)	Exercised during the period;	-	-	(41,392,368)	9.76
(v)	Shares allocated to staff at end of the period;	-	-	503,879,845	5.01
	Shares under the scheme at the end of the period	503,879,845	5.01	552,268,754	5.21
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		193,109	5.01	563,893	5.01

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 - 2017 vesting period	2015 - 2017	31 Dec 2017	179,213,137
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	324,666,708
			503,879,845

Bank

		March 2017		December 2016	
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;	470,756,837	5.76	202,485,483	7.56
(ii)	Shares allocated during the period	-	-	323,721,330	5.19
(iii)	Forfeited during the period;	-	-	(14,057,608)	5.20
(iv)	Exercised during the period;	-	-	(41,392,368)	9.76
(v)	Shares allocated to staff at end of the period;	-	-	470,756,837	5.76
(vi)	Shares under the scheme at the end of the period	470,756,837	5.76	519,145,746	5.93
		Naira ('000)	**Price per Share - Naira**	**Naira ('000)**	**Price per Share - Naira**
Share based expense recognised during the period		160,924	5.76	536,326	5.76

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 - 2017 vesting period	2015 - 2017	31 Dec 2017	172,144,129
Outstanding allocated shares for the 2016 - 2018 vesting period	2016 - 2018	31 Dec 2018	298,612,708
			470,756,837

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

	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
	Years	Years	Years	Years
Weighted average contractual life of remaining shares	1.64	1.64	1.63	1.63

15 Other operating expenses

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Premises and equipment costs	2,471,407	1,695,898	1,987,729	1,413,168
Professional fees	837,255	549,180	645,172	439,862
Insurance	286,209	245,726	225,453	207,221
Business travel expenses	1,737,628	1,289,302	1,580,087	1,200,047
Asset Management Corporation of Nigeria (AMCON) surcharge (see note (a) below)	4,125,000	3,031,250	4,125,000	3,031,250
Deposit insurance premium	1,426,997	1,445,650	1,426,997	1,445,650
Auditor's remuneration	129,064	107,906	91,875	84,000
Administrative expenses	5,393,441	4,287,082	5,094,224	4,210,249
Board expenses	234,756	126,794	175,530	100,839
Communication expenses	685,441	590,372	432,401	417,147
IT and e-business expenses	3,889,118	2,551,504	3,528,246	2,276,887
Outsourcing costs	2,043,681	1,393,916	1,803,130	1,248,330
Advertisements and marketing expenses	1,089,986	905,814	895,975	792,224
Recruitment and training	564,090	266,305	497,711	222,732
Events, charities and sponsorship	601,710	276,249	564,414	248,941
Periodicals and subscriptions	348,303	295,412	308,419	270,915
Security expenses	847,256	679,159	712,465	613,403
Cash processing and management cost	446,779	367,865	402,707	346,481
Stationeries, postage and printing	424,100	271,948	329,533	207,113
Office provisions and entertainment	122,091	77,418	70,203	50,785
	27,704,312	**20,454,748**	**24,897,271**	**18,827,244**

(a) This represents the Group's contribution to AMCON's sinking fund for the period ended 31 March 2017. All deposit money banks in Nigeria are required to contribute 0.5% of total assets as at the preceding year 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 expense

In thousands of Naira	Group March 2017	Group March 2016	Bank March 2017	Bank March 2016
Current tax expense				
Corporate income tax	3,586,327	2,385,909	2,553,442	1,981,889
IT tax	278,564	202,833	278,564	202,833
Education tax	154,950	317,294	154,950	317,294
Capital gains tax	-	-	-	-
Prior period's under provision	-	-	-	-
	4,019,841	2,906,037	2,986,956	2,502,017
Deferred tax expense				
Origination of temporary differences	1,169,180	258,058	1,271,810	137,858
Income tax expense	**5,189,021**	**3,164,095**	**4,258,767**	**2,639,875**

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

	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Balance at the beginning of the period	5,938,662	7,780,824	5,004,160	6,442,311
Tax paid	(831,131)	(8,007,140)	(723,199)	(5,222,302)
Income tax charge	4,019,841	6,905,639	2,986,956	4,380,916
Witholding tax utilisation	-	(596,764)	-	(596,763)
Reclassifications	-	-	-	-
Translation adjustments	(75,134)	(143,897)	-	-
Income tax receivable	-	-	-	-
Balance at the end of the period	**9,052,238**	**5,938,662**	**7,267,917**	**5,004,160**

Income tax liability is to be settled within one period

In thousands of Naira	Group March 2017	Group March 2017	Group March 2016	Group March 2016
Profit before income tax		31,208,104		22,582,932
Income tax using the domestic tax rate	30%	9,362,431	30%	6,774,880
Effect of tax rates in foreign jurisdictions	0%	(99,991)	0%	-
Information technology tax	1%	278,564	1%	202,833
Capital allowance utilised for the period	0%	-	0%	-
Non-deductible expenses	13%	4,212,868	17%	3,843,137
Tax exempt income	-28%	(8,719,801)	-35%	(7,974,049)
Tax losses unutilised	0%	154,950	0%	-
Capital gain tax	0%	-	0%	-
Impact of dividend as tax base	0%	-	0%	-
Effective tax rate	**17%**	**5,189,021**	**14%**	**3,164,095**

In thousands of Naira	Bank March 2017	Bank March 2017	Bank March 2016	Bank March 2016
Profit before income tax		27,856,428		20,283,325
Income tax using the domestic tax rate	30%	8,356,928	30%	6,084,997
Effect of tax rates in foreign jurisdictions	0%	-	0%	-
Information technology tax	1%	278,564	1%	202,833
Non-deductible expenses	12%	3,240,668	21%	4,229,252
Tax exempt income	-28%	(7,772,345)	-40%	(8,194,501)
Education tax levy	1%	154,950	2%	317,294
Capital gain tax	0%	-	0%	-
Over provided in prior periods	0%	-	0%	-
Impact of dividend as tax base	0%	-	0%	-
Effective tax rate	**15%**	**4,258,767**	**13%**	**2,639,875**

18 **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 March 2017	Group March 2016	Bank March 2017	Bank March 2016
Profit for the period from continuing operations	25,935,210	19,282,249	23,597,662	17,643,450
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	503,880	240,850	-	-
	28,424,092	28,687,122	28,927,972	28,927,972
In kobo per share				
Basic earnings per share from continuing operations	91	67	82	61

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 March 2017	Group March 2016	Bank March 2017	Bank March 2016
Profit for the period from continuing operations	25,935,210	19,282,249	23,597,662	17,643,450
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	90	67	82	61

19a **Cash and balances with banks**

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Cash on hand and balances with banks (see note (i))	168,031,360	115,380,195	175,149,783	106,594,205
Restricted deposits with central banks (see note (ii))	247,300,089	250,831,529	245,562,590	248,547,664
Unrestricted balances with central banks	159,541,834	139,954,922	55,970,641	33,160,736
Money market placements	57,492,611	119,826,012	8,385,980	41,798,197
Other deposits with central banks (see note (iii))	100,160,040	87,896,447	100,160,040	87,896,447
	732,525,933	**713,889,105**	**585,229,033**	**517,997,249**

(i) Included in cash on hand and balances with banks is an amount of N44.494Bn (31 Dec 2016: N46.956Bn) 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 use by the Bank. The balance of N50.4Bn represents the nominal value held for outstanding forward contracts entered on behalf of customers with Central Bank of Nigeria.

19b Investment under management

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Relating to unclaimed dividends:				
Placements	1,070,385	1,070,385	1,070,385	1,070,385
Commercial Paper	6,454,067	6,454,067	6,454,067	6,454,067
Nigerian Treasury Bills	2,887,102	2,887,102	2,887,102	2,887,102
Mutual Funds	2,629,693	2,629,693	2,629,693	2,629,693
Eurobonds	1,838,100	1,830,000	1,838,100	1,830,000
	14,879,347	**14,871,247**	**14,879,347**	**14,871,247**

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 in Other liabilities. See note 34).

20 Non pledged trading assets

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Government bonds	776,910	10,170,293	776,910	10,170,293
Eurobonds	934,544	18,304	934,544	18,304
Treasury bills	29,123,441	34,381,635	27,020,230	34,381,635
Equity securities	59,348	59,348	59,348	59,348
	30,894,244	**44,629,579**	**28,791,032**	**44,629,579**

21 Derivative financial instruments

In thousands of Naira	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	March 2017		December 2016	
Group				
Foreign exchange derivatives				
Total derivative assets	759,497,382	161,516,034	709,617,853	156,042,984
Non-deliverable Future contracts	409,000,253	97,537,690	319,207,362	65,280,723
Forward and Swap contract	350,497,129	63,978,344	390,410,492	90,762,261
Total derivative liabilities	294,619,302	(29,780,078)	223,456,040	(30,444,501)
Non-deliverable Future contracts	224,621,896	(18,373,599)	41,349,705	(10,668,411)
Forward and Swap contract	69,997,406	(11,406,479)	182,106,335	(19,776,089)

	Notional amount	Fair Value Assets/ (Liabilities)	Notional amount	Fair Value Assets/ (Liabilities)
	March 2017		December 2016	
Bank				
Foreign exchange derivatives				
Total derivative assets	748,633,336	161,361,014	698,771,698	155,772,662
Non-deliverable Future contracts	409,000,253	97,537,690	319,207,362	65,280,723
Forward and Swap contract	339,633,083	63,823,324	379,564,336	90,491,939
Total derivative liabilities	272,797,552	(29,718,057)	201,664,660	(30,275,181)
Non-deliverable Future contracts	224,621,896	(18,373,599)	41,349,705	(10,668,411)
Forward and Swap contract	48,175,656	(11,344,459)	160,314,955	(19,606,770)

Derivative financial instruments consist of forward, swap and futrure 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 FMDQ.

Included in Other liabilities are security deposit 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 March 2017	Group December 2016	Bank March 2017	Bank December 2016
Loans and advances to banks	46,416,572	45,226,388	89,703,377	104,029,960
Less collective allowances for impairment	(23,195)	(23,386)	(23,195)	(23,386)
	46,393,377	45,203,002	89,680,182	104,006,574

Collective allowances for impairment on loans and advances to banks

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Balance beginning of period	23,386	9,086	23,386	9,086
- Charge/(writeback) for the period	(191)	14,300	(191)	14,300
Balance end of period	23,195	23,386	23,195	23,386

23 Loans and advances to customers

a Group

March 2017 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals and corporate organizations	1,843,359,914	(15,396,805)	(23,506,067)	(38,902,872)	1,804,457,042
	1,843,359,914	(15,396,805)	(23,506,067)	(38,902,872)	1,804,457,042

Group

December 2016 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals and corporate organizations	1,845,165,464	(14,755,727)	(20,950,565)	(35,706,291)	1,809,459,172
	1,845,165,464	(14,755,727)	(20,950,565)	(35,706,291)	1,809,459,172

Impairment on loans and advances to customers

In thousands of Naira	Specific allowances March 2017	Specific allowances December 2016	Collective allowances March 2017	Collective allowances December 2016
Balance beginning of period	14,755,727	10,482,678	20,950,565	18,208,130
Impairment loss for the period:				
- Charge for the period	641,078	17,874,149	2,555,502	2,742,435
Write-offs	-	(13,601,100)	-	-
Balance end of period	**15,396,805**	**14,755,727**	**23,506,067**	**20,950,565**

23 Loans and advances to customers
b Bank

March 2017 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals and corporate organizations	1,632,018,698	(10,290,238)	(22,892,772)	(33,183,010)	1,598,835,689
	1,632,018,698	**(10,290,238)**	**(22,892,772)**	**(33,183,010)**	**1,598,835,689**

Bank

December 2016 *In thousands of Naira*	Gross amount	Specific impairment allowance	Collective impairment allowance	Total impairment allowance	Carrying amount
Loans to individuals and corporate organizations	1,624,837,859	(10,084,316)	(20,191,198)	(30,275,514)	1,594,562,345
	1,624,837,859	**(10,084,316)**	**(20,191,198)**	**(30,275,514)**	**1,594,562,345**

Impairment on loans and advances to customers

In thousands of Naira	Specific Impairment March 2017	Specific Impairment December 2016	Collective Impairment March 2017	Collective Impairment December 2016
Balance beginning of period	10,084,316	9,173,223	20,191,198	17,732,860
Impairment loss for the period:				
- Charge for the period	205,922	13,846,554	2,701,574	2,458,338
Write-offs	-	(12,935,461)	-	-
Balance end of period	**10,290,238**	**10,084,316**	**22,892,772**	**20,191,198**

24 Pledged assets

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Treasury bills	236,397,213	188,239,520	236,397,213	188,239,520
Government bonds	166,843,831	126,707,982	166,843,831	126,707,982
	403,241,044	**314,947,502**	**403,241,044**	**314,947,502**
The related liability for assets pledged as collateral include:				
Bank of Industry (BOI)	29,214,000	39,566,300	29,214,000	39,566,300

(i) The assets pledged as collateral include assets pledged to third parties under secured borrowing with the related liability disclosed above. Also included in pledged assets are assets pledged as collateral or security deposits to clearing house and payment agencies of N49.67bn (31 December 2016: N17.58Bn) for which there is no related liability. 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

Available for sale investment securities *In thousands of Naira*	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Debt securities				
Government bonds	37,889,487	26,699,706	31,856,425	15,507,737
Treasury bills	38,481,052	69,346,601	1,526,863	40,960,665
Eurobonds	3,440,992	2,760,661	3,440,407	2,760,661
Corporate bonds	3,585,862	3,431,482	3,585,862	3,431,482
Equity securities				
Equity securities with readily determinable fair values (i)	58,663,870	58,667,555	58,420,406	58,420,406
Unquoted equity securities at cost	3,145,697	3,145,697	3,145,697	3,145,697
	145,206,960	164,051,703	101,975,659	124,226,649
Specific allowance for impairment on available for sale investments	(3,390,136)	(3,389,059)	(3,390,136)	(3,389,059)
	141,816,825	**160,662,644**	**98,585,524**	**120,837,590**

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)

	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
MTN Nigeria	7,451,138	7,451,138	7,451,138	7,451,138
Central securities clearing system limited	1,559,612	1,559,612	1,559,612	1,559,612
Nigeria interbank settlement system plc.	1,175,570	1,175,570	1,175,570	1,175,570
Unified payment services limited	2,340,346	2,340,346	2,340,346	2,340,346
Africa finance corporation	44,230,177	44,230,177	44,230,177	44,230,177
E-Tranzact	1,147,387	1,147,387	1,147,387	1,147,387
African export-import bank	10,754	10,754	10,754	10,754
FMDQ OTC Plc	130,610	130,610	130,610	130,610
Nigerian mortage refinance company plc.	93,186	93,186	93,186	93,186
Credit reference company	281,626	281,626	281,626	281,626
Others	243,463	247,149	-	-
	58,663,870	58,667,555	58,420,406	58,420,406

Held to maturity investment securities *In thousands of Naira*	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Debt securities				
Treasury bills	26,450,501	27,350,114	-	-
Federal government bonds	6,229,531	31,754,372	5,677,644	31,016,409
State government bonds	3,724,038	5,276,855	3,724,038	5,276,855
Corporate bonds	1,589,930	1,624,228	1,589,930	1,624,228
Eurobonds	2,433,560	2,445,558	2,433,560	2,445,558
	40,427,559	68,451,128	13,425,171	40,363,051
Total	**182,244,384**	**229,113,772**	**112,010,695**	**161,200,642**

Specific allowance for impairment on available for sale investment securities

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Balance, beginning of period	3,389,059	3,326,077	3,389,059	3,326,077
Additional allowance	-	-	-	-
Allowance written off	-	(21,358)	-	(21,358)
Revaluation difference	1,077	84,339	1,077	84,339
Balance, end of period	**3,390,136**	**3,389,059**	**3,390,136**	**3,389,059**

26 Other assets

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Financial assets				
Accounts receivable	35,160,202	23,063,084	25,486,815	13,804,165
Receivable on E-business channels	3,960,608	2,333,865	3,896,546	2,253,689
Receivable from disposal of Non-current asset	19,341,974	19,341,974	19,341,974	19,341,974
Subscription for investment	25,004	25,004	836,678	833,101
	58,487,787	44,763,926	49,562,012	36,232,930
Non-financial assets				
Prepayments	18,201,704	20,751,237	12,822,605	16,668,917
Inventory	758,153	707,748	726,142	660,491
	18,959,858	21,458,986	13,548,747	17,329,408
Gross other assets	77,447,645	66,222,912	63,110,760	53,562,337
Allowance for impairment on financial assets				
Accounts receivable	(2,942,937)	(2,942,857)	(2,942,937)	(2,942,857)
Subscription for investment	(25,001)	(25,001)	(25,001)	(25,001)
	74,479,706	**63,255,054**	**60,142,822**	**50,594,480**

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 2016	2,635,576	25,001	2,635,576	25,001
Impairment loss for the period:				
- Additional provision	1,321,936	-	1,321,936	-
Net impairment	1,321,936	-	1,321,936	-
Allowance written off	(1,016,504)	-	(1,016,504)	-
Translation difference	1,849	-	1,849	-
Balance as at 31 December 2016/1 January 2017	2,942,857	25,001	2,942,857	25,001
Impairment loss for the period:				
- Additional provision	-	-	-	-
Net impairment	-	-	-	-
Allowance written off	-	-		-
Translation difference	80	-	80	-
Balance as at 31 March 2017	2,942,937	25,001	2,942,937	25,001

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.

Receivable from AMCON represents a receivable from the Asset Management Corporation of Nigeria (AMCON) in connection with the acquisition of Intercontinental bank in line with the Transaction Implementation Agreement (TIA) entered with the bank. The receivable is expected to be settled via consideration such as Cash and Bonds issued by AMCON.

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

Set out below are the group's subsidiaries as at 31 March 2017. 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

			Ownership interest	
	Nature of business	**Country of incorporation**	**March 2017**	**December 2016**
Access Bank Gambia Limited	Banking	Gambia	88%	64%
Access Bank Sierra Leone Limited	Banking	Sierra Leone	97%	97%
Access Bank Rwanda Limited	Banking	Rwanda	75%	75%
Access Bank Zambia	Banking	Zambia	92%	92%
The Access Bank UK	Banking	United Kingdom	100%	100%
Access Bank R.D. Congo	Banking	Congo	99.98%	74%
Access Bank Ghana	Banking	Ghana	91%	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 will mature in 2017. Management has not decided on the possibility of the entity existing beyong the maturity of the obligation.

During the period, the Bank invested USD15.2m and USD9.9m in Access Bank Gambia and Access Bank Congo by repurchasing ordinary shares from existing shareholders. Consequently, this caused an increase in the Bank's share of ownership and an decrease in non controlling interest.

(ii) Structured entities:

			Ownership interest	
	Nature of business	**Country of incorporation**	**March 2017**	**December 2016**
Restricted Share Performance Plan (RSPP)	Financial services	Nigeria	100%	100%

27(b) Investment in subsidiaries

In thousands of Naira	Bank March 2017	Bank December 2016
Subsidiaries with continuing operations		
Access Bank, UK	29,104,081	29,104,081
Access Bank, Ghana	15,558,107	15,558,107
Access Bank Rwanda	1,578,825	1,578,825
Access Bank, Congo (a)	5,829,334	2,779,650
Access Bank, Zambia	4,274,925	4,274,925
Access Bank, Gambia (a)	6,489,756	1,853,756
Access Bank, Sierra Leone	1,019,951	1,019,951
Investment in RSPP scheme	3,065,865	3,065,865
Access Bank Finance B.V.	4,092	4,092
Balance, end of period	**66,924,936**	**59,239,252**

(a) During the period, the Bank made additional investments of USD15.20m and USD 9.99m in Access Bank Gambia and Access Bank Congo respectively.

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 31 March 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	3,149,960	4,525,952	672,646	858,663	328,697	251,717	256,357	-	16,210
Operating expenses	(1,274,032)	(2,959,668)	(561,301)	(668,396)	(603,697)	(176,731)	(173,384)	-	(1,939)
Net impairment loss on financial assets	-	(142,771)	(740)	-	(138,885)	(650)	(6,778)	-	-
Profit before tax	1,875,928	1,423,513	110,605	190,267	(413,886)	74,335	76,196	-	14,270
Income tax expense	(360,932)	(427,063)	(33,182)	(63,587)	-	(19,913)	(22,556)	-	(3,021)
Profit for the period	1,514,996	996,451	77,424	126,680	(413,886)	54,422	53,640	-	11,249
Assets									
Cash and cash equivalents	151,722,001	57,617,923	13,121,114	16,022,213	5,425,390	1,927,100	2,046,927	-	455,113
Derivative financial instruments	23,092	-	131,928	-	-	-	-	-	-
Loans and advances to banks	111,773,911	-	-	-	-	-	-	-	73,303,290
Loans and advances to customers	94,425,788	82,753,217	12,729,396	11,125,980	3,597,527	709,222	280,223	-	-
Investment securities	32,221,985	25,011,316	2,398,567	-	1,883,505	6,081,971	2,954,980	-	-
Other assets	1,763,590	8,907,665	918,722	847,859	2,791,864	228,743	401,042	-	1,080
Investment in subsidiaries	-	-	-	-	-	-	-	3,384,501	-
Property and equipment	102,344	7,323,399	700,342	1,479,221	729,886	771,038	298,053	-	-
Intangible assets	322,915	358,950	-	72,278	121,202	98,883	31,378	-	-
Deferred tax assets	-	876,561	-	-	463,009	-	83,741	-	-
	392,355,626	184,952,244	30,000,069	29,547,551	15,012,383	9,816,956	6,096,345	3,384,501	73,759,483
Financed by:									
Deposits from banks	232,953,071	4,607,957	-	-	307,084	-	412,257	-	-
Deposits from customers	111,635,819	133,906,800	24,101,059	24,356,212	11,355,948	6,165,898	3,882,146	-	-
Derivative Liability	62,020	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	73,290,825
Retirement benefit obligations	1,802	9,308	-	-	3,162	-	-	-	-
Current tax liabilities	667,733	927,669	32,750	57,960	-	11,958	22,556	-	63,695
Other liabilities	1,552,234	1,744,497	517,505	771,065	418,339	715,829	361,777	-	42,158
Interest-bearing loans and borrowings	-	13,998,442	1,823,954	-	-	-	-	-	-
Deferred tax liabilities	46,980	303,930	206,735	-	-	77,236	-	-	-
Equity	45,435,968	29,453,641	3,318,065	4,362,314	2,927,850	2,846,035	1,417,609	3,384,501	362,806
	392,355,626	184,952,244	30,000,069	29,547,551	15,012,383	9,816,956	6,096,345	3,384,501	73,759,483

27 (d) Condensed results of consolidated entities
(i) The condensed financial data of the consolidated entities as at 31 March, 2016, 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	1,473,835	3,603,688	487,009	436,643	299,318	166,147	205,937	-	109,677
Operating expenses	(799,545)	(1,788,522)	(389,827)	(345,572)	(248,534)	(125,822)	(147,456)	-	(4,087)
Net impairment loss on financial assets	(55)	(465,888)	1,097	(880)	(41,451)	839	(17,041)		-
Profit before tax	674,236	1,349,279	98,279	90,192	9,332	41,164	41,439	-	105,590
Taxation	(114,620)	(229,377)	(16,708)	(12,419)	(1,587)	(6,998)	(7,045)	-	(4,947)
Profit for the period	559,616	1,119,901	81,571	77,772	7,746	34,166	34,395	-	100,644
Financial Position as at 31 December 2016									
Assets									
Cash and cash equivalents	206,090,386	53,060,292	12,843,280	4,081,910	7,748,129	1,850,740	3,189,614	-	433,441
Derivative financial instruments	117,937	-	152,386	-	-	-	-	-	-
Loans and advances to banks	105,115,705	-	-	-	-	-	-	-	72,641,947
Loans and advances to customers	90,553,072	93,656,210	12,888,097	11,764,620	4,580,996	1,011,580	442,252	-	-
Investment securities	23,316,245	30,800,861	1,390,502	-	2,211,138	6,332,347	4,082,549	-	-
Other assets	1,668,759	8,262,701	354,956	746,564	2,484,113	197,067	476,667	-	4,319
Investment in subsidiaires	-	-	-	-	-	-	-	3,286,375	-
Property and equipment	98,390	8,039,370	733,065	1,425,053	734,526	845,655	408,520	-	-
Intangible assets	320,219	436,493	-	85,669	100,736	102,207	39,440	-	-
Deferred tax assets	-	1,014,466	-	-	432,094	-	168,936	-	-
	427,280,712	195,270,393	28,362,286	18,103,816	18,291,733	10,339,596	8,807,979	3,286,375	73,079,707
Financed by:									
Deposits from banks	261,480,316	14,677,731	-	2,171,148	1,245,861	-	787,165	-	-
Deposits from customers	119,243,361	146,112,643	22,459,781	10,524,795	12,947,085	6,389,283	5,637,268	-	-
Derivative Liability	169,319	-	-	-	-	-	-	-	-
Debt securities issued	-	-	-	-	-	-	-	-	72,592,084
Retirement benefit obligations	841	9,921	-	-	95	-	-	-	-
Current tax liabilities	607,272	1,843,534	(126,448)	63,564	-	7,331	-	-	60,674
Other liabilities	1,998,068	1,498,809	614,869	834,620	642,039	686,958	477,233	-	41,673
Interest-bearing loans and borrowings	-	159,393	1,848,571	-	-	-	-	-	-
Equity	43,781,536	30,665,017	3,354,496	4,509,689	3,456,653	3,173,092	1,906,313	3,286,375	385,276
	427,280,712	194,967,048	28,151,267	18,103,816	18,291,733	10,256,664	8,807,979	3,286,375	73,079,707

28 Property and equipment

Group

In thousands of Naira

	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2017	65,738,293	24,028,521	35,303,354	11,615,441	5,491,267	142,176,876
Acquisitions	903,748	447,569	1,365,269	532,009	5,078,873	8,327,468
Disposals	(3,578)	(36,862)	(62,525)	(207,015)	-	(309,980)
Transfers	1,576,630	73,107	59,084	-	(1,707,499)	1,322
Write-offs	(181,184)	-	(17,971)	-	(660)	(199,815)
Reclassifications					-	-
Translation difference	(1,293,569)	(717,373)	(690,202)	(266,897)	357,494	(2,610,547)
Balance at 31 March 2017	**66,740,340**	**23,794,962**	**35,957,009**	**11,673,538**	**9,219,475**	**147,385,324**
Balance at 1 January 2016	57,073,875	17,762,955	29,241,820	9,898,894	7,755,533	121,733,077
Acquisitions	3,981,137	5,474,190	4,978,500	1,785,155	1,823,777	18,042,759
Disposals	(122,313)	(290,101)	(530,187)	(558,855)	(129,535)	(1,630,991)
Transfers	3,586,520	74,632	87,346	-	(3,748,497)	-
Write offs	(187,281)	-	(18,575)	-	(155,144)	(361,000)
Reclassifications	-	-	-	-	(556,893)	(556,893)
Translation difference	1,406,355	1,006,846	1,544,451	490,247	502,022	4,949,921
Balance at 31 December 2016	**65,738,293**	**24,028,521**	**35,303,354**	**11,615,441**	**5,491,267**	**142,176,873**

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2017	11,193,974	15,046,823	24,636,684	7,190,340	-	58,067,821
Charge for the period	472,281	765,956	955,206	355,100	-	2,548,542
Disposal	-	(28,727)	(51,181)	(119,706)	-	(199,615)
Write-Offs	(13,756)		(6,063)		-	(19,819)
Translation difference	256,427	823,000	(232,759)	(62,380)	-	784,288
Balance at 31 March 2017	**11,908,926**	**16,607,051**	**25,301,887**	**7,363,354**	**-**	**61,181,218**
Balance at 1 January 2016	9,286,024	12,318,555	20,442,415	6,356,156	-	48,403,150
Charge for the period	1,864,239	2,658,469	3,340,041	1,244,137	-	9,106,887
Disposal	(10,538)	(281,617)	(515,657)	(428,352)	-	(1,236,164)
Write-Offs	(14,219)	-	(6,267)	-	-	(20,486)
Translation difference	68,468	351,416	1,376,152	18,399	-	1,814,435
Balance at 31 December 2016	**11,193,974**	**15,046,823**	**24,636,684**	**7,190,340**	**-**	**58,067,821**
Carrying amounts:						
Balance at 31 March 2017	**54,831,415**	**7,187,911**	**10,655,122**	**4,310,185**	**9,219,475**	**86,204,106**
Balance at 31 December 2016	54,544,319	8,981,697	10,666,670	4,425,101	5,491,267	84,109,052

28 Property and equipment
Bank

In thousands of Naira	Land and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Cost						
Balance at 1 January 2017	57,646,570	20,614,356	30,775,870	9,694,749	3,216,721	121,948,267
Acquisitions	23,242	121	907,277	247,065	3,971,680	5,149,384
Disposals	-	(5,286)	(25,664)	(81,463)	-	(112,413)
Transfers			3,102		(3,102)	-
Reclassifications	-	-	-	-	(660)	(660)
Balance at 31 March 2017	**57,669,812**	**20,609,191**	**31,660,585**	**9,860,351**	**7,184,639**	**126,984,578**
Balance at 1 January 2016	52,737,675	15,863,065	26,748,469	8,644,919	5,388,964	109,383,092
Acquisitions	3,070,721	5,008,811	4,490,233	1,477,916	655,470	14,703,151
Disposals	(118,662)	(257,520)	(492,138)	(428,086)	(129,535)	(1,425,941)
Transfers	1,956,836	-	29,306	-	(1,986,142)	-
Reclassifications	-	-	-	-	(556,893)	(556,893)
Write-Offs	-	-	-	-	(155,143)	(155,143)
Balance at 31 December 2016	**57,646,570**	**20,614,356**	**30,775,870**	**9,694,749**	**3,216,721**	**121,948,266**

Depreciation and impairment losses	Leasehold improvement and buildings	Computer hardware	Furniture & fittings	Motor vehicles	Capital Work-in - progress	Total
Balance at 1 January 2017	9,700,946	12,997,503	21,259,586	6,165,759	-	50,123,794
Charge for the period	394,022	632,787	837,590	299,436	-	2,163,834
Disposal		(5,285)	(25,663)	(71,925)	-	(102,873)
Balance at 31 March 2017	**10,094,967**	**13,625,005**	**22,071,512**	**6,393,270**	**-**	**52,184,755**
Balance at 1 January 2016	8,207,291	10,985,168	18,767,401	5,522,848	-	43,482,708
Charge for the period	1,504,195	2,269,674	2,981,425	1,019,297	-	7,774,591
Disposal	(10,540)	(257,339)	(489,240)	(376,386)	-	(1,133,505)
Balance at 31 December 2016	**9,700,946**	**12,997,503**	**21,259,586**	**6,165,759**	**-**	**50,123,794**
Carrying amounts:						
Balance at 31 March 2017	**47,574,845**	**6,984,186**	**9,589,072**	**3,467,081**	**7,184,639**	**74,799,823**
Balance at 31 December 2016	47,945,624	7,616,853	9,516,284	3,528,990	3,216,721	71,824,472

(a) The amount of contractual commitments for the acquisition of property and equipment as at 31 March 2017 is N600,426,117 (31 Dec 2016: N365,409,847)

(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.

During the period, the sum of N660k was reclassified from property, plant and equipments to other assets having failed the requirements for assets under this classification.

29 Intangible assets

Group

In thousands of Naira	**Goodwill**	**WIP**	**Purchased Software**	**Total**
Cost				
March 2017				
Balance at 1 January 2017	681,007	286,724	14,864,810	15,832,541
Acquisitions	-	466,833	121,810	588,643
Transfer	-	-	-	-
Write off	-	-	-	-
Translation difference	-	-	(341,796)	(341,796)
Balance at 31 March 2017	**681,007**	**753,558**	**14,644,825**	**16,079,389**
December 2016				
Balance at 1 January 2016	681,007	-	12,060,445	12,741,452
Acquisitions	-	286,724	2,250,300	2,537,024
Transfer	-	-	322,529	322,529
Write off	-	-	(54,460)	(54,460)
Translation difference	-	-	285,996	285,996
Balance at 31 December 2016	**681,007**	**286,724**	**14,864,810**	**15,832,541**
Amortization and impairment losses				
Balance at 1 January 2017	-	-	8,892,986	8,892,986
Amortization for the period	-	-	583,198	583,198
Translation difference	-	-	(90,526)	(90,526)
Balance at 31 March 2017	-	-	**9,385,658**	**9,385,658**
Balance at 1 January 2016	-	-	6,300,836	6,300,836
Amortization for the period	-	-	2,186,905	2,186,905
Translation difference	-	-	405,245	405,245
Balance at 31 December 2016	-	-	**8,892,986**	**8,892,986**
Net Book Value				
Balance at 31 March 2017	**681,007**	**753,558**	**5,259,167**	**6,693,731**
Balance at 31 December 2016	681,007	286,724	5,971,824	6,939,555

Bank

In thousands of Naira	WIP	Purchased Software	Total
Cost			
March 2017			
Balance at 1 January 2017	231,569	12,167,422	12,398,991
Acquisitions	205,000	101,508	306,508
Balance at 31 March 2017	436,569	12,268,930	12,705,499
December 2016			
Balance at 1 January 2016	-	10,348,678	10,348,678
Acquisitions	231,569	1,818,744	2,050,313
Balance at 31 December 2016	231,569	12,167,422	12,398,991
Amortization and impairment losses			
Balance at 1 January 2017	-	7,225,207	7,225,207
Amortization for the period	-	473,173	473,173
Balance at 31 March 2017	-	7,698,380	7,698,380
Balance at 1 January 2016	-	5,370,770	5,370,770
Amortization for the period	-	1,854,437	1,854,437
Balance at 31 December 2016	-	7,225,207	7,225,207
Carrying amounts			
Balance at 31 March 2017	**436,569**	**4,570,550**	**5,007,119**
Balance at 31 December 2016	231,569	4,942,214	5,173,784

There were no capitalised borrowing costs related to the internal development of software during the period under review, 31 March 2017 (2016: 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 personalied 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	March 2017	December 2016
Access Bank Rwanda	681,007	681,007
	681,007	681,007

The recoverable amount of Goodwill as at 31 March 2017 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 31 Marrch 2017 (31 December 2016: Nil)

The recoverable amount of Goodwill as at 31 March 2017 was greater than its carrying amount and is thus not impaired.
The recoverable amount was determined using a value-in-use computation as N4.9bn

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:

	Access Bank Rwanda
Compound annual volume growth (i)	6.62%
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-year period.
(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget year.
(ii) Pre-tax discount rate applied to the cash flow projections.

Cash Flow Forecast
Cash flows were projected based on past experience, actual operating results and the 4-year business plan. These cashflows are based on the expected revenue growth for the entity over this 4-year 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 year strategic plan. The revenue growth of 9.6% represents the average revenue growth of 4 years. The revenue growth was used to project the cashflow 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	March 2017			December 2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	12,609,664	(452,821)	12,156,843	14,329,164	(443,943)	13,885,221.24
Allowances/(Reversal) for loan losses	9,217,047	-	9,217,047	9,009,821	-	9,009,821
Tax loss carry forward	3,435,207	-	3,435,207	4,549,454	-	4,549,454
Exchange gain/(loss) unrealised	-	(29,178,212)	(29,178,212)	-	(29,234,934)	(29,234,934)
Fair value gain on Available for sale investmen	-	-	-	-	-	-
Employee benefits	-	-	-	11,421	-	11,421
Actuarial loss on retirement benefit obligation	783,982	-	783,982	-	(655,220)	(655,220)
Deferred tax assets (net)	26,045,900	(29,631,033)	(3,585,133)	27,899,860	(30,334,096)	(2,434,236)

(b) Bank

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	March 2017			December 2016		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property and equipment, and software	12,128,544	-	12,128,544	13,937,906	-	13,937,906
Allowances/(Reversal) for loan losses	8,759,269	-	8,759,269	8,344,683	-	8,344,683
Tax loss carry forward	3,132,854	-	3,132,854	4,505,812	-	4,505,812
Exchange gain/(loss) unrealised	-	(29,178,212)	(29,178,212)	-	(29,234,934)	(29,234,934)
Fair value gain on investment property	-	-	-	-	-	-
Actuarial loss on retirement benefit obligation	783,982	-	783,982	-	(655,220)	(655,220)
Net deferred tax assets/(liabilities)	24,804,648	(29,178,212)	(4,373,564)	26,788,401	(29,890,154)	(3,101,753)

Deferred tax asset are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. After reviews of the medium-term profit forecasts, the Group considers that there will be sufficient profits in the future against which these losses will be offset.

There were no unrecognized deferred tax assets or liabilities as at 31 December 2016 (31 December 2015: nil)

	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Deferred income tax assets				
– Deferred income tax asset to be recovered after more than 12 months	12,652,254	13,559,275	11,892,123	12,850,495
– Deferred income tax asset to be recovered within 12 months	13,393,646	14,340,585	12,912,525	13,937,906
	26,045,900	27,899,860	24,804,648	26,788,401
Deferred income tax liabilities				
– Deferred income tax liability to be recovered after more than 12 months	(29,631,033)	(30,334,096)	(29,178,212)	(29,890,154)
– Deferred income tax liability to be recovered within 12 months	-	-	-	-
	(29,631,033)	(30,334,096)	(29,178,212)	(29,890,154)

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

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Balance, beginning of period	(2,434,236)	10,578,968	(3,101,754)	10,180,831
Tax charge	(11,994,560)	(11,994,560)	(12,172,525)	(12,172,525)
Translation adjustments	91,416	91,416	-	-
Items included in OCI	(1,110,059)	(1,110,059)	(1,110,059)	(1,110,059)
Net deferred tax assets/(liabilities)	(15,447,440)	(2,434,236)	(16,384,338)	(3,101,754)
Out of which				
Deferred tax assets	26,045,900	27,899,860	24,804,648	26,788,401
Deferred tax liabilities	(29,631,033)	(30,334,096)	(29,178,212)	(29,890,154)

Temporary difference relating to the Group's Investment in subsidiaries as at March 2017 is N22.4billion (Dec 2016: N28.6 billion). 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 March 2017	Group December 2016	Bank March 2017	Bank December 2016
Actuarial gain/loss on retirement benefit obligation				
Gross loss on retirement benefit obligation	-	3,700,198	-	3,700,198
Deferred tax @ 30%	-	(1,110,059)	-	(1,110,059)
Net balance loss after tax	-	2,590,139	-	2,590,139

31 Assets classified as held for sale

In 2013, Access Bank Plc took over collateral of some customers and these were recorded in the books as Investment properties, as the Bank had no intention to make use of the property for administrative use. Management initiated a plan to dispose of these assets to willing buyers to comply with the CBN directive to dispose of its non-core assets and thus has been classified as assets held for sale. Management expects to have completed the transaction before the end of the next financial year. This amount has been presented in Note 7 as unallocated segment in accordance with IFRS 8.

The Bank's Asset which is located in Lagos State, include Flats at Salvador and Eric Moore Towers. The Bank's intention is to systematically dispose of the Flats at Eric Moore towers, Salvador towers within 12months.

Assets held for sale

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Balance at 1 January	140,727	179,843	140,727	179,843
Disposals	(30,000)	(39,116)	(30,000)	(39,116)
Balance at period end	**110,727**	**140,727**	**110,727**	**140,727**

In the course of the period , the Bank disposed some of its landed property at Eric Moore towers in order to comply with the CBN directive on non - core assets. Plans are in place to dispose of the remaining assets.

32 Deposits from financial institutions

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Money market deposits	104,823,699	85,020,959	41,049,344	26,209,999
Trade related obligations to foreign banks	92,903,857	82,335,624	119,604,738	68,912,189
	197,727,555	**167,356,583**	**160,654,081**	**95,122,188**

33 Deposits from customers

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Term deposits	914,806,897	925,976,555	812,421,782	799,495,575
Demand deposits	913,054,016	984,150,905	779,956,315	853,780,226
Saving deposits	186,837,328	179,069,825	167,708,992	159,767,071
	2,014,698,241	**2,089,197,286**	**1,760,087,090**	**1,813,042,872**

34 Other liabilities

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Financial liabilities				
Certified and bank cheques	2,394,552	2,430,832	2,219,777	2,018,166
E-banking payables	4,968,926	3,758,302	4,834,208	3,561,974
Collections account balances	58,790,522	18,677,355	58,680,519	17,692,904
Due to subsidiaries	-	-	629,527	714,192
Accruals	6,922,124	1,294,775	5,927,730	434,811
Creditors	5,803,311	5,043,127	5,525,850	3,404,703
Customer deposits for foreign exchange	54,759,635	59,738,350	54,706,653	59,574,436
Agency services	48,330	37,984	45,613	36,140
Unclaimed dividend	11,957,131	11,957,131	11,957,131	11,957,131
Other financial liabilities	10,834,273	8,179,792	10,334,857	5,893,267
	156,478,804	111,117,648	154,861,864	105,287,724
Non-financial liabilities				
Litigation claims provision (see (i)below)	613,886	613,886	613,886	613,886
Other current non-financial liabilities	1,633,225	1,839,705	1,450,165	1,637,331
Total other liabilities	**158,725,915**	**113,571,240**	**156,925,916**	**107,538,941**

(i) Movement in litigation claims provision	**Group March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Opening balance	613,886	1,220,780	613,886	1,220,780
Additions	-	49,496	-	49,496
Payment	-	(656,390)	-	(656,390)
Closing balance	**613,886**	**613,886**	**613,886**	**613,886**

35 Debt securities issued

In thousands of Naira	**Group March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Debt securities at amortized cost:				
Eurobond debt from Access Bank B.V (see (i) below)	73,290,825	72,592,084	-	-
Eurobond debt security (see (ii) below)	218,526,275	212,380,366	218,526,275	212,380,366
Commercial Papers	60,053,335	31,572,052	60,053,335	31,572,052
	351,870,435	**316,544,502**	**278,579,610**	**243,952,418**

(i) This refers to USD350,000,000 guaranteed notes issued on 25 July 2012 by Access Finance B.V., Netherlands with a maturity date of 25 July 2017 . In Oct 2016, USD 112,997,000 out of USD 350,000,000 was exchanged at a premium for a new note issued by Access Bank Plc . The amount of N73.29Bn represents the amortized cost as at 31 March 2017 on the outstanding balance of USD237,003,000

The principal amount is payable at maturity, whilst interest is payable on a semi-annual basis at the interest rate above .

(ii) 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 N218.53bn.

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 March 2017	Group December 2016	Bank March 2017	Bank December 2016
African Development Bank (see note (a))	29,848,155	29,026,302	28,024,201	29,026,302
Netherlands Development Finance Company (see note (b))	10,118,322	1,513,901	10,118,322	10,793,342
French Development Finance Company (see note (c))	9,201,742	11,580,283	2,450,800	2,300,841
European Investment Bank (see note (d))	25,974,898	26,979,759	25,974,898	26,979,759
International Finance Corporation (see note (e))	2,552,914	2,554,646	2,552,914	2,554,646
Central Bank of Nigeria under the Commercial Agriculture Credit Scheme (see note (f))	9,296,268	9,766,871	9,296,268	9,766,871
Bank of Industry-Intervention Fund for SMEs (see note (g))	476,827	4,500,284	476,827	4,500,284
Bank of Industry-Power & Airline Intervention Fund (see note (h))	12,019,256	12,881,897	12,019,256	12,881,897
Access Finance B.V. (see note (i))	-	-	73,106,633	74,425,046
Special Refinancing & Restructuring Intervention fund (SRRIF) see note (j)	9,682,718	6,633,475	9,682,718	6,633,475
Central Bank of Nigeria - Salary Bailout facilities (see note (k))	66,241,281	66,479,721	66,241,281	66,479,721
Central Bank of Nigeria - Excess Crude Account (see note (l))	125,426,232	125,837,600	125,426,232	125,837,600
Other loans and borrowings	6,712,017	1,788,969	-	-
	307,550,629	299,543,707	365,370,350	372,179,785

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

(a) The amount of N29,848,154,743 (USD 97,431,548) represents the outstanding balance in the on-lending facility granted to the Group by ADB (Africa Development Bank) in four tranches one in August 2014 (USD 90m) for a period of 10years another in December 2015 (USD 3m) for a period of 7 years three in June 2016 (USD 10m, USD 10m and USD 3m) for a period of 9 , 10 and 7 years respectively. The principal amounts is repayable semi-annually from February 2010. Interest is paid semi annually at 3% above 6 months LIBOR for some and 2% above 12 months LIBOR for others. The annual effective interest rate is 4.28% ,2.00% and 2.04% respectively. From this creditor, the Group has nil undrawn balance as at 31 March 2017.

(b) The amount of N10,118,321,750 (USD 33,028,633) represents the outstanding balance in the on-lending facility granted to the Group by the Netherlands Development Finance Company effective from 15 December 2012 and disbursed in February 2013 (USD 10m) for a period of 6.5 years. The principal amount is repayable semi-annually from December 2015 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 5.16%. From this creditor, the bank has nil undrawn balance as at 31 March 2017.

(c) The amount of N9,201,741,836 (USD 30,028,696) represents the outstanding balance in the on-lending facility granted to the Group 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 each and 5 years respectively. The principal amount is repayable semi-annually from December 2014 with the latter repayable from January 2016 while interest is paid semi annually at 3% above 6 months LIBOR. The annual effective interest rate is 4.36% for the first tranche, 4.04% for the second tranche, 4.06% for the third tranche and 3.57% for the fourth tranche. From this creditor, the Group has nil undrawn balance as at 31 March 2017.

(d) The amount of N25,974,897,758 (USD 84,788,307) represents the outstanding balance on five on-lending facilities granted to the Group 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 period of 8 years each for the last two. The average annual effective interest rates are 3.48%, 2.97% , 3.18%, 2.97% and 2.97% respectively. From this creditor, the Group has nil undrawn balance as at 31 March 2017.

(e) The amount of N2,552,914,114 (USD 84,788,307) represents the outstanding balance on the on-lending facilities granted to the Group by the International Finance Corporation (IFC) in November 2013 (USD 50m) for a period of 5 years. The principal amount is repayable semi-annually from December 2014 while interest is paid semi annually at 4% above 6months LIBOR. The annual effective interest rate is 4.80%.From this creditor, the bank has nil undrawn balance as at March 2017.

(f) The amount of N9,296,268,411 represents the outstanding balance in the on-lending facility granted to the Group 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 Group has nil undrawn balance as at 31 March 2017.

(g) The amount of N476,826,782 represents an outstanding balance on the intervention credit granted to the Group by the Bank of Industry (BOI), a company incorporated in Nigeria for the purpose of refinancing or restructuring existing loans to Small and Medium Scale Enterprises (SMEs) and manufacturing companies. The total has a 15 year tenor. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers in specified sectors, the Group remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the bank has nil undrawn balance as at 31 March 2017.

(h) The amount of N12,019,256,147 represents the outstanding balance on intervention credit granted to the Group by the Bank of Industry (BOI), a company incorporated in Nigeria, to be applied to eligible power and airline projects. The total facility has a maximum tenor of 15 years. A management fee of 1% deductible at source is paid by the Bank under the on-lending agreement and the Bank is under obligation to on-lend to customers at an all-in interest rate of 7% per annum. Though the facility is meant for on-lending to borrowers within the power and aviation sectors, the Bank remains the primary obligor to the BOI and therefore assumes the risk of default of customers. From this creditor, the Group has nil undrawn balance as at 31 March 2017.

(i) The amount of N73,106,633,455 (USD238,627,615) represents the outsatnding borrowings of Access Bank Plc from Access Finance BV in respect of the dollar guaranteed notes issued by Access Finance B.V., Netherlands which is due on 25 July 2017. The notes were issued on 25 July 2012 for a period of 5 years with the principal amount repayable at the end of the tenor while interest on the Notes is payable semi-annually at 7.34%, in arrears on 25 January and 25 July in each year.In Oct 2016 , USD 112,997,000 out of USD 350,000,000 was exchanged at a premium for a new note issued by Access Bank Plc. The annual effective interest rate is 7.65%. From this creditor, the bank has nil undrawn balance as at 31 March 2017.

(j) The amount of N9,682,718,129 represents the outstanding balance on intervention credit granted to the Group 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 Group has nil undrawn balance as at 31 March 2017.

(k) The amount of N66,241,280,808 represents the outstanding balance on the state salary bailout facilities granted to the Group 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 Group has nil undrawn balance as at 31 March 2017.

(l) The amount of N125,426,231,675 represents the outstanding balance on the excess crude account loans granted to the Group 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 Group is under obligation to on-lend to the states at an all-in interest rate of 9% per annum. From this creditor, the Group has nil undrawn balance as at 31 March 2017.

37 Retirement benefit obligation

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Recognised liability for defined benefit obligations (see note (a) below)	3,323,906	3,064,597	3,323,906	3,064,597
Liability for defined contribution obligations	14,271	10,856	-	-
	3,338,177	**3,075,453**	**3,323,906**	**3,064,597**

(a) Defined benefit obligations

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

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Post employment benefit plan (see note (i) below)	3,323,906	3,064,597	3,323,906	3,064,597
Recognised liability	**3,323,906**	**3,064,597**	**3,323,906**	**3,064,597**

(i) Post employment benefit plan

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

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

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

In thousands of Naira	Group March 2017	Group December 2016	Bank March 2017	Bank December 2016
Deficit on defined benefit obligations at 1 January	3,064,597	5,567,800	3,064,597	5,567,800
Charge for the period:				
-Interest costs	-	692,268	-	692,268
-Current service cost	259,309	504,727	259,309	504,727
Net actuarial gain/(loss) for the period remeasured in OCI:				
Remeasurements - Actuarial gains and losses arising from changes in demographic assumptions	-	(577,343)	-	(577,343)
Remeasurements - Actuarial gains and losses arising from changes in financial assumption	-	(3,122,855)	-	(3,122,855)
Balance, end of period	**3,323,906**	**3,064,597**	**3,323,906**	**3,064,597**
Expense recognised in income statement:				
Current service cost	259,309	504,727	259,309	504,727
Interest on obligation	-	692,268	-	692,268
Total expense recognised in profit and loss (see Note 14)	**259,309**	**1,196,995**	**259,309**	**1,196,995**

The weighted average duration of the defined benefit obligation is 10.7years. 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 current financial reporting period is: N757Mn

38 Capital and reserves

A Share capital

In thousands of Naira	Bank March 2017	Bank December 2016
(a) Authorised:		
Ordinary shares:		
38,000,000,000 Ordinary shares of 50k each	19,000,000	19,000,000
(2013: 24,000,000,000 ordinary share of 50k each)		
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 March 2017	Bank December 2016
(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 March 2017	Bank December 2016
Balance, beginning of period	14,463,986	14,463,986
Additions through issuance of rights	-	-
Balance, end of 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 March 2017	Group December 2016
Balance, beginning of period	28,927,972	28,927,972
Additions through issuance of shares	-	-
Balance, end of 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 March 2017	Group December 2016
Balance, beginning of period	197,974,816	197,974,816
Additions through issuance of shares	-	-
Balance, end of period	197,974,816	197,974,816

C Reserves

(i) Other Reserves
Other regulatory reserves

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

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

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

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

(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 March 2017	Group December 2016
Access Bank, Gambia	330,140	1,142,313
Access Bank, Sierra Leone	42,528	57,189
Access Bank Zambia	234,228	276,532
Access Bank, Rwanda	829,516	838,624
Access Bank, Congo	872	1,172,519
Access Bank, Ghana	2,650,828	2,759,852
	4,088,113	**6,247,029**

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

In thousands of Naira	Group March 2017	Group March 2016
Access Bank, Gambia	6,313	12,300
Access Bank, Sierra Leone	1,609	1,032
Access Bank Zambia	(33,111)	620
Access Bank, Rwanda	19,356	12,824
Access Bank, Congo	25	20,221
Access Bank, Ghana	89,681	89,592
	83,873	**136,588**

	Group March 2017	Group December 2016
Proportional Interest of NCI in subsidiaries	%	%
Access Bank, Gambia	12%	36%
Access Bank, Sierra Leone	3%	3%
Access Bank Zambia	8%	8%
Access Bank, Rwanda	25%	25%
Access Bank Congo	0.02%	26%
Access Bank, Ghana	9%	9%

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. A provision of N614mn has been made for the period ended 31 March 2017

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 March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Contingent liabilities:				
Transaction related bonds and guarantees	203,991,311	186,251,718	155,319,599	136,163,848
Financial guarantees	103,393,167	99,582,709	101,624,998	85,513,821
Commitments:				
Clean line facilities for letters of credit, unconfirmed letters of credit and other commitments	245,266,274	261,208,243	141,513,520	158,994,793
Future, swap and forward contracts	1,054,116,684	933,073,893	1,021,430,888	900,436,358
	1,606,767,436	**1,480,116,562**	**1,419,889,005**	**1,281,108,819**

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 N600.4Mn (31 Dec 2016: N365.4Mn)

40 Cash and cash equivalent

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

In thousands of Naira	**Group March 2017**	**Group December 2016**	**Bank March 2017**	**Bank December 2016**
Cash on hand and balances with banks	142,528,256	68,423,783	105,092,995	59,637,792
Unrestricted balances with central banks	159,541,834	139,954,922	55,970,641	33,160,736
Money market placements	57,492,611	119,826,012	8,385,980	41,798,197
Investment under management	14,879,347	14,871,247	14,879,347	14,871,247
Treasury bills with original maturity of less than 90days	4,309,125	-	4,309,125	-
	378,751,172	**343,075,964**	**188,638,088**	**149,467,972**

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.

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	March 2017	December 2016	December 2015	December 2014	December 2013
Group					
	3 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	732,525,933	713,889,105	478,409,336	405,014,793	439,459,541
Investment under management	14,879,347	14,871,247	10,403,608	-	-
Non pledged trading assets	30,894,244	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	403,241,044	314,947,502	203,715,397	87,072,147	63,409,851
Derivative financial instruments	161,516,034	156,042,984	77,905,020	24,866,681	102,123
Loans and advances to banks	46,393,377	45,203,002	42,733,910	12,435,659	24,579,875
Loans and advances to customers	1,804,457,042	1,809,459,172	1,365,830,831	1,110,464,442	786,169,703
Trading properties	-	-	-	-	-
Investment securities	182,244,384	229,113,772	186,223,126	270,211,388	353,811,348
Insurance receivables	-	-	-	-	-
Other assets	74,479,706	63,255,054	83,014,503	56,310,620	52,019,723
Investment properties	-	-	-	-	23,974,789
Investments in equity accounted investee	-	-	-	-	3,623,326
Investment in subsidiary	-	-	-	-	-
Property and equipment	86,204,106	84,109,052	73,329,927	69,659,707	67,243,305
Intangible assets	6,693,731	6,939,555	6,440,616	5,592,991	3,659,072
Deferred tax assets	1,423,311	1,264,813	10,845,612	10,881,984	10,687,635
Assets classified as held for sale	110,727	140,727	179,843	23,438,484	2,847,740
Total assets	3,545,062,986	3,483,865,564	2,591,330,151	2,104,360,540	1,835,466,000
Liabilities					
Deposits from financial institutions	197,727,555	167,356,583	72,914,421	119,045,423	72,147,956
Deposits from customers	2,014,698,241	2,089,197,286	1,683,244,320	1,454,419,052	1,331,418,659
Derivative financial instruments	29,780,078	30,444,501	3,077,927	1,989,662	32,955
Claims payable	-	-	-	-	-
Current tax liabilities	9,052,238	5,938,662	7,780,824	8,180,969	6,899,558
Other liabilities	158,725,915	113,571,240	69,355,947	21,689,079	56,847,216
Deferred tax liabilities	5,008,444	3,699,050	266,644	59,038	37,861
Liabilities on investment contracts	-	-	-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Debt securities issued	351,870,435	316,544,502	149,853,640	138,481,179	55,828,248
Interest-bearing borrowings	307,550,629	299,543,707	231,467,161	79,816,309	64,338,982
Retirement benefit obligations	3,338,177	3,075,453	5,567,800	3,269,100	1,933,021
Contingent settlement provisions	-	-	-	-	-
Liabilities classified as held for sale	-	-	-	-	1,499,495
Total liabilities	3,077,751,711	3,029,370,984	2,223,528,684	1,826,949,811	1,590,983,951
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	172,477,671	172,477,671
Retained earnings	107,978,051	93,614,030	51,730,369	34,139,453	22,232,374
Other components of equity	140,858,236	142,194,720	99,732,330	67,262,761	48,003,894
Non controlling interest	6,036,186	6,247,028	3,899,966	3,530,843	1,768,110
Total equity	467,311,275	454,494,580	367,801,467	277,410,728	244,482,049
Total liabiities and Equity	3,545,062,986	3,483,865,564	2,591,330,151	2,104,360,539	1,835,466,000
Gross earnings	115,941,055	381,320,783	337,404,230	245,383,536	206,891,219
Profit before income tax	31,208,104	90,339,456	75,038,117	52,022,290	44,996,410
Profit from continuing operations	26,019,083	71,439,347	65,868,773	43,063,479	36,101,830
Discontinued operations	-	-	-	(87,267)	265,760
Profit for the period	26,019,083	71,439,347	65,868,773	42,976,212	36,367,590
Non controlling interest	83,873	322,322	536,233	560,883	195,762
Profit attributable to equity holders	25,935,210	71,117,024	65,332,540	42,415,329	36,171,828
Dividend paid	11,571,189	15,910,384	15,241,014	13,729,777	13,729,777
Earning or (loss) per share -Basic	91k	249k	265k	189k	158k
- Adjusted	89k	245k	262k	189k	158k
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

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Bank	**March 2017**	**December 2016**	**December 2015**	**December 2014**	**December 2013**
	3 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	585,229,033	517,997,249	405,998,636	351,174,879	395,808,747
Investment under management	14,879,347	14,871,247	10,403,608	-	-
Non pledged trading assets	28,791,032	44,629,579	52,298,422	28,411,644	3,877,969
Pledged assets	403,241,044	314,947,502	200,464,624	85,183,353	63,347,823
Derivative financial instruments	161,361,014	155,772,662	77,852,349	24,831,145	72,675
Loans and advances to banks	89,680,182	104,006,574	60,414,721	55,776,837	13,048,651
Loans and advances to customers	1,598,835,689	1,594,562,345	1,243,215,309	1,019,908,848	735,300,741
Trading properties	-	-	-	-	-
Investment securities	112,010,695	161,200,642	155,994,798	226,137,983	309,071,802
Insurance receivables	-	-	-	-	-
Other assets	60,142,822	50,594,480	78,623,381	48,246,307	44,326,360
Investment properties	-	-	-	-	23,974,789
Investments in equity accounted investee	-	-	-	-	1,521,812
Investment in subsidiary	66,924,936	59,239,252	45,439,246	40,120,572	38,029,992
Property and equipment	74,799,823	71,824,472	65,900,384	64,160,327	63,203,245
Intangible assets	5,007,119	5,173,784	4,977,908	4,436,814	2,661,553
Deferred tax assets	-	-	10,180,832	10,128,537	9,847,853
Assets classified as held for sale	110,727	140,727	179,843	23,438,484	-
Total assets	3,201,013,462	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Liabilities					
Deposits from banks	160,654,081	95,122,188	63,343,785	134,509,662	61,295,352
Deposits from customers	1,760,087,090	1,813,042,872	1,528,213,883	1,324,800,611	1,217,176,793
Derivative financial instruments	29,718,057	30,275,181	2,416,378	1,737,791	-
Debt securities issued	278,579,610	243,952,418	78,516,655	73,155,391	-
Claims payable			-	-	-
Current tax liabilities	7,267,917	5,004,160	6,442,311	7,113,226	6,075,590
Other liabilities	156,925,916	107,538,941	64,094,358	16,870,132	52,092,559
Retirement benefit obligations	3,323,906	3,064,597	5,567,800	3,267,364	-
Liabilities on investment contracts			-	-	-
Liabilities on insurance contracts	-	-	-	-	-
Interest-bearing borrowings	365,370,350	372,179,785	302,919,987	146,345,767	120,342,026
Contingent settlement provisions	-	-	-	-	1,929,695
Deferred tax liabilities	4,373,564	3,101,753	-	-	-
Liabilities classified as held for sale			-	-	-
Total liabilities	2,766,300,490	2,673,281,895	2,051,515,157	1,707,799,944	1,458,912,014
Equity					
Share capital and share premium	212,438,802	212,438,802	212,438,802	172,477,671	172,477,671
Retained earnings	105,355,661	93,329,188	49,459,102	36,499,779	23,095,392
Other components of equity	116,918,510	115,910,630	98,531,000	65,178,336	49,608,934
Total equity	434,712,973	421,678,620	360,428,904	274,155,786	245,181,998
Total liabilities and Equity	3,201,013,462	3,094,960,515	2,411,944,061	1,981,955,730	1,704,094,012
Gross earnings	102,230,874	331,000,972	302,061,975	221,610,769	182,888,906
Profit before income tax	27,856,428	80,579,576	65,177,914	46,142,422	31,365,396
Profit for the period	26,019,083	71,439,347	65,868,773	39,941,126	26,211,844
Dividend paid	11,571,189	15,910,384	15,241,014	13,729,777	13,729,777
Earning or (loss) per share -Basic	81k	221k	237k	174k	114k
-Adjusted	81k	221k	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